Everyone is leaving – who will sow our fields?

The Effects of Migration from Khotang District to the Gulf and Malaysia

Jagannath Adhikari and Mary Hobley
December 2011
This report is an abridged version of the study by Jagannath Adhikari and Mary Hobley, *Everyone is leaving – who will sow our fields? The Effects of Migration from Khotang District to the Gulf and Malaysia*. Kathmandu: SDC, 2011.

All views expressed in this report are those of the authors.

The study was funded by the Swiss Agency for Development and Cooperation (SDC) Nepal and Helvetas Swiss Intercooperation Nepal.
Acknowledgements

This study is the result of many discussions with individual households and groups of people in Khotang and Gaighat, and key informants from the government, businesses and non-government organisations, who spent much time with us patiently explaining their livelihoods, the changes that had happened to them as a result of migration and their views on the wider consequences of migration. We have drawn on their experiences in this study. We also want to thank the SDC social mobilizers from the Harmonised Social Mobilization Project and staff from other SDC-supported projects who freely shared their views on the effects of migration on their work. We learnt a huge amount from them. Thanks go to Mark Agnew for his behind-the-scenes support for the data analysis. For invaluable help and support during field work in Khotang and Gaighat our thanks go to Lok B. Bishwokarma and Jyotshna Shrestha.

Our particular thanks go to Barbara Weyermann of SDC for her drive and support in making this study happen and for her interest, engagement and guidance throughout the mission and the subsequent analysis and writing. Corinne Demenge of SDC has provided important advice and support along the study’s journey, for which we are very grateful. Our thanks go to Talak Hayu, SDC Liaison Officer, for all his support for the logistics and organisation in Khotang during our research there. We also thank Roni Pradhan for the travel support and Hari Pradhan of Helvetas Swiss Intercooperation for his inputs and advice.

In addition, the study has benefitted from the support and advice of our peer advisory group: Anita Ghimrie, Ganesh Gurung, Chhaya Jha, Ram Chandra Khanal, Micheal Kollmair, Bhim Subedi, and Hari Upadhaya.

Jagannath Adhikari and Mary Hobley
Kathmandu, December 2011
# Table of Content

Acknowledgements ................................................................................................................................. 1  
Table of Content ..................................................................................................................................... 2  
Executive summary ................................................................................................................................. 4  
Abbreviations ........................................................................................................................................ 10  
Glossary ................................................................................................................................................. 11  
1: Background and Methodology ........................................................................................................... 12  
   1.1 Introduction and background to study .................................................................................... 12  
   1.2 Structure of study .................................................................................................................. 13  
   1.3 Approach to the study .......................................................................................................... 13  
2: National Context ................................................................................................................................. 18  
   2.1 Migration: volume and trends ............................................................................................. 18  
   2.2 Remittances, national economy and poverty reduction ..................................................... 20  
   2.3 Agricultural change in Nepal ............................................................................................... 21  
3: Khotang Context .................................................................................................................................. 23  
   3.1 Background .......................................................................................................................... 23  
   3.2 Migration and remittances in Khotang .............................................................................. 24  
   3.3 Migration in the VDCs supported by SDC programmes ................................................... 27  
   3.4 Land sales and purchase in Khotang district in 2010/11 .................................................. 29  
4: Links between Gaighat and Khotang: Rural Urban Shifts .............................................................. 30  
   4.1 People, products, services .................................................................................................... 30  
   4.2 Effects of migration ............................................................................................................ 33  
Chapter 5: Individual Effects of Migration in Khotang ..................................................................... 35  
   5.1 Changes in well-being across the study area .................................................................... 35  
   5.2 Well-being changes: migrant versus non-migrant households ...................................... 38  
   5.3 Summary of factors affecting livelihood security ............................................................. 43  
   5.4 Caste, ethnicity and migration effects on well-being ....................................................... 47  
6: Effects of Migration at the Community Level .................................................................................. 49  
   6.1 Natural capital effects ....................................................................................................... 49  
   6.2 Human capital effects ....................................................................................................... 52  
   6.3 Social capital effects ........................................................................................................... 55  
   6.4 Well-being effects on women ............................................................................................ 60  

6.5 Financial capital changes ................................................................. 67

7: Implications of Changes for Development in Khotang .............................................. 73

7.1 Main issues for development in Khotang ............................................................. 73

7.2 Drivers of migration ......................................................................................... 75

7.3 What happens to those left behind? ................................................................. 76

7.4 Global drivers for change ................................................................................ 77

7.5 What are some of the possible development spaces for SDC support? ........... 77

7.6 What of the future of Khotang? ....................................................................... 79

Bibliography ........................................................................................................ 81
Executive summary

The number of Nepalese labour migrants leaving for mainly the Gulf Cooperation Council (GCC) countries and Malaysia is growing at a high rate every year. The intention of the study is to help inform the development of a new strategy for the Swiss Agency for Development and Cooperation (SDC) by building a greater contextual understanding of the effects of migration on individuals and communities in Khotang, one of the focus districts for SDC’s development efforts.

The study was undertaken in two VDCs of Khotang and in Ghaighat, a small town in the adjoining district of Udayapur where people, among them many migrant families from Khotang, settle if they can afford to move away from the hills.

Migration situation in Khotang

- **The level of labour migration from Khotang is higher than the national average** and most of the migrants go to GCC countries or Malaysia; very few migrate to India. In the VDCs that are supported by SDC projects, 26-52% of the households have at least one member working abroad. This study selected two VDCs, and two wards from each VDC with 51-71% of households having someone abroad. The purposive selection of sites with such high rates of migration allowed studying the effects on households and communities.
- Due to relocation of people from Khotang to the Terai and Kathmandu and the high number of absentee population which includes labour migrants, according to the 2011 census **the population has been decreasing** over the past 10 years.
- In a district with very few other employment opportunities labour migration is a growing phenomenon that provides **rapid returns to youth** which allows them to buy modern consumer goods and a way of life not dependent on high risk low return agriculture. The clear evidence of economic progress for migrant households leads to a **‘snowball effect’** encouraging more men to take the risk and leave.
- With CHF 24 million in 2010-2011, the **remittance inflow dwarfs other flows of finance** into the district, including SDC’s development budget.
- The **development context in Khotang is rapidly changing** with the construction of new roads and improved connectivity; conditions that drive people to exit from Khotang today may change over the next few years, bringing new development opportunities and another change in social dynamics.

Household and community changes

The results from the study indicate a complex series of social, economic and ecological effects of migration at household and community level.

- **Changes in well-being:** 44% of migrant households were able to increase their well-being over the last 10 years. Non-migrant households showed far less social mobility with only 13% able to move up in the well-being ranking. Particularly Dalits are very actively investing in overseas migration as a means to improve economic well-being. A higher percentage of very poor Dalit households were able to improve their status compared to very poor Brahmin/Chhettri and Rai. The mobility of poor and medium income migrant households, however, was highest among the Brahmin/Chhettri.
• **Changing land ownership patterns**: Remittances are driving social transformation with the exit of wealthier, mainly high caste, households to areas of Nepal offering better access to education and health services, and employment or business opportunities. Those who have less assets use remittances to exit from villages to the district headquarter or to areas closer to markets or buy land in the villages. This trend changes land ownership patterns locally, releasing land for sale which is now being purchased by Dalit households.

• **Transformation of social structures**: The study shows that one of the most important effects of migration is the social mobility it has provided to Dalits and the consequent social transformation. It is still early days to understand the full implications of these changes in social relationships including changes in access to decision-making and influence. But it has become evident that the combination of improved economic independence due to remittances combined with the awareness of rights among Dalits has led to changes in social inclusion with less evidence of exclusion of Dalit households. Earlier attempts to break patron-client relationships were unsuccessful due to economic dependency. With Dalits moving into land-owning positions where previously they had been agricultural waged labour, skills and knowledge gaps in farm management are to be expected. Similarly, this is the case for women of all social groups who have to take on more managerial tasks while the male family members are abroad.

• **Changes in agricultural land-use and landlord-tenant relations**: Although there are long-term trends of decline in agricultural productivity, it is clear that migration is driving further changes including an increase in fallow land, and an increase in trees on private land. Large livestock is decreasing in migrant households due to a lack of labour available to look after them. The shortage of male labour, high costs of wage labour and low interest in renting low-productivity land is driving major changes in the landlord-tenant relationships. Households with labour available to lease land are now only prepared to take on productive land on highly favourable tenancy terms. The power is shifting from the landlord to the tenant who increasingly determines the nature of the relationship and the share of the benefits. Such social dynamics change the nature of agrarian society in Nepal.

• **Unsustainable labour intensive low input agriculture**: High levels of male labour shortage, expensive wage labour, poor or non-existent markets for surpluses, and highly constrained female labour make the present form of agriculture unsustainable. The agriculture sector as currently configured cannot absorb the aspirations of young men and will continue to propel them overseas. High value agriculture can absorb some young males but in the continued absence of non-farm opportunities in Khotang young men will continue to migrate in the hope of getting access to new money for investment in opportunities elsewhere in Nepal.

• **Indebtedness**: Migration would be impossible without access to loans to cover the pre-departure costs. The required amount is usually borrowed in several smaller portions almost exclusively from private sources, mostly neighbours and relatives. The high rates of interest increase the vulnerability of households in the first one to two years of migration. The very poor often do not have local credit-worthiness and are thus not able to migrate. Achieving local credit-worthiness status is an important element of social inclusion; Dalit households with successful migrants find that they can access loans easily which helps to increase their resilience to shocks and to smooth consumption until the next transfer of remittances.

• **Use of remittances**: Initially, the remittances are used to repay the loans with no surplus to reinvest. The very poor households continue to use the remittances to cover household
expenditures including education and health costs. Women from poor and medium households estimate that they are able to save about 25% of the remittances once the loan has been repaid. The money is invested in education of children, house improvements and land purchase. Savings of NPR 2-3 lakhs are sufficient to buy land in the village, whereas over NPR 10 lakhs are required to buy land in the Terai. There is little evidence in the study villages that remittances are invested in public goods development.

• **Very poor households are less able to access migration opportunities:** The very poor are less able to use migration as a strategy for the improvement of their well-being status, as they tend to get lower paying jobs, often with a higher risk of injury and cheating because of their low initial education and skills-base and much less effective networks than those households in higher levels of well-being. In addition, very poor households are not able to afford to send as many migrants overseas and so are less able to increase the level of remittances flowing back into the household. Conversely, poor and medium households are more able to send more members overseas and overall show greater improvements in well-being.

• **Challenges to the model of group-based development:** There is evidence of increased individualisation and less engagement in public good activities. Households with highly constrained labour have to make choices about which project or community group provide useful benefits. It is apparent that community forestry groups may find it difficult to maintain active membership if not more is provided to the members than occasional access to timber and fuel wood. Most households in the study area had access to sufficient fuel wood from private lands. The work pressures on women and the absence of men is leading to changes in the social networks. With increasing evidence that *parma*, labour exchange relationships, are gaining in importance for women as they trade their labour for the labour of others, and particularly of men, to do jobs on the farm that they cannot do or cannot afford to pay others to do. Hence, on the one hand organised collective action appears to be more difficult for people to maintain, while on the other hand informal collective action that delivers clear private benefits to household is growing in importance.

• **Feminisation of collective action:** Due to male labour shortages women must take on more of the male labour activities, as well as increasingly sharing the burden of their domestic work with girl children. Major social activities (religious rites, festivals etc) that bind rural households together are increasingly performed by women. However, as women come under greater work stress and there are fewer young people (male and female) to share the duties, it will be more difficult to maintain social functions and the social threads that link and support households. Equally, membership in, for example, community forestry groups and other development groups is increasingly female as men are absent and young people are not interested to participate.

• **Unclear empowerment effects of migration:** Some women are able to increase their voice outside the home and take up new employment opportunities, whereas others are forced back into the domestic sphere and forbidden by their husbands from taking up a wider economic role outside the home. Major decisions are generally still made by men – through mobile phone conversations. The partial increase in authority in decision-making and voice outside the home appears to be temporary for many women, since migrants tend to resume their positions as patriarchs when they return home. However, since most men are still in the migration cycle, it is not yet possible to test whether there will be sustained or only temporary changes in women’s roles and relationships within the home and outside.
• **Increased family tensions**: Migration has undoubtedly increased the levels of personal stress faced by women-headed households. Any development intervention has to factor this into its design to ensure it reduces stress (particularly that induced through high levels of indebtedness and high workloads) and helps women to cope better with stress of the social implications of living without male presence in the house.

• **The migration trends**: At the moment, migrants from Khotang are still in the migration cycle. Men return after the end of their 2-3 years contract, stay at home for some time and return to the Gulf or Malaysia. As the migration phenomenon is still relatively recent, the study did not find anybody that had permanently returned to Khotang.

**Situation in Gaighat - rural-urban changes**

An important finding from the study is that migration effects are not just locally felt, but have direct effects in other areas of Nepal. In the study area in Khotang, a major livelihood strategy pursued by wealthier households (using remittances and sale of property) is to exit from the hills to the inner Terai to access better services and livelihood chances. Internal migration, fuelled by external remittances will continue to influence the urban development of small and larger towns in other parts of Nepal:

- The inflow of remittances has fuelled a boom-bust cycle of land and property prices.
- Significant and rapid urbanisation of small market towns and shifts in the social structures due to in-migration of wealthier households from rural areas.
- Continued in-migration from the hills from wealthier households because of better access to services, and safe and secure environments removed from caste and ethnic conflicts.

Small towns, growing as enterprise hubs, provide a range of small to large business and employment opportunities for women and men. The question arises as to whether the growth of market towns in the hills and mountains would lead to people staying in these areas and if so, what necessary infrastructural and service provision requirements would need to be established.

**Conclusions and recommendations**

The implications of the study findings for SDC are complicated and have to be viewed in different time-frames: 1) the short-term responding to the immediate challenges created by migration; and 2) over the longer-term to support investments that move Nepal to a more inclusive society where opportunities, apart from migration, are available for young people. Given the relatively small amounts of development finance compared to the inflows of remittance, its use needs to be carefully targeted to those areas of support that a) provide benefits to those who cannot access the benefits from migration and who are left behind; and b) in the short-term ensure that very poor and poor households who migrate do so under the most favourable conditions. SDC support can be divided into public and private goods investments.

**Public goods investments**

Some possible areas for investment include:

- Social protection of the very poorest unable to move out of extreme poverty, including investigation of guaranteed employment programmes such as those in India where poor households are offered a legal guarantee of 100 days a year of labour in public and private
goods works. Although, as SDC’s experience in road construction has shown, it is difficult to find labour available to take up guaranteed manual work opportunities.

- Building effective structures for collective choice, good deliberation mechanisms for use of block grants coming to VDCs and the attendant mechanisms to hold decision-makers to account for use of the funds and the ways in which choices are made.
- Supporting evidence development to inform changes in policy, legislative and regulatory frameworks that constrains growth in Nepal.
- Supporting innovation – public goods research, improved technologies to deal with difficult hill areas, identifying what is possible (agriculture and non-farm activities), supporting testing and scaling-up of evaluated ‘good ideas’.
- Support to public goods development at a wider level – infrastructure such as roads, electricity, and improved telecom connectivity. The particular impacts on women should be considered to ensure that they provide opportunities for women’s economic development.
- Support for the women left behind through social networking among them and counselling.
- Policy dialogue with decision-makers: This study could form the basis for dialogue with policy-makers and implementers at different levels, including key people in the districts (Khotang and Udaypur), as well as at national level with a range of different key actors including government, non-government, donors and academics.

Private goods investments

- Skills and vocational development opportunities for better migration, as there are higher rates of progress in migration for better skilled and educated (SLC pass) migrants. This confirms SDC’s strategy to invest in skills training (Safer Migration Project).
- Access to information to ensure migrants understand the quality of work and conditions on offer (Safer Migration Project).
- Access to cheaper loans particularly for poorer households, to reduce the time it takes to pay back the initial migration loan and to help the household start to save more quickly.
- Business development services (BDS) advice for start-up businesses in Khotang for returnee migrants, as well as households that are not migrating. This should include BDS support particularly targeted to the economic context of women. However, the important point is to look for means to improve waged labour, as poor households do not necessarily want to take the risk of becoming entrepreneurs.
- Support to high value agriculture for those households close to markets.
- **Capitalising on returnees’ skills**: Another area to be looked into is how to capitalise on returnees in the next 5 to 10 years as they come back from overseas with skills, experience and savings. Is there any way in which returnees can be supported to invest in productive activities in Khotang using skills developed overseas?

Education

There are other major areas of intervention that lie outside SDC’s current remit, but clearly do have impacts on livelihood outcomes. In all cases, one of the main reasons for migration was to get access to money to invest in the education of children. Addressing some of the major quality issues surrounding education in the hills is clearly a key area of intervention and one that needs to be factored into any strategy discussion.
Health
Health is another critical area of weakness in Khotang that is an important driver of exit from the hills for those who can afford to leave. Any strategy planning needs to consider the effects of poor health services on the overall development of Khotang and the threat it poses to any development interventions made through SDC support.

Small town development
One of the major findings from this study has been the depth of linkage and movement between Khotang District and Udaypur District, with people moving out of the hills to access the services in small towns in the Terai.

Hence, the question needs to be asked whether interventions should be made in small towns to improve their services and to help provide a better range of non-farm opportunities so that people have a choice to work locally or migrate for work.

Taking the study forward – areas for further research and dialogue

There are some additional areas for further studies to more fully understand the effects of migration on two key groups: 1) households where the women have migrated and 2) a focused study on the aspirations and career paths of young men and women.

To build an understanding of women’s migration in Khotang will require a larger study focused entirely on the patterns of women’s migration and its effects. It would need a different methodological approach, as there are not many women migrants and they are often invisible to official migration statistics.

A focused study should be carried out to understand what drives young women and young men’s decisions for their future work and career opportunities.

Is it still time to migrate?

Migration will continue in Khotang and agriculture will continue to be under severe stress. There will be people who remain and do not migrate, there may be households returning from the Terai as services and opportunities improve in the hills and there will certainly be returnee migrants. Social relationships will continue to transform, and the land ownership patterns will shift; although perhaps this window will start to close, as wealthier households retain land in Khotang in order to return if the opportunities improve. The demand for better education services may drive an improvement in local quality with an influx of private service providers responding to the increased availability of private money for services.

The study indicates that migration will still continue as the underlying drivers for young people to leave Nepal remain strong. In the words of Paul Collier (2010:212): ‘Given the chance, smallholder farmers in poorer countries seek local wage jobs and their offspring head for the cities [including Doha our addition]. This is because at low income levels rural bliss is precarious, isolated, and tedious’.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bureau of Statistics</td>
</tr>
<tr>
<td>CDO</td>
<td>Chief District Officer</td>
</tr>
<tr>
<td>DADO</td>
<td>District Agricultural Development Office</td>
</tr>
<tr>
<td>DAG</td>
<td>Disadvantaged Group</td>
</tr>
<tr>
<td>DDC</td>
<td>District Development Committee</td>
</tr>
<tr>
<td>DoFE</td>
<td>Department of Foreign Employment</td>
</tr>
<tr>
<td>DRSP</td>
<td>District Road Support Programme</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agricultural Organisation</td>
</tr>
<tr>
<td>FEPB</td>
<td>Foreign Employment Promotion Board</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HH</td>
<td>Household</td>
</tr>
<tr>
<td>HMRP</td>
<td>Hill Maize Research Project</td>
</tr>
<tr>
<td>HS</td>
<td>Household Survey</td>
</tr>
<tr>
<td>IDI</td>
<td>In-Depth Interview</td>
</tr>
<tr>
<td>IME</td>
<td>International Money Express</td>
</tr>
<tr>
<td>IoM</td>
<td>International Organisation for Migration</td>
</tr>
<tr>
<td>KII</td>
<td>Key Informant Interview</td>
</tr>
<tr>
<td>MoAC</td>
<td>Ministry of Agricultural and Co-operatives</td>
</tr>
<tr>
<td>MoLTM</td>
<td>Ministry of Labour and Transport Management</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NIDS</td>
<td>Nepal Institute of Development Studies</td>
</tr>
<tr>
<td>NLSS</td>
<td>Nepal Living Standard Survey</td>
</tr>
<tr>
<td>NPC</td>
<td>National Planning Commission</td>
</tr>
<tr>
<td>NSCFP</td>
<td>Nepal Swiss Community Forestry Project</td>
</tr>
<tr>
<td>NTFP</td>
<td>Non-Timber Forest Product</td>
</tr>
<tr>
<td>RA</td>
<td>Recruitment Agency</td>
</tr>
<tr>
<td>SDC</td>
<td>Swiss Development Co-operation</td>
</tr>
<tr>
<td>SLC</td>
<td>School Leaving Certificate (10th class exam at national level)</td>
</tr>
<tr>
<td>SSMP</td>
<td>Sustainable Soil Management Programme</td>
</tr>
<tr>
<td>UCP</td>
<td>Underlying Cause of Poverty</td>
</tr>
<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
</tr>
<tr>
<td>VDC</td>
<td>Village Development Committee</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Programme</td>
</tr>
</tbody>
</table>
Glossary

10+2 school  Schools giving a course for two years after SLC (10th class)
Bainsi  Valleys in the hills
Bighas  Land area measurement usually followed in Terai or Madhes. 1 hectare = 1.5 Bighas;
1 Bigha  Equivalent to 20 katthas
Bista  Patron-client relations and employing lower caste for various services upon some annual payments
Crore  One crore = 10 million
Haat  Regular village fairs or markets
Katthas  Land area measurement usually followed in Terai or Madhes. One hectare = 30 katthas
Lakh  One lakh = 100,000
Lal Purja  Land Ownership Certificate
Lekh  Higher hills
Madhes  Southern plain belt
Madhesis  Various ethnic groups living in Madhes
Malpot Office  Land Revenue Office
Pakho  Dry land unsuitable to grow rice; used for maize, millet etc
Panchayat  Old system of government pre-1990
Parma  Exchange labour
Rahat  Subsidised or supported
Ropani  Area of land 1 ropani = 71 ft x 71 ft (1 hectare = 19.6 ropani)
Sukumbasis  Squatters - landless people occupying public land
Terai  Plain area in southern belt of Nepal
Thar  Family/ surname name
Ward  Lowest political unit, 1 VDC = nine wards. There can be many wards in a Municipality.
1: Background and Methodology

1.1 Introduction and background to study

The scale of foreign labour migration from Nepal, mainly to India, the Gulf Cooperation Council (GCC) countries and Malaysia, is large and growing. Every day, about 1,000 people left the country in 2010 and early 2011. After June 2011, this has risen to 1,500 people per day leaving for work to countries other than India (DoFE 2011). It is estimated that around 3 million Nepalese are abroad, i.e. about one third of the male population of working age (IoM and MoLTM 2010; NIDS 2009). The scale of remittances is staggering - they constitute a quarter of the income nationally and on average two thirds of the income for remittance receiving households (MoLTM and IOM 2010).

Between 1996 and 2004, the number of households living in poverty decreased from 42% to 31% in spite of a stagnating domestic economy and the armed conflict between the state and the Maoist insurgents (CBS et al 2006). Since then, it is estimated that the population living in absolute poverty has again reduced by six percentage points to 25.16%; according to the World Bank and the recent NLSS III (2010-11) the reduction was to a large extent due to remittances (CBS et al 2006; CBS 2011a).

Migration has become the de facto core of Nepal’s development strategy. This is problematic as migration cannot provide an alternative to internal growth and job creation, but does provide short-term national and individual growth; and ensures that the high levels of male youth are gainfully employed outside the country bringing in new flows of money for investment in private assets.

While much has been studied already in Nepal in relation to the migrants themselves, we still do not know enough about the impact of migration on their families and on the communities and districts where the migrants come from. In the district of Khotang where SDC started its work three years ago, out-migration has been high for many years. According to the Chief District Officer and others, the population has not increased in 20 years, indicating a net out-flow of people balanced by the birth rate. The 2011 census reports that the population in Khotang has in fact declined (CBS 2011). Out-migration is seen with great ambivalence by the political leaders and other middle class citizens of Khotang, particularly because the young men who migrate leave a gap in the communities and families. It is reported that the absence of young men often leads to family fragmentation and family problems. Without their labour contributions, the load of the other family members increases and creates a labour shortage for communal and developmental activities. SDC/Helvetas Swiss Intercooperation are implementing their district development strategy in this dynamic context. This

---

1 See also the informative and insightful videos by Kesang Tseten explaining the scale and personal effects of migration
2 For a long time, studies about migration have been done in Nepal. The previous studies were focused mainly on migration to British-Indian armies or British army and Indian army. These studies tend to valorize the fighting ability of Gorkhas and covered their cultural patterns that enabled them to become so effective (Northey and Morris 1928; Bruce 1934; Bishop 1952; Vansittart 1906; Bolt 1967), and the impact of such migration on their economy (Pignede 1966, 1993; Hitchcock 1966; Macfarlane 1976). Recent studies on migration and remittances include Seddon et al (2001), Thieme et al (2005), Kollmair et al (2006); Maharjan (2010) and MoLTM and IoM (2010).
study has been commissioned to reflect on whether existing development strategies are still relevant given the effects of migration on local development.

The objectives of the study are to:

1. **Enhance understanding** of the impact of migration on development in the SDC-supported areas of Khotang and, in particular, to consider:
   - Social and economic impact on the individual households
   - Social and economic impact on communities
   - Adaptation at individual and community level to the high out-migration
2. **Reflect** on future trends of out-migration.

1.2 **Structure of study**

The study is structured in seven chapters, starting with the background and methodological approach to the study in Chapter 1. Chapter 2 lays out the national-level context for migration describing the key trends and drivers for change over the last 10 to 15 years. Chapter 3 describes the changes in Khotang and the macro-level effects in the district, and provides a wider framing to the detailed study results by looking at the overall migration trends in the VDCs where SDC are providing support. Chapter 4 considers some of the rural-urban links between Khotang and the inner Terai, focusing on Gaighat, the district headquarters where many households from Khotang have migrated to over the years. Chapter 5 discusses the findings of the well-being assessment in the study VDCs, looking at the changes between migrant and non-migrant households and the effects of caste and ethnicity. Chapter 6, drawing on the detailed individual and group interviews, reflects on the community level and individual livelihood changes resulting from migration. Chapter 7 uses the findings from this study to consider some of the main issues for the future development of SDC’s strategy.

1.3 **Approach to the study**

The study uses several methods to build an understanding of the multiple effects of migration on livelihoods at the community and household levels. It draws on evidence from migration literature across Nepal, to consider the implications of migration for short-term and longer-term development initiatives. The study is synthetic based on the extensive experience with migration research of one of the authors, and the use of baseline data from Khotang (SDC 2009) to contextualise the primary fieldwork data from Khotang District and Gaighat town. The study uses a livelihoods approach to interpret the data focusing particularly on the effects of migration on the different livelihood assets – social, financial, human, political and natural - and the degree to which migration as a livelihood strategy affects the vulnerability status of households.

The field data was collected through a phased and iterative data collection process: the first phase to test field methodologies and to ensure data was available; the second phase to extend the data collection coverage and depth; a third phase to track those migrant households that had shifted out of Khotang to urban areas in the Terai (Gaighat in Udaypur District); and a final fourth fieldwork phase to respond to gaps identified by the researchers’ preliminary analyses of data and from discussions with SDC staff and a peer group of researchers.
Table 1.1 describes the particular features of the study wards that formed the focus of the field research for the study. The villages were selected using the following criteria:

- High levels of migration to the Gulf and Malaysia
- VDCs with high levels of Disadvantaged Groups (DAGs)
- A road corridor VDC close to the district headquarter and a VDC with SDC activities but further away from the market, both of which had pre-existing baseline data from the Underlying Causes of Poverty (UCP) analyses (SDC 2009)
- VDCs with secondary schools (to facilitate discussion with teachers and students concerning effects of migration on young people).

<table>
<thead>
<tr>
<th>VDCs and study wards</th>
<th>Household numbers</th>
<th>Livelihood strategies</th>
<th>Migration destinations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamrang VDC</td>
<td>Total VDC households=171</td>
<td>Close to market, farming, some niche farming, farming plus migration, migration alone, wage labouring</td>
<td>Qatar, Saudi Arabia, Malaysia, Lebanon, South Korea, Kuwait</td>
</tr>
<tr>
<td>Ward 3 - Brahmins, Chettris, Dalits, Rais, Bhujels.</td>
<td>85 households in ward 54 households with current migrants (or 64%)</td>
<td>As above</td>
<td>Qatar, Saudi Arabia, Malaysia, Lebanon, South Korea, Kuwait</td>
</tr>
<tr>
<td>Ward 9 - Brahmin/ Chettri, Bhujel, Rai, Tamang and Dalit</td>
<td>86 households in ward 50 households with current migrants (or 58%)</td>
<td>As above</td>
<td>Qatar, Saudi Arabia, Malaysia, Lebanon, South Korea, Kuwait</td>
</tr>
<tr>
<td>Patheca VDC</td>
<td>Total VDC household=116</td>
<td>Distant from market, farming, farming plus migration, animal husbandry, migration alone, wage labouring</td>
<td>Qatar, Malaysia, Saudi Arabia, Lebanon, South Korea, Kuwait</td>
</tr>
<tr>
<td>Ward 3 – Rai settlement</td>
<td>58 households in ward 39 households with current migrants (or 67%)</td>
<td>As above</td>
<td>Qatar, Malaysia, Saudi Arabia, Lebanon, Kuwait</td>
</tr>
<tr>
<td>Ward 5 – Rai settlement</td>
<td>58 households in ward 44 households with current migrants (or 76%)</td>
<td>As above</td>
<td>Qatar, Malaysia, Saudi Arabia, Lebanon, Kuwait</td>
</tr>
<tr>
<td>Ward 1 – Dalit settlement</td>
<td>34 households in ward 26 households with current migrants (or 76%)</td>
<td>Farming, farming plus migration, animal husbandry, migration alone, caste occupations - mainly gold and iron-smithing, wage labouring.</td>
<td>Qatar, Malaysia, Saudi Arabia, Lebanon, Kuwait</td>
</tr>
</tbody>
</table>

In all locations a range of households were selected to represent different social and economic groups as well as migrant and non-migrant households. The study focused on those households sending migrants to countries other than India. The sampling was done based on the socio-economic household data gathered by SDC during the UCP analysis in 2009, a collection of data about every household in the study VDCs.

---

3 Disadvantaged groups are very poor and poor socially marginalised persons, i.e. Dalit and Janajati.
The study households included those with migrants who had been in migration for longer than two years. We selected women-headed households and joint families. We interviewed non-migrant households with comparable levels of well-being to the selected migrant households. We had hoped to be able to interview households with women migrants, but were only able to find one such household, where both husband and wife had migrated to Malaysia and the wife was still in Malaysia. The failure to find women migrants might be due to the simple reason that there was only the one household in our study area, and requires a much broader search to find them across Khotang, necessitating a separate and different study focused entirely on women migrants.

Where it was possible interviews and separate discussions were held with female and male participants. The study considered the drivers of major changes in livelihood security in the study VDCs for men and women to contextualise the effects of migration on livelihood change. Box 1 provides some of the key question areas.

A rapid assessment was made in each study ward of all households to establish how their wealth status had changed over ten years and the reasons for decline, improvement or remaining the same (data covered a total of 321 households, whose socio-economic mobility and migration status was studied through key informants). This assessment used key informant perceptions of well-being including the economic factors as described in Box 2 as well as a range of other non-material factors of well-being, including changes in voice and decision-making within the household and outside and changes in self-confidence and social status. Data was collected on changes in land-holding locally, elsewhere in the district and in the Terai and other areas of Nepal, and the numbers of migrants in each household and their destinations. The different aspects of material and non-material well-being are brought together to characterise the study households in Table 5.4 in Chapter 5.

Fourteen households were interviewed in depth in each of the five villages to understand the changes in their livelihoods as a result of migration. These household interviews, together with separate focus group discussions and key informant interviews with older people, provide the evidence base together with the rapid assessment data. Households that had moved from Khotang to the Terai were tracked in a separate phase of fieldwork in Gaighat town.

Box 1: Key Question Areas
- Changes in well-being status and the effects of migration
- Psycho-social changes within households
- Community-level changes over the last 10 years and key drivers of change
- Changes in vulnerability (well-being perception and change over time)
- Changes in voice and influence of disadvantaged households and women with migrant husbands within household and in the wider community
- Changes in behaviour and attitudes of young people
- Changes in farming practices and natural resource use
- Changes in gender empowerment, especially the decision making status of women vis-a-vis men and effects of migration

Box 2: Wealth-ranking Criteria Used for Underlying Causes of Poverty Analysis
- **Extreme or dependent poor**: equal to or below three months of food sufficiency. Plus, the household does not have any other source of income (e.g., no income from infrastructure work or other employment opportunities)
- **Poor**: 3-6 months food sufficiency, income not sufficient for food for additional 3 months
- **Medium poor**: 6-9 months food sufficiency or equivalent income
- **Non-poor**: above 9 months food sufficiency or equivalent income

*Source: SDC 2009*
(eleven households were interviewed, and separate key informant interviews were conducted with a range of other service providers, government organisations etc). A total of 239 people were interviewed either in groups or in individual interviews.

The analysis at household, village, and VDC-levels was supported by interviews with district (Khotang and Udaypur) and municipality (Gaighat) level actors including: the DDCs for both districts, government agencies (agriculture, land, education, CDO, health, forestry), NGOs, politicians, banks and money transfer agents, private sector businesses, traders, SDC project staff, and public and private schools (see Table 1.2).

At the end of the fieldwork, a preliminary analysis of findings was conducted and presented to SDC staff as well as to a ‘peer assist group’, comprised of experts in migration and agricultural change. We presented the preliminary findings to the SDC Social Mobilizers in Khotang to validate the findings. Feedback from these discussions was used to identify gaps in our understanding to guide the final phase of fieldwork.

The study is limited by several factors:

1) it is an overview study of only two VDCs and five wards in one district together with a study of migrant households that have shifted to the inner Terai town of Gaighat;

2) the fieldwork period in each VDC was short for such an assessment (7 to 8 days in each ward) restricting the scope of the study to a relatively small area – two wards in two VDCs plus an additional ward with a large Dalit settlement, plus one neighbourhood in Gaighat town. The intention of this study is not to provide an in-depth analysis or a broad sample but rather to inform understanding of the dynamics of change and the effects of migration at community and household levels.
<table>
<thead>
<tr>
<th>Level</th>
<th>Type of people involved</th>
<th>Place</th>
<th>Numbers of people involved in study</th>
<th>Place</th>
<th>Groups (people in the groups)</th>
<th>Groups (people in the groups)</th>
<th>Groups (people in the groups)</th>
<th>HS (IDI) number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>VDC/ Municipality level</td>
<td>VDC/ Municipality secretary, school teachers, health officers, business persons</td>
<td>Patheca (away from market) and Bamrang (near market), and Gaighat</td>
<td>3 (12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total survey of change in status of all households</td>
<td>Bamrang (3 and 9) and Patheca (3 and 5; and Dalit settlement in 1)</td>
<td>5 (18)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Old local people (DAG and Non-DAG)</td>
<td>Bamrang (3 and 9) and Patheca (3 and 5) and Gaighat</td>
<td>7 (32)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ward level</td>
<td>Wives of migrant women - 2 groups - receiving remittances and not receiving remittances</td>
<td>Bamrang (3 and 9) and Patheca (3 and 5), and Gaighat</td>
<td>4 (32)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>School teachers (both current and recently retired), private and public</td>
<td>Bamrang (3 and 9) and Patheca, Gaighat</td>
<td>4 (18)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total survey of change in status of all households</td>
<td>Bamrang (3 and 9) and Patheca</td>
<td>4 (22)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>School teachers (both current and recently retired), private and public</td>
<td>Bamrang and Patheca</td>
<td>4 (22)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Migrants/ women - headed or joint families / remittance receiving and non-receiving, DAGs</td>
<td>Bamrang (3 and 9) and Patheca (3 and 5) and Gaighat</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11 (Gaighat)</td>
</tr>
<tr>
<td></td>
<td>Non-migrants (non-DAG and DAG)</td>
<td>Bamrang (3 and 9) and Patheca (3 and 5), Gaighat</td>
<td>5 (11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDC Project Staff</td>
<td>SSMP, DRSP, LILI, HRMP and social mobilizers</td>
<td>Buipa</td>
<td>1 (6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District level</td>
<td>Related public offices and private sector and NGOs, banks</td>
<td>Diktel and Gaighat</td>
<td>17 (42)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Money transfer agencies</td>
<td>Diktel and Gaighat</td>
<td>6 (10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

KII - Key Informant Interview; IDI (In-Depth Interview), FGD - Focus Group Discussion, HS - Household Survey
2: National Context

2.1 Migration: volume and trends

Migration has become one of the central pillars of the Nepalese economy, contributing about 25% of the country’s GDP in 2009/2010 (NIDS 2009). At the household level, labour migration is one of the main livelihood strategies and a major contributing factor for the reduction of poverty. A recent survey reported in the Nepal news (22 August 2011) indicates there was a 52% rise in the number of migrants leaving Nepal in the period mid-July to mid-August compared to the same period last year. This is evident in Figure 1 when comparing the last three months of 2009-10 with those of 2010-11. For example, in the earlier months in 2010/11, about 30,000 Nepalese went abroad per month, taking government permission. This increased to about 40,000 to 45,000 per month from June to August 2011.

It is not only the volume of migration that has changed but the type with a shift away from India as the dominant migration destination to a more diversified set of destinations (Seddon et al 2001; MoLTM and IoM 2010, NIDS 2009). Until 1981, India was the only destination for Nepalese workers, except for a few joining the British army and some movement to other countries.

But now, migration to the Gulf States and Malaysia has dramatically increased (Adhikari 2010; MoLTM and IoM, 2010). The government of Nepal reports that there has been consistent growth in the number of foreign labour migrants (except to India) since 1990 (Figure 2.1 illustrates the year-on-year increase). This is the number of migrants taking official permission from the government. The general estimates of the number of Nepalese working in India range from 1.5 million to 2 million (see UNIFEM and NIDS 2006).

---

4 45,165 migrants left Nepal from mid-July to mid-August 2011 compared to a figure of 29,685 Nepalese in the same period the previous year. Qatar was the highest receiving country and predicted to increase due to the increased need for construction workers to build the infrastructure for the Football World Cup. ([http://nepalnews.com/archive/2011/aug/aug22/news18.php](http://nepalnews.com/archive/2011/aug/aug22/news18.php))

5 The important destination countries are Malaysia, Qatar, Saudi Arabia, United Arab Emirates (UAE), Kuwait, Bahrain, Oman, Lebanon and Israel. India is certainly the most important destination for Nepalese workers (in terms of numbers working there), but there are no official estimates of this migrant worker population. Considering women migrant workers only, the most important destination countries are: Lebanon, Kuwait, UAE, Israel, Bahrain, Oman, Qatar, Malaysia, Macau, and Saudi Arabia.

6 The estimate of Nepalese in India also differs from study to study. For example, the 2001 Census revealed that there are only about 0.58 million Nepalese (absentee population) in India out of total absentee population of 0.76 million in that year. The other studies conducted in the late 1990s reveal that probably about 1.5 million Nepalese were working in India then – excluding the seasonal migrants (Seddon et al 2001).
The growth in migration has been steady with the exception of 2008/09 (Figure 2.1) which showed a decline because of the global recession. In 2009/2010, about 294,000 Nepalese took government permission to work overseas. In 2010/11, the number reached slightly more than 350,000 (DoFE 2011). The recruitment agencies (RAs) estimate that about 40 percent more people go out through irregular channels. This means that about 490,000 Nepalese have gone to work overseas in 2010/11. This is about the same number of young people that enter the labour market annually (MoLTM and IoM 2010).

Just as the volume and destination of migrants is changing so is the participation of women. There is an overall increase of women’s migration for work although studies show different ratios varying from 2.3% to 10%. The latest census report (2011) reveals that about 13% of the absentee population (those living in foreign countries, including India for more than six months at the time of the survey) are women (CBS 2011).

Despite the growth in migration of Nepalese labour for work, there is still a lack of systematic data as to the real extent of migration. This is partly because it is difficult to measure the scale of migration to India and ‘irregular’ migration (i.e. migration that does not go through formal recorded channels) from Nepal to other countries. As India and Nepal have a special relationship that allows citizens of each country to work in either of the countries and move freely across the border, there is no ‘irregular’ migration in the movement of people between Nepal and India. Even though there have been some recent studies (like NIDS 2009; IoM and MoLTM 2010; UNIFEM and NIDS 2006), there is still partial understanding of the volume of migration by women and the social effects of the volume

---

7 For example, the volume of female emigration from 1993/94 to 2009/10 as per official record is about 24,000. But it is estimated that there are about 0.2 million Nepalese women working in the Gulf Countries only (Adhikari 2011).

8 For example, the 10th plan document estimated that about 10% of the foreign labour migrants (except India) were women. NIDS (2009) shows that only about 8.4% of the labour migrants are female and 91.6% are male. A separate study by NIDS and UNIFEM in 2006 estimates that 10.4% of migrants are women. On the other hand, the data maintained by the Department of Foreign Employment reveal that until now about 2.3% of the migrants going abroad (except India) taking official permission are women.
and types of migration currently occurring. The government records include only those who have migrated after taking work permission.

2.2 Remittances, national economy and poverty reduction

The national level figures on migration and remittance continue to be extraordinary. The Third Nepal Living Standards Survey (NLSS III) has released its preliminary results which indicate that ‘Nepal has recorded an astonishing 18 percentage point decline in absolute poverty in the six years between 2003/04 and 2009/10, leaving just 13 percent Nepalese below the poverty line’ (Republica, 4 August 2011); although this figure has since been revised to 25.4% of the population living in absolute poverty. This follows a previous large decline in absolute poverty from 42% in 1995-96 to 31% in 2003-4 (CBS et al. 2006). The National Planning Commission (NPC) in its approach paper has estimated that poverty reduced to 25.4% by the end of 2009 mainly due to increased access to remittances (MoLT and IoM, 2010). For example, based on NLSS data collected in 2003/04, it was estimated that if there was no remittance income, poverty would have declined to 36% in 2003/04, instead of 31% with remittance, from a high of 42% in 1995/96 (CBS et al, 2006). The official transfer of remittances to Nepal has been increasing at a fast rate, and this trend is very visible from 2003-04 as shown in the following figure.

![Figure 2.2: Remittance flow to Nepal](image)

Further data from the NLSS III (CBS 2011a) indicate there has been a major increase in households receiving remittance (rising from 31.9% to 55.8% since 2003-4). Over this period remittance increased from Rs 35 billion (2003/4) to Rs 208 billion (2009/10). Nationally per capita remittance income has increased from a low of Rs 625 (1995/96) to Rs 2,100 (2003/4) to Rs 9,245 per year (2010/11). The survey indicates that, under their criteria, 79% of remittances are used for daily consumption and only 2.4% is invested for capital formation, 7.1% for paying loans, 3.5% for education, and 4.5% for household property. Although, as we discuss in Chapter 6, we would challenge the assertions on non-productive investments of remittance, as much of the remittances
in the study areas in Khotang and Gaighat are invested in productive assets such as land, and longer term productive assets such as the human capital of the migrants’ children (through education).

At the same time as remittance income is increasing, the share of farm income in household income is declining from a high of 61% in 1995/6 to 47.8% in 2003/4 to a current figure of 27.7% (2009/10) (CBS 2011a). These figures are mirrored in the study area with farm incomes remaining at a similar level over time but with remittance income bringing in ‘new money’ to households. In some cases this can increase the overall household income by ten times (Chapter 6).

The point about ‘new money’ is an important one for Nepal; it is money that is generated through the labour of its citizens but brings in finance from a source that would otherwise not be accessible to the nation and to individual citizens. In that sense, it is wholly additional finance, although the labour expended in the Gulf and Malaysia is labour lost to Nepal and the development of its own economy. This of course raises the important question of long-term sustainability and the use of short-term strategies like migration to overcome major developmental and political uncertainties in Nepal.

Table 2.1 shows the findings of various studies and the effects of migration and remittances over time. This data is drawn from various studies including Nepal Living Standard Surveys I, II and III and the 2008 Labour Force Survey.

Table 2.1: Remittance flow in Nepal in 1995/96, 2003/04 (NLSS I and II) and 2008 (Labour Force Survey) and 2010/11 (NLSS III)

<table>
<thead>
<tr>
<th>Description</th>
<th>1995/96</th>
<th>2003/04</th>
<th>2008</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>% households receiving remittances</td>
<td>23.4</td>
<td>31.9</td>
<td>30.0</td>
<td>55.8</td>
</tr>
<tr>
<td>Average amount of remittance per recipient household (nominal Rs)</td>
<td>15,160</td>
<td>34,698</td>
<td>65,755</td>
<td>80,425</td>
</tr>
<tr>
<td>Share of remittances (%): From Nepal</td>
<td>44.7</td>
<td>23.5</td>
<td>16.8</td>
<td>19.7</td>
</tr>
<tr>
<td>From India</td>
<td>32.9</td>
<td>23.2</td>
<td>13.4</td>
<td></td>
</tr>
<tr>
<td>From other countries</td>
<td>22.4</td>
<td>53.3</td>
<td>69.8</td>
<td>80.3</td>
</tr>
<tr>
<td>Per capita remittance amount for all Nepal (nominal Rs)</td>
<td>625</td>
<td>2,100</td>
<td>4,042</td>
<td>9,245</td>
</tr>
<tr>
<td>Total remittances received in Nepal (nominal) in billion Rs</td>
<td>12.9</td>
<td>46.3</td>
<td>185*</td>
<td>259</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>42</td>
<td>32</td>
<td>-</td>
<td>25.16</td>
</tr>
</tbody>
</table>

*estimated with the assumption that population in 2008 was 27 million.

2.3 Agricultural change in Nepal

As the data from NLSS III indicates, the proportion of household income from agriculture is declining and is increasing from other non-farm sources (particularly remittance income). This reflects an absolute as well as relative decline in farm incomes as a result of the overall decline in Nepal’s food production since mid 1990s. Nepal is now a food deficit country from a self-sufficiency perspective. It imports more food than it exports. Despite the overall decline in the agricultural sector, it is still important for the livelihood security of the majority of rural people. Nearly four fifths of all Nepalese households are essentially farm households\(^9\) who derive a significant proportion of their income and livelihood requirements from farming and other natural resources like non-timber forest products (CBS 2008).

\(^9\) Of the total 4.25 million households, 3.36 million constitute agricultural holdings (CBS 2006)
Migration has become one of the main strategies to fill the gap in food production and for other requirements in rural households. There is increasing commoditisation of farming households and purchase of foods that cannot be produced domestically. The decreasing levels of local surpluses are leading to an increase in the amount of food grains purchased, particularly in the hills and mountains where the food deficit is greater. These grains are mainly supplied from India or from the Nepal Terai. The price of these food grains tends to be lower than the price of hill-produced grains (Adhikari 2009), adding to the pressure on hill farmers who cannot compete with these lower prices.

A few recent studies (Jha 2010; Maharjan 2010; Ale 2004; Karki 1998) on the impact of migration on agriculture clearly show that there is a decline in production and productivity in agriculture, which is also related, among others, to migration. For example, Maharjan (2010) found that remittances are rarely used to purchase capital inputs in agriculture. Similarly, in areas, where remittances are high (like Syangja) there is decline in agricultural output due to migration (ibid. 2010). Studies show a decline in livestock population as a result of migration (ibid. 2010). Another study (Jha 2010) reveals that the cost of production has increased because of migration leading to fallowing of land and establishing forests on these lands. The other main findings provide some interesting indications of the problems facing the agriculture sector (Jha 2010):

- Declining numbers of people are interested in agriculture. This is also reflected in a decline in numbers of people coming to agriculture offices to seek services.
- In the country, some 10 to 15% of the agricultural land is totally barren; while some 20 to 25% of the agricultural land is partially barren.
- Poor cultivation practices are leading to decreased productivity e.g. failing to hoe and weed and ploughing land only once, instead of two to three times.
- Migration and remittances have led to a boom in the demand of housing plots, which has led to unplanned allocation of good quality agricultural lands for housing.
- Increased wage rates are prevalent: in Chitwan, for example, the wages of male agricultural workers have increased almost five fold over the last decade from Rs 80 to Rs 400; whereas during the same period the wages of female agricultural workers increased from Rs 40 to Rs 200.

In light of some evidence that remittance has been invested in agriculture helping to increase farm productivity in other contexts (Adams 1991; Mendola 2005), a question arises as to why remittances have not been systematically invested in the farm sector in Nepal. The answer needs to be found in other areas of policy and international changes impacting farming. It is clear that agricultural policies are not favourable for the farmers of Nepal. For example, the prices of inputs like fertilizers are increasing, and there is no support from the government. This has been seen in Khotang, where farmers gave up the practice of using fertilizer as prices increased rapidly. On the other hand, cheap food is coming from India and other countries. For example, the cost of production is low in India because of various supports and subsidies and the cheap food produced here finds the way to the Nepalese market. Therefore, to look for effective ways to stimulate the agricultural sector we need to look at the wider constraints including market constraints, the role of subsidies, as well as issues such as labour availability.
3: Khotang Context

3.1. Background

Khotang District covers an altitude range of 152m in the river valley to 3,620m in the mountains. There is a high degree of economic and social interaction with four neighbouring districts: Udaypur (south), Bhojpur (east), Solukhumbu (north) and Okhaldunga (west). The highest levels of economic interaction are with Udaypur in terms of flows of trade of foods and other commodities and migration from Khotang.

Of the total 151,377 ha area of the district, about 42 per cent is cultivable land and 56 percent is under forest. But only about 15 % of the cultivable land is irrigated (DADO 2010).

Farming is still one of the main livelihood options for the people of Khotang. There are about 43,115 farm families cultivating 64,842 ha (13,916 ha of khet and 50,926 ha of bari) of land. This means a family has an average landholding of 1.5 ha. This is substantially higher than the national average land holding of 0.8 ha (as of 2001) (DADO 2010). Current figures are not available. Averages do not of course reveal how the resource is distributed and concentrated.

The preliminary results of the 2011 census showed that there is a decline in population in absolute terms in Khotang District from 231,385 in 2001 to 209,130 in 2011. This is a negative growth rate of 1.01% per year. The migration from Khotang to the Terai is possibly one of the reasons for this; another is the presence of an absentee population (in the Gulf and other countries): away from the area for more than six months. There are possible effects of migration on birth rates. The absence of husbands is leading to small families with large age gaps between children. There is no systematic evidence yet as to the extent of these effects on population rates.

The towns where Khotang people relocate, e.g. Udaypur, show a substantial migrant population. In-migration to Udaypur in 2001 was 51,149 (17.78% of the district population), but there is no data available for 2011 as the preliminary census results do not include this aspect. The population in Udaypur slightly increased – by only 1.3 % in the period 2001-2011 as this town too experiences a high level of absentee population. The sex ratio of 89 male per 100 female in Udaypur in 2011 is indicative of the high level of outmigration from this district.

The population of Khotang is dominated by Rais (38.77%) and Chettri/Brahmins (24.18%). Other caste/ethnic groups constitute the remainder of the population, among them 5.17 % Newar, and 8.7 % Dalits (Kami 4.41%, Damai 2.14%, Sarki 2.1% and Majhi 0.33 %).

There is improving road connectivity, but the new road is currently still a fair-weather road. However, it is envisaged that Khotang will become fully integrated into the national network, with Diktel becoming a major hub on an east-west/ north-south road interchange. Currently a link to the Katari-Okhaldunga highway is being constructed from the Diktel-Helasi-Jayaramghat road. Another road, Gaighat to Diktel, is being constructed, which as discussed later has major implications for the future development of Gaighat as a trading town. It is foreseen that these changes in road connectivity will bring substantial economic changes, amongst which will be the fall of food prices, currently a major problem for people living in Khotang. It is also hoped that increased connectivity will lead to improved access to services, either within Khotang or by being able to get to the Inner
Terai and other Terai towns more easily. Hence, some of the current drivers for people to exit from Khotang may change in the future.

The medical and schooling facilities provide poor quality services. There is a district hospital in Diktel of 15 beds and there are Sub-Health Posts in most VDCs. However, there are very limited health services on offer, even for simple treatments such as small bone fractures people are referred to hospitals in the Terai such as Biratnagar or Dharan or to Kathmandu.

Education is one of the primary concerns of all households and is a major driver for overseas migration either to provide money to pay for private education or internal migration to enable the family to move completely to other areas of Nepal where there is access to better education. Often however, what happens is that households end up using a combination of both forms of migration – overseas to generate the money to enable internal migration to then access better quality services. There are 86 high schools including the 10+2 schools in the district. Of these only five schools, including the ones in Bamrang and Patheca had no SLC pass students. On average, 4,800-5,000 students appeared for the SLC, of which the pass rate was 38%, far below the national average. There are two private high schools and here the pass rate was 100%. These low levels of SLC pass are critical as is discussed in Chapter 6 and determine to a large extent the attitudes of young men and women to staying on to study in Khotang or deciding to migrate. Poor access to health and education services continues to be the major reason why households leave Khotang permanently.

3.2 Migration and remittances in Khotang

3.2.1 The pattern of migration in Khotang

Migration is not a recent phenomenon in Khotang and has been a long established livelihood strategy. However, the nature and magnitude of migration has changed in recent times, especially since 1990. In the past, a few ethnic groups such as the Rais were recruited into the British and Indian armies. This practice continues to this day but to a limited extent. People went to India, particularly to north-east India (Silong) for work – seasonally or temporarily. At present, the popular migration is through contract-migration to countries like Malaysia and the Gulf states. As Figure 3 illustrates, Khotang is one of the high-remittance earning districts in Nepal. This is mainly related to the high levels of out-migration to the Gulf and Malaysia, with a lower proportion of its population migrating to India. The small amount of migration that continues to India is mainly for the highly desired jobs in the Indian army and for work in Silong.

Data are not available about the migration pattern in the district. The 2001 census reports that there were 8,030 people from Khotang living in foreign countries (absentee population) at the time of the census, and of them about 3,700 were reported to be in India. The 2011 census report reveals that 18,176 people (16,742 male and 1,434 female) were absentees (living in foreign countries including India for more than six months) (CBS 2011). This indicates slightly more than a two fold increase in a decade.

From the data collected by the Foreign Employment Promotion Board, Khotang ranks high in out-migration (see Table 3.1). In the year 2009/2010, 3,230 people from Khotang migrated to countries other than India for work. Of these, 3,196 were male and 34 were female. This is the actual record of Khotang people taking permission from government to work outside. About 40% more leave
Khotang through informal channels. The main destination, apart from India, is Malaysia (41% of migrants), Saudi Arabia (31%), Qatar (15%) and UAE (8%). The proportion of people going to other countries is relatively very small.

In 2010, Khotang accounted for 1.5% of the total migration from Nepal. In terms of the overall population of Nepal, Khotang accounts for one percent. Therefore, the contribution of Khotang to migration is slightly higher in proportion to its population size. Out-migration of women from Khotang is higher than the national average. About 1.3% of the women migrants taking official permission for migration were from Khotang. Again this is slightly higher than the national average.

<table>
<thead>
<tr>
<th>Country</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>1,315</td>
<td>12</td>
<td>1,327</td>
<td>41.08</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>983</td>
<td>0</td>
<td>983</td>
<td>30.43</td>
</tr>
<tr>
<td>Qatar</td>
<td>483</td>
<td>0</td>
<td>483</td>
<td>14.95</td>
</tr>
<tr>
<td>UAE</td>
<td>268</td>
<td>3</td>
<td>271</td>
<td>8.39</td>
</tr>
<tr>
<td>Kuwait</td>
<td>40</td>
<td>1</td>
<td>41</td>
<td>1.27</td>
</tr>
<tr>
<td>Libya</td>
<td>38</td>
<td>0</td>
<td>38</td>
<td>1.18</td>
</tr>
<tr>
<td>Bahrain</td>
<td>33</td>
<td>0</td>
<td>33</td>
<td>1.02</td>
</tr>
<tr>
<td>Lebanon</td>
<td>16</td>
<td>17</td>
<td>33</td>
<td>1.02</td>
</tr>
<tr>
<td>Oman</td>
<td>13</td>
<td>0</td>
<td>13</td>
<td>0.40</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0.09</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>Maldives</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>Macau</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>Jordan</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>3,196</td>
<td>34</td>
<td>3,230</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Foreign Employment Promotion Board 2010

3.2.2 Remittance flows into Khotang

Per capita remittance income in Khotang is about US$135/ year (NRs9,563). This is similar to the results of the NLSS III study, which estimates Rs9,245 per capita for Nepal in general. Despite this level of remittance income, Khotang is noted to be one of the poorest districts (poverty incidence up to 23% NLSS 2009/10). Until the detailed results of the NLSS III are available, it is not clear why this is the case. As will be seen from Figure 3, Khotang is representative of at least 14 other districts in Nepal that have similar rates of remittance inflows. So although it has higher rates of remittances than some other hill districts, it is not unusual.

---

10 The remittance data depicted in Figure 3 was generated by asking households how much money was sent to them during the last year. The survey was similar in size to a NLSS survey as it had over 3,000 households from across the country. Households were selected randomly based on probability methods.
From interviews with all the money transfer agents and banks in Diktel, we estimated that about Rs7 to Rs10 million of remittances flow into Khotang every day. This is a huge amount. As the remittance volume increased so too has the number of money transfer agencies. There are about 10 such agencies in Diktel Bazaar and one in Halesi Bazaar. The remaining agents are distribution points, bringing the money closer to the clients. Considering that Khotang has 209,230 of a population (as of 2011 census), the per capita remittances would range from Rs12,217 to 17,453 in 2011. This is higher than the national average of Rs9,245 as reported in the NLSS III.

According to estimates by the bank managers in Khotang and receiving banks in Gaighat large amounts of remittances to Khotang (about 75%) flow out to three Terai districts (Sunsari, Morang and Udaypur) and Kathmandu. Only 25% of the remittances are retained in the district and are used for household expenditures like food (rice), school fees and other commodities. There were no discernible trends on increased payments for health services (although this would require further study). Brahmins and Chettris, and to some extent Rais, invest their remittances and the proceeds of the sale of their land in buying land in the Terai. Dalits buy land in the villages from Brahmins and Chettris. Most Dalits migrate for labour jobs and do not earn much and so their savings are only sufficient to buy land in the villages and not in towns in the hills or in the Terai (Chapter 6 discusses this in greater detail).

The total remittances to Khotang in 2010-11 were about US$33-51 million or CHF24 million (equivalent to Rs7-10 million per day). This compares to the annual development budget of SDC for Khotang of CHF1.6 million (at current exchange rates). These massive differences of budget inflows to the district must sharpen the focus on how the SDC money can best be targeted given the large amounts of new money flowing into private capital.

Figure 3.1: Total Remittances by Districts

Source: World Bank presentation based on NIDS, 2009
3.3 Migration in the VDCs supported by SDC programmes

3.3.1 Pattern of migration in SDC supported VDCs

To build a baseline for their development programme in Khotang District, SDC conducted an intensive analysis of the Underlying Causes of Poverty (SDC 2009). This included a household survey, carried out in 15 VDCs in Khotang – eight VDCs along the road corridor and seven VDCs that formed part of the programme area for the Nepal Swiss Community Forestry Project (NSCFP). The migration data collected in the survey reveal that there is some variation in the degree of migration from VDC to VDC, but in general there is high migration in all 15 VDCs. This is presented in Table 3.2, which shows that the migration rate (% household having at least one current migrant in the family) varies from 26% to 52%. On average, about 38% households were found to have current migrants in their families.

Caste/ethnicity status is related to migration rate. For example, there is high migration rate among Dalits (40.1%), which is followed by Janajatis (38.9%), and then Brahmins/Chettris (34.5%). Analysing the migration rate from the well-being ranking, it seems that migration rate is highest among the ‘middle’ class, followed by ‘non-poor and ‘poor’. Although it is a common pattern in other countries for high rates of migration from middle class households, it is less common to see such high use of migration as a livelihood improvement strategy amongst the poor. The rate amongst the very poor is low compared to the other groups (irrespective of caste or ethnicity) (Figure 3.2). This is a common pattern across Nepal where the very poor just do not have sufficient assets to access loans for foreign employment. For them migration is rarely an option that they can take to improve their economic status and increase their social mobility. Despite this, they are not isolated from the impacts of migration. As is demonstrated later based on the field study, the poor non-migrants tend to get some benefit in terms of higher wages and a relaxation of the terms for land rental because of the migration of neighbours.

<table>
<thead>
<tr>
<th>Road Corridor VDC</th>
<th>% hh with current migrant(s)</th>
<th>NSCFP VDCs</th>
<th>% hh with current migrant(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diktel</td>
<td>29.7</td>
<td>Phedi</td>
<td>34.7</td>
</tr>
<tr>
<td>Bamrang</td>
<td>45.9</td>
<td>Pathaca</td>
<td>48.2</td>
</tr>
<tr>
<td>Batase</td>
<td>25.8</td>
<td>Nerpa</td>
<td>37.5</td>
</tr>
<tr>
<td>Lichkirache</td>
<td>29.3</td>
<td>Chhidranda</td>
<td>36.8</td>
</tr>
<tr>
<td>Bijaya Kharka</td>
<td>51.7</td>
<td>Chyandanda</td>
<td>35.5</td>
</tr>
<tr>
<td>Nanthala</td>
<td>49.2</td>
<td>Lamidanda</td>
<td>36.7</td>
</tr>
<tr>
<td>Buipa</td>
<td>42.3</td>
<td>Arkhaule</td>
<td>39.8</td>
</tr>
<tr>
<td>Rajapani</td>
<td>44.7</td>
<td>Average</td>
<td>38.6</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>37.4</strong></td>
<td><strong>Average</strong></td>
<td><strong>38.6</strong></td>
</tr>
</tbody>
</table>
3.3.2 Rates of migration in study villages

In the study wards, the migration rate was significantly higher than the average across the VDCs where SDC has inputs. This was due to two main reasons. Firstly, VDCs with high migration rates were selected and again within the VDC, two wards with higher rates of migration were selected. Since the study focus was on the impact of migration this could be better understood in areas with higher levels of migration. In addition, there have been recent dramatic changes in the levels of migration at the national level (i.e. those taking official permission) with an increase by 1.5 times compared to four months ago. The study was carried out during this period. We can assume therefore that since the baseline survey was conducted in 2009, the rate of migration across all the VDCs has probably increased. The field study showed that an average of 62% of households across the four wards have current migrants (Table 3.3).

Table 3.3: Migration rate (% HH with current migrants working in countries other than India) in different study locations (wards) in 2011 July

<table>
<thead>
<tr>
<th>VDC name &amp; Ward number</th>
<th>Total HH in ward</th>
<th>HH with current migrants</th>
<th>% of ward population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamrang Ward 3</td>
<td>84</td>
<td>52</td>
<td>61.90</td>
</tr>
<tr>
<td>Bamrang Ward 9</td>
<td>86</td>
<td>49</td>
<td>56.98</td>
</tr>
<tr>
<td>Patheca Ward 3</td>
<td>58</td>
<td>33</td>
<td>56.90</td>
</tr>
<tr>
<td>Patheca Ward 5</td>
<td>58</td>
<td>39</td>
<td>67.24</td>
</tr>
<tr>
<td>Patheca Dalit Settlement</td>
<td>34</td>
<td>24</td>
<td>70.59</td>
</tr>
<tr>
<td>Total</td>
<td>320</td>
<td>197</td>
<td>61.56</td>
</tr>
</tbody>
</table>
3.4 Land sales and purchase in Khotang district in 2010/11

One of the consequences of migration appears to be an increased rate of land sales. In 2010/11, 4,975 individuals purchased land in Khotang District as per the data from the district Land Revenue Office. Of this, 1,231 sales were in women’s names. This is about 25% of the total sales. Two hundred and twenty one Dalits (161 males and 50 women – as estimated by the officer) bought the land in that year, which is about five percent of the total persons buying land. The Dalit population in the district is about nine percent. In the past, it was very unusual for Dalits to buy land at all. It appears that now they are aggressively pursuing land purchase as a livelihood improvement strategy. Mainly Brahmins and Chettris are selling land; their land parcels are being sub-divided into smaller lots and are bought by 3-4 buyers. Unfortunately it was too difficult to find out what the past land sales have been, as there is no systematic record, but this is an issue that would be worth following-up, to see how the land sale patterns have changed over the last 5-10 years.

Chapter 6 explores in more detail what is happening at a community-level with land in regards to Dalits and other caste/ethnic groups.
4: Links between Gaighat and Khotang: Rural Urban Shifts

Urbanisation is increasing rapidly in Nepal even though it is still a rural country as according to the 2011 census only 17% of the population live in urban areas. But the rate of demographic growth in urban areas and market towns is very high compared to rural areas (Sharma, 2006). One of the main reasons for this rapid urbanisation is rural urban migration. The increased access to remittances has now become one of the factors enabling people to move from rural areas to market towns or urban areas. This is clearly shown from studies in the Pokhara region (Adhikari, 2001), which reveals how foreign labour migration and its consequences like remittances induce internal migration from rural areas to urban areas, market towns and road heads.

4.1 People, products, services

During fieldwork in the study areas, it was noticeable that some households either had moved out from Khotang to establish their households in the Terai or had purchased land in the Terai. Of the 330 households surveyed, 20 households had purchased land in Terai, particularly east Terai i.e. Sunsari, Morang, and Udaypur Districts. Moreover, eight households had purchased land in Kathmandu in the last 10 years. Another 10 households have purchased housing plots in Diktel. In the past, especially in the 1960s and 1970s, there was a huge flow of out-migration to the Terai for permanent settlement. After that migration, which led virtually to a saturation of settlements in the Terai, people from Khotang have tried to move even in recent decades, and this has been facilitated by remittances and foreign employment. This shift to the Terai is an interesting part of the migration story and has effects (as shown from the study of Gaighat) that need to be understood in terms of the future of Khotang District and the development of small towns in the Terai. Gaighat town (the district headquarters of Udaypur) used to be the gateway to Khotang for supplies to the district and is the main destination for the study area households, due to the long historical links between Gaighat and Khotang and links to households already living in the town. One key informant in Gaighat said that his move there had encouraged another 10 households to move from Khotang as well. Although it was not possible during the fieldwork period in Gaighat, it would be useful to explore further the underlying drivers of rural urban movement and the importance of historical trends of migration compared to the more recent drivers caused by internal conflict, the increase of remittances and the use of social networks to encourage households to shift. The internal conflict, particularly the People’s War, might have led to movement of households from Khotang to the Terai and inner Terai, such as Udaypur District. However, this study was conducted after the peace agreement and possible return of internally displaced people. Thus, we did not consider in the study internally displaced people.
Looking at the history of migrant movement into Gaighat, three distinct waves can be identified: the first wave comprised wealthier households from the hills who shifted down to the relative security of the town during the Maoist conflict. Here they could invest surplus income (including remittance money) in land. This was followed by a wave of hill people who had moved to the Terai and were forced out by the Madhesh conflict and sought refuge in the inner Terai town. The third and most recent wave consists of successful migrant households who are using their remittances to buy land and build houses in the town to access better education and health services, as well as the opportunities for employment available in an urban area. Box 3 describes the development of Gaighat over the last 30-40 years.

It is estimated by district and municipality staff that up to 60% of the population of Gaighat has its origins in Khotang (including from VDCs in the road corridor). Some have retained land and still have family in Khotang, whereas others have no formal ties left there. Flows of people, services, products, and finance all link Gaighat and Khotang. There are significant levels of internal money transfers between Diktel and Gaighat for land purchase, purchase of building supplies and other inter-business transfers. The researchers were unable to get definitive figures on these flows as the bank money transfer systems do not allow easy tracking of fund flow. But as one of the bank managers in Diktel said: “... money has not been absorbed in the hills of Khotang, it has been like rain in the hills, which directly flows to the lowlands.” (source: field notes, Diktel)

In terms of product flows from Khotang to Gaighat this is still minimal as most of the trade is from Gaighat to Khotang. In the words of one elderly trader ‘the only thing that comes out of Khotang is

---

Box 3: History of Gaighat

“Where jackals cried, women now cry”

This quote from an old trader reflects the major changes that Gaighat has undergone in the last 30 years. The areas where migrant households live now were previously part of the floodplain area of the river, covered in shrubs and used as open grazing, and where jackals roamed freely. This was until an embankment was built to train the river and to prevent it flooding. At this time the land was parcelled out and sold by government (Rs50-1000 per plot), following a town plan developed after the district headquarters moved here. Prices remained stable for a long time and there was only a small growth in the population. This all changed with the conflict and then again four years ago following the exodus of hills people from the Terai and the influx of households with remittance income. There has been a very long history of migration from Khotang to this area (some families can trace their migration from Khotang back as far as 150 years). Over time, the wealthier households shifted from Khotang, as it was a difficult district with no access to services. This pattern has continued more recently, with wealthier households with land to sell in the hills able to buy the more expensive land in the Terai and to settle their families. The land where jackals used to cry is now covered in buildings, a large number are women-headed households whose husbands have migrated.

Source: field notes

---

11 Households from the study area were concentrated in one tole (Shanti Tole) in Gaighat

12 One bank manager indicated that about Rs1 crore/ month flows out of Diktel to Gaighat to buy inputs for Diktel, but there will also be other money transfers from Diktel to other larger banks in larger Terai towns where it is possible to do better deals on supplies, so it is not easy to see what the total outflows of cash are from Diktel.
This same trader estimates that the value of the trade between Khotang and Gaighat is roughly for every Rs25 going up to Khotang only Rs1 returns, in the shape of fruit, spices and goats.

These waves of migration have had significant effects on Gaighat town. Most important of which has been the boom in land prices and the subsequent building boom leading to rapid urban expansion. Over the last seven years there has been a major increase in land prices from Rs2 lakhs for one kattha\textsuperscript{13} of land to current prices of Rs 20-40 lakhs for one kattha. Now most land close to the bazaar is too expensive to be purchased by new migrants to the town, forcing them out to neighbouring villages where the land is cheaper. Here too we see the effects of ‘Khotangisation’ with villages taking on new identities with the influx of many households from one village or area in Khotang.

The building boom has added significantly to the wealth of contractors in the town and increased the demand for labour. Ironically, the labour supply is derived from Danuwars, Tharus, Mushahar and Muslims, i.e. those groups that were the previous owners of the land that is now subject to the building boom. When land prices increased after 1990, these groups sold their land in the bazaar area and located to more distant villages. However, the prices they got for their land at that time were relatively low compared to the current values. Land sales have not led to their economic independence, rather they remain reliant on sale of labour to those who have been able to capitalise on successful overseas migrations.

Across Udaypur District there has been a rapid increase in land sales over the last five years, with Gaighat accounting for more than 50% of all land sales (Table 4.1). The figures reflect the major pressure on land that has occurred with the recent waves of migration and in particular the land sales due to economic success from foreign employment. An interesting point about the nature of the land sales is the relatively high level of land transactions in women’s names. This is due to two reasons: 1) the tax subsidy of 30% if land is registered in women’s names; and 2) due to the absence of husbands who are in foreign countries. For all our interviewees this was the major reason why land was registered in their names. Their husbands sent the money to buy the land but in their absence the woman had to purchase the land and she received the certificate of land purchase (lal purja) in her name. This potentially is an interesting shift in women’s ownership of significant assets and future ability to use land as collateral for other investments. At this stage, it is still too soon to

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|}
\hline
Year (Nepalese year) & Land transaction in the district (number) & Land transactions in Gaighat (urban area) of the district & Land transactions in rural areas of the district & Land transaction in women’s names in Gaighat & Land transaction in women’s names in rural areas of the district \\
\hline
2067/68 (2010-2011) & 9,812 & 5,391 & 4,521 & 2,502 (46 %) & 1,387 (30 %) \\
\hline
2066/67 & 10,181 & 5,232 & 4,949 & 2,562 (49 %) & 1,229 (25 %) \\
\hline
2065/66 & 7,181 & & & & \\
\hline
2064/65 & 8,230 & & & & \\
\hline
2063/64 & 2,715 & & & & \\
\hline
2062/63 (2005-2006) & 3,642 & & & & \\
\hline
\end{tabular}
\caption{Land transactions in Udaypur District and Gaighat town}
\end{table}

\textsuperscript{13} (1 hectare = 1.45 Bigha; 1 Bigha = 20 Kattha; or, 1 Kattha = 344.8 sq metre)
find clear evidence that women have been able to use their land ownership for investment purposes, it would require further detailed follow-up to see if women have the authority to make these types of decisions. However, given the difficulties women face in even making small decisions about developing their own areas of economic activity, it is unlikely that their husbands would entertain them using land ownership for their own purposes\textsuperscript{14}. It seems at present that males are buying land in women’s name because of the tax-subsidy and because they are absent. Therefore, it is likely that at this early stage of change women may still think psychologically that it is their husband’s land but is kept in their name. Over time, this may change as the women realise they actually have legal ownership and husbands, at a minimum, will have to get the consent of women to sell this land.

4.2 Effects of migration

There are many associated effects of migration on Gaighat as a town. As discussed above, the boom in land sales and purchase has driven some interesting consequences. Over the last two years there has been an influx of private banks taking advantage of the large amounts of money on deposit as a result of the land sales. Three years ago there was only the one government bank, Rastriya Banijya Bank, receiving Rs 1.5 crores (1 crore = 10 million) per month in remittances and holding all the town’s deposits. Now there are 13 private banks that have split the deposits. There is now so much competition between the banks that probably some private bank branches will have to close as there are insufficient deposits for all.

Over this same period the amount of remittances flowing into Gaighat has also increased. This is mirrored in the increase in money transfer agencies and their agents. In total there 10-12 agents operating for the main money transfer agencies (IME, Prahbu, Western Union, Himal Remit and Citizen Remit). Often these are migrant returnees who have used their remittances to invest in the agency businesses.

In Udaypur District, money agents estimate that about Rs1 billion per month is flowing into the district through three centres – Gaighat, Katari and Beltari. For Gaighat more than Rs10 million per day comes through the money transfer agencies in remittances mainly from Malaysia, Qatar and Saudi Arabia. It is this money that has fuelled the rapid development of Gaighat.

However, as the financial sector grows, Gaighat is no longer continuing to grow as a business centre as the flow of goods no longer moves through Gaighat to the hills, and the boom in land prices has stopped. This is a result of road construction linking Terai cities and trading centres such as Biratnagar directly to the hills. Traders in Gaighat forecast that businesses will decline. However, some aspects of the service sector continue to grow such as private schools (increased in number from 8-23 over the last 10 years in response to demand from migrant households for English-medium schools and 100% pass rate at SLC level) and private health care with two new clinics opened in the last two years, although offering a relatively poor level of health care. However, overall, Gaighat’s future economic development is uncertain; booms driven by conflict and remittances from migration have led to short term development and for some to large profits, but there is overall instability and uncertainty as to its longer-term direction of growth. It is likely that it

\textsuperscript{14} Anita Ghimire in her research has also not found evidence that women can use land as collateral in particular for financing migration (pers. comm.)
will continue to be a centre for services such as health and education for surrounding areas and will remain an important place to ‘do business’ as it is the district headquarters.

For migrants from Khotang, Gaighat still provides a higher quality of life and well-being for their families, in particular access to better quality education and more opportunities for petty business for the women left at home. We return to these issues in Chapter 6.
5: Individual Effects of Migration in Khotang

5.1 Changes in well-being across the study area

5.1.1 The migration pathway

Across the four wards in the two study VDCs 57-71% of the households have current migrants to the Gulf and Malaysia. This may be higher than is found in other VDCs, as the VDCs were purposively selected for the study, having a high rate of migration. Most of these households are still in the migration cycle, with migrants generally either just starting or on their second or third contract (Figure 5.1 and Box 4). There were no households where the migrants had returned for good, and it is expected that it will be another 10 years until there are significant numbers of migrants coming back to Khotang at the end of their effective migration lives.

Figure 5.1: The migration pathway

15 Discussions with SDC Social Mobilizers indicate a similar level of migration in other settlements of SDC supported VDCs – e.g. in Buipa VDC Ward 5, 50% of Dalit households have current migrants; in Nunthala VDC in one Tamang settlement, 70% of households have current migrants. Overall figures for the 15 VDCs are provided in Table 5 which indicates overall lower rates of migration of between 26- 52%

16 This was based on estimates derived from discussion with wives and migrants who had returned between migrations. Most men estimated they would be migrating until their late 40s or early 50s.
Box 4: Successful migrant who shifted from Khotang (Bamrang 9) to Gaighat

**Gyan Bahadur Pandey** is 27 years old and has been migrating since he was 17 years old. He has just bought land in Gaighat – five katthas - and is about to build a house if he can save enough money. His wife lives here, she is is looking after the children, although previously she was running a small poultry farm but she sold it when she got pregnant with the last child. They have two children, a son who is five years old and a daughter of two months. Gyan Bahadur and his wife were born and brought up in Bamrang. After their parents died they sold everything to relatives (17-18 ropani of land). The money from the land sale was invested in land in Gaighat. They decided to come to Gaighat as there are other people they know here from Bamrang, and because there was no road or development in Bamrang. On reflection, however, if there had been a road maybe they would have kept their land. He regrets he has sold everything and if he could, maybe they would buy land again. Of the other households from Bamrang in this neighbourhood 80% have remittance incomes and 20% are conducting other businesses.

Gyan Bahadur’s migration story reflects a common pattern of multiple migrations – increasing skills, building and saving over time. Despite having enough food at home, the work on the farm was very hard and he could not save. There were no other job opportunities in the village and so migration was the only option. Hearing from friends in the village about their experience he decided to go to Qatar but when the company collapsed he was forced to return home. While back in the village, another villager told him about some another opportunity and he decided to try again. This time he talked to manpower agencies and through them he went to Saudi Arabia where he learnt welding, a useful skill that should have led to higher rates of pay. However, his pay was not increased, so he left this job and went directly to Dubai to work as a security guard. There he earned good money and was able to save. He came back to Gaighat a few months ago and has been looking into whether it is possible to open a mechanical workshop. However, he thinks he does not have enough money to take this level of risk. He has decided to migrate again, this time to Italy, where a friend has organised a well-paid job in a factory. He already has all the necessary papers and will be going shortly. He expects to be paid Rs1 lakh per month. Although he doesn’t like going overseas, his family needs money and living costs are high in Gaighat. For his wife it is difficult to live on her own in Gaighat, but she, too, believes that there are no other opportunities here. She uses her own social networks if there are any problems when he is away and she turns to her parents, and to her brothers who are still living in the maternal home quite close to Gaighat. Her husband thinks he will have to go overseas for another 10 years before they are secure. From amongst his peer group in Bamrang, 90% have migrated for work, but have not moved their families to Gaighat from the village. Table A illustrates the pattern of his migrations, showing how his jobs have improved with the building of his skills, enabling him to finance his own migration without having to pay high rates of interest.

**Table A: Gyan Bahadur Pandey’s pattern of migration**

<table>
<thead>
<tr>
<th>Country</th>
<th>Agency</th>
<th>Cost (Rs)</th>
<th>Income (Rs)</th>
<th>Source of fund to finance migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>Manpower</td>
<td>Rs70,000</td>
<td>Rs90,000</td>
<td>Loan at 3% interest per month</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Manpower</td>
<td>Rs55,000</td>
<td>Rs4-5 lakhs</td>
<td>Own plus loan</td>
</tr>
<tr>
<td>Dubai</td>
<td>Visa sent by a friend</td>
<td>Rs25,000</td>
<td>Rs5.5 lakhs</td>
<td>Own</td>
</tr>
<tr>
<td>Italy</td>
<td>Through a friend</td>
<td>Rs10 lakhs</td>
<td>Expects to be Rs1 lakh per month</td>
<td>Loan at 3%</td>
</tr>
</tbody>
</table>

*Source: field notes Gaighat*
5.1.2 Well-being trends

To understand overall trends in the two study VDCs we assessed changes in the well-being status for all the households in five wards (irrespective of their migration status). The definition of well-being uses a combination of the wealth-ranking described in Box 2 (based on the definition used for the Underlying Causes of Poverty Analysis) as well as non-material criteria such as psycho-social aspects of well-being, changes in voice, confidence and social status. These non-material aspects are discussed in detail in Chapter 6. The well-being analysis was based on key informant discussions and their perceptions of well-being in the village: these included access to job and income, the stability of income, ownership of good land (here it should be emphasised that key informants distinguished clearly that it is the ownership of good land, especially khet and good pakho - pakho in an area with less of a slope - that is important), education in the family, presence of chronically sick members in the family, adults/working age members in the family and changes in voice, particularly for women and for excluded households such as Dalits.

This data across the VDCs suggest an aggregate improvement in well-being over the last 10 years for both migrant and non-migrant households. There is movement out of extreme poverty in all cases over the last 10 years with a larger proportion of each village population to now be found in the poor and medium categories as opposed to the extreme poor and poor categories (Figure 5.2).

![Figure 5.2: Numbers of households and change in well-being over 10 years](image)

Although there is an overall upward trend with fewer households very poor or poor, the data reveals that there is some decline particularly from poor households which are highly vulnerable to shocks caused, for example, by ill-health or failed migration (Table 5.1). In addition, there is a core of households that remain stuck in extreme poverty over the ten year period (25% of very poor households remained very poor whereas only seven percent moved up a well-being category).
Table 5.1: Changes in well-being category over 10 years

<table>
<thead>
<tr>
<th>Change in well-being</th>
<th>Well-being category</th>
<th>Households %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stayed the same</td>
<td>Very poor to very poor</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Poor to poor</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Medium to medium</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Non-poor to non-poor</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>62%</td>
</tr>
<tr>
<td>Moved up</td>
<td>Very poor to poor</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>Poor to medium</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>Medium to non-poor</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>33.3%</td>
</tr>
<tr>
<td>Moved down</td>
<td>Poor to very poor</td>
<td>2.5%</td>
</tr>
<tr>
<td></td>
<td>Medium to poor</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>Non-poor to medium</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4.7%</td>
</tr>
</tbody>
</table>

5.2 Well-being changes: migrant versus non-migrant households

When considering the well-being changes between migrant and non-migrant households some interesting differences emerge (Figure 5.3). The overall figures illustrate a general upward trend, but when these figures are disaggregated for migrant and non-migrant the main findings show that migrant households have better rates of improvement in well-being than households without migrants. Specifically we see the following changes:

- **Very poor households**: 20% of migrant households improved well-being compared to three percent of non-migrant households.
- **Poor households**: 32% of migrant households improved well-being compared to six percent of non-migrant households.
- **Medium households**: 42% of migrant households improved well-being compared to three percent of non-migrant households.
- **Non-poor households**: there were only seven households in the total sample who were non-poor. For these households most maintained or increased their wealth, and one household’s wealth declined due to old age and having no other family support. This is an interesting point that we pick up later, as there are serious issues concerning the fragmentation of family relationships and the lack of support for elderly people, particularly when they begin to lose their ability for independent living.

Remittances have increased well-being in 44% of households with migrants, and maintained 53% of households at the same level of well-being, whereas only three percent of all migrant households show any decline. For non-migrant households, however, it is a very different picture, where only 13% of households showed any well-being improvements.

The remittance earnings range from a few households indicating complete failure to earn to a more usual situation (particularly amongst poorer households) of low monthly remittances between Rs6,000-10,000 per month. For wealthier households remittances tend to be considerably higher with the most successful migrants sending between Rs50,000 to Rs1 lakh/month.\(^\text{17}\)

\(^{17}\) For similar results from other studies see Hoermann et al 2010; and Kesang Tseten’s video documentaries ‘The Desert Eats Us’ and ‘In Search of the Riyal’
Tables 5.2 and 5.3 provide some of the reasons for change in well-being. Overall the survey information indicates far less social mobility amongst households with no migrants than those with. Most non-migrant households appear to remain in the same well-being category with little opportunity for improving their status (Box 5 describes one poor non-migrant household and the problems they face).

Households with migrants bringing in new money means that at the minimum families can protect their existing asset base and improve it slightly with investment in housing and land, and for some investment in new business. As important is the improved capacity of migrant households to invest in their children’s education and where available to send them to private schools with higher levels of educational achievement. Although the returns to children’s education are not immediate, the longer-term benefits from a better educated and skilled population bring both individual gains to the household as well as wider public benefit to society.
Table 5.2: Reasons for changes in migrant household well-being and use of remittances

<table>
<thead>
<tr>
<th>Well-being</th>
<th>Reasons for change</th>
<th>Remained the same (number of households)</th>
<th>Moving up very poor to poor (number of households)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very poor</td>
<td>Decline</td>
<td>Lack of assets in particular land.</td>
<td>Reduced number of dependents and increase in number of adult migrant earners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low level of education and skills</td>
<td>Better access to information networks, increase in voice (particularly Dalits)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Born into disadvantaged group.</td>
<td>Savings from migration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Migration either failed or very low level of remittance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low level of social networks, poor access to opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of adult labour</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Single women households</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disability – physical or mental</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(some evidence of households in the ‘same’ category showing signs of decline)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chronic ill-health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Old age</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Death of an adult</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decline poor to very poor (5 households)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remained the same (56 households)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>Failed migration and high levels of debt</td>
<td>Limited assets</td>
<td>Paid off initial migration loans</td>
</tr>
<tr>
<td></td>
<td>Limited assets</td>
<td>Low levels of agricultural productivity</td>
<td>Employment in village after migration (teacher, carpenter).</td>
</tr>
<tr>
<td></td>
<td>Low levels of remuneration from migration</td>
<td>Low levels of remuneration from migration</td>
<td>Remittance invested in business (hotel)</td>
</tr>
<tr>
<td></td>
<td>Indebtedness from migration</td>
<td>First or second cycle of migration</td>
<td>Savings invested in land in village and Terai</td>
</tr>
<tr>
<td></td>
<td>Low income, no savings.</td>
<td>Low income, failed migration, ill-health, small savings</td>
<td>More than one household member migrating - accumulation of savings and investment in land in district HQ and Terai</td>
</tr>
<tr>
<td>Medium</td>
<td>Ill-health. Low income, no savings.</td>
<td>Low income, failed migration, ill-health, small savings</td>
<td>Access to regular waged labour. Reduced number of dependents. High earning jobs (rapid promotion), good initial asset base, savings from job. Sold land in Khotang, investment in land in Terai, build houses in Diktel/ Terai/ Kathmandu. Private school in Terai - children in non-farm activities, money-lending for migration. Use of networks to get access to</td>
</tr>
</tbody>
</table>
Table 5.3: Reasons for changes in non-migrant household well-being

<table>
<thead>
<tr>
<th>Well-being category</th>
<th>Reasons</th>
<th>Further decline</th>
<th>Remained the same</th>
<th>Moving up very poor to poor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very poor</strong></td>
<td>Chronic ill-health. Old age. Death of an adult.</td>
<td>Lack of assets - in particular land and house No other sources of income in village. Disability Low earning capability (porter jobs, blacksmith) Low level of education and skills. Born into disadvantaged group. Low level of social networks, poor access to opportunities. Serious illness in family (and death amongst children – high costs of health care)</td>
<td></td>
<td>Reduced number of dependents Hard work in village, some accumulation of savings</td>
</tr>
<tr>
<td><strong>Poor</strong></td>
<td>Decline poor to very poor (3 households)</td>
<td>Limited assets Low levels of agricultural productivity Low waged labour unable to save.</td>
<td></td>
<td>Regular salary (e.g. son teaching) Small business and hard work (tailoring, hotel) Pension from Indian army.</td>
</tr>
<tr>
<td>Medium</td>
<td>Decline medium to poor (5 households)</td>
<td>High number of dependents No savings, so no capacity to invest in land or other assets</td>
<td></td>
<td>Access to regular waged labour Sale of land in village, purchase in Terai (and selling on) Reduced number of dependents</td>
</tr>
<tr>
<td>Non-poor</td>
<td>Pensions from UK army, remittance from family members in UK.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-poor</strong></td>
<td>Remained the same (2 households)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

development opportunities (kinship and political). UK pension plus remittances from other family members.
The survey data show that there are few examples of decline among poor, medium and rich households (migrant and non-migrant households). Most very poor households maintained their well-being at the same low level, but are particularly vulnerable to any shocks such as ill-health or natural disaster, landslides, drought or flooding. It is clear that the very poor are less able to use migration to significantly improve their well-being (Box 6). They have lower rates of earning as a result of their low education and skill-base and much less effective networks. What networks they have tend to be restricted to the local-level and are only now beginning to increase as more very poor and poor households migrate and so are able to extend their networks of contacts and knowledge.

**Box 6: Extreme poor family failing migration**

My husband has been in Malaysia for the last 2 years. I live alone with my daughter and I was very scared as the house is isolated; close to the river and forest. It has been hard to stay alone physically and socially, so I have asked my brother to come to live with me and help me. My husband thought his migration would lead to improvements in our lives. I could not resist him, we had only just separated from the main family and we had no money. We had to borrow Rs1 lakh from 3-4 people to finance his migration. I have so far been able to pay off half of the loan and used the remaining remittances to pay for household expenses. The loan doubles in no time if you don’t pay it off. My husband has been finding it really difficult in Malaysia and has fractured his hand in a machine. I told him to come back, but he said he cannot return as there is no money for return travel until he has worked for the company for three years.

We don’t have much land and I have no time to go to the market to sell the fruits we produce. I have rented land but it is difficult to find anyone to plough it, so I have reduced the amount of land I rent. I have a few animals, but they are in poor condition. I do not sell anything. I need to buy everything. I always have a loan if I have to purchase food. I work for wages for 5-6 days a month and pay back the loan. There is not enough wage employment so I always have a loan.

I can only attend the agriculture group and had to give up other groups as I couldn’t pay the fees for the group (Rs20 a month). I am also not in the community forestry group, when there was a meeting, I did not know about it, as I am not a member.

*Source: field notes*
It is also noticeable that the more successful migrant households tend to have more than one member migrating, and that poor households have a lower level of migrants compared to medium households (it varies from 1.1 per poor household to 1.4 per medium household). Overall it is the poor and medium households that benefit the most from migration. Non-poor households that migrate show increased livelihood security and reduced vulnerability (Box 7). Although migration is in general improving social mobility, it alone is not a sufficient condition to ensure improved material well-being; and for women left at home there are continuous, less positive effects on some aspects of non-material well-being, in particular the psycho-social effects, described in Chapter 6. Effects on male migrants on their return, including the difficulties of adjusting back to life in their villages, is an area that needs further investigation as this could not be analysis during this study, as it was not possible to identify any households where the migrant had permanently returned.

Box 7: Successful migration – non-poor family

My son sends money regularly. I get Rs1-1.5 lakhs every 3-4 months. In the first two years, he did not send much money and what was sent we used to pay off the loan. In the second year I used the remittances to pay for the loan for the marriage of my daughter (Rs1.2 lakhs) and also for my medical costs (Rs0.5 lakhs). Whilst overseas, he has been trained as a plumber and his salary has increased to Rs38,000 a month. Now I have paid all the loans and have started to save and have about Rs1 lakhs in savings. I have also been able to use the remittances to educate one of my sons who is currently studying 10+2.

5.3 Summary of factors affecting livelihood security

Detailed assessment of the reasons for improvement, decline or no change show that there are significant factors leading to both increased livelihood security and resilience and increased vulnerability; these are confirmed by other studies in Nepal (e.g. CBS et al 2006).

What is making people’s livelihoods more secure?

1. The economic base is changing with agriculture and common property resources becoming less important for the better-off and remittance and small business becoming more important in lifting people out of poverty.
2. Better-off households have very diverse livelihoods (i.e. several sources of income) and are earning more from self-employment than waged labours; they tend to have higher numbers of adult earners and higher incomes from foreign employment.
3. Access to markets and market-linkage and information is increasingly important for improving the returns from low value agriculture.
4. Purchase of land by Dalits has served as a base to improve and then consolidate livelihood security, decreasing their vulnerability and increasing their economic and social empowerment leading to greater capacity to access information networks, and influence resource allocation decisions. There are clear changes in voice and empowerment derived from economic growth and increased economic security.
5. Good social and political networks provide access to development and migration opportunities and are characteristic of the more capable and better-off households.
What is making people’s livelihoods less secure?

1. Poor and very poor households that do not migrate rely on uncertain and seasonal waged labour and use natural resources as an important supplement to their income and consumption. Declining productivity of agricultural land and poor access to high value markets and increasing competition from cheaper food items is making their livelihoods less secure and more vulnerable to shocks. Despite higher agricultural wages the days available are not sufficient to provide an adequate buffer against shock, and farmers are changing their farming practices to avoid high inputs of costly labour.

2. Very poor and excluded households are characterised by their weak networks i.e. relatively weak social relationships and information networks. They tend to either exclude themselves from development opportunities or be excluded by others. This is reversed amongst poor and excluded households that have migrant members able to provide new sources of income for asset accumulation and a new found sense of confidence from working overseas, buying land locally and able to break patron-client relations.

3. Households with high levels of dependents (i.e. lots of young children or sick/elderly relatives) are extremely vulnerable to decline and tend to be clustered in the very poor and poor categories. However, in some cases their extreme vulnerability changes to resilience as the children grow up and are able to earn money through migration and contribute to the overall household wealth.

4. Most households are indebted and for some this leads to increased vulnerability, particularly where existing livelihoods are already stressed, asset levels are low and the ability to repay loans is limited and at risk by unforeseen problems.

5. All groups are seriously affected by ill-health but the poorest are the least resilient and able to cope with episodes of ill-health leading to decline in their poverty status. Access to health services in Khotang District is difficult and uncertain. For the poorest there are no options, as they cannot afford to buy access to health services in the Terai or Kathmandu, increasing their vulnerability to episodes of chronic or acute ill-health.

Table 5.4 summarises the individual characteristics of the four main groups identified in the study villages, as described by villagers. From this table it is clear that understanding the links between changes in well-being and migration requires a multidimensional analysis that includes assessment of a number of key factors including the more usual financial, physical, natural and human assets as well as an assessment of political\(^\text{18}\) and social assets (these issues are considered further in Chapter 6).

---
\(^{18}\) Political positions, participation in political activities ie village meetings, and political awareness such as citizen’s rights and demanding of their shares.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Very poor</th>
<th>Poor</th>
<th>Medium</th>
<th>Non-poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>Food shortages up to 8 months</td>
<td>3-6 months</td>
<td>1-2 months</td>
<td>No food shortage</td>
</tr>
<tr>
<td>Land</td>
<td>Little land (or no land)</td>
<td>Poor location and quality of land</td>
<td>Some khet and pakho land</td>
<td>Large areas of khet and pakho land (other areas of land outside village)</td>
</tr>
<tr>
<td>Access to irrigation</td>
<td>No</td>
<td>For some</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Livestock</td>
<td>No draft animals</td>
<td>One draft animal</td>
<td>Draft animals</td>
<td>Draft animals</td>
</tr>
<tr>
<td></td>
<td>No farm implements</td>
<td>Some implements</td>
<td>Range of livestock and large number</td>
<td>Range of livestock and large number</td>
</tr>
<tr>
<td></td>
<td>Chickens</td>
<td>Chickens, goats, cows, pigs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income source</td>
<td>Labour sale</td>
<td>Remittance</td>
<td>Remittance</td>
<td>Remittance</td>
</tr>
<tr>
<td></td>
<td>Some remittance</td>
<td>Crop cultivation</td>
<td>Crop cultivation</td>
<td>Cash crops</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Animal husbandry</td>
<td>Animal husbandry</td>
<td>Multiple small business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some labour sale</td>
<td>Small business</td>
<td>Regular salaries (teachers, NGO workers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pensions – army (India and UK)</td>
</tr>
<tr>
<td>Education</td>
<td>Children often leave early from school, are irregular attendees.</td>
<td>Send children to school – but often don’t complete.</td>
<td>Send children to school – primary, secondary.</td>
<td>Send children to school - primary, secondary and college.</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Vulnerable to illness (chronic and acute).</td>
<td>Vulnerable to illness (chronic and acute).</td>
<td>More able to cope with illness.</td>
<td>Able to cope with chronic illness.</td>
</tr>
<tr>
<td>Assets</td>
<td>Few utensils or other items of household goods.</td>
<td>More utensils and household goods.</td>
<td>Well-equipped households.</td>
<td>Well-equipped households, tv.</td>
</tr>
<tr>
<td>Credit</td>
<td>Considered too high risk to lend money to. If do borrow – small amounts from neighbours and repaid with labour.</td>
<td>Able to borrow money for migration, household consumption. Borrow money from savings group.</td>
<td>Borrow money from savings group, friends and neighbours.</td>
<td>Able to borrow large amounts of money from friends, relatives.</td>
</tr>
<tr>
<td>Household size/ composition disability</td>
<td>Many small children, few workers, child labour in household, family split (children sent to live with relatives).</td>
<td>Many small children.</td>
<td>Fewer dependent.</td>
<td>Dependents but able to support with other assets.</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>----------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Vulnerability</td>
<td>Highly vulnerable to crises and shocks.</td>
<td>Vulnerable to crises and shocks.</td>
<td>Less vulnerable to crises and shocks.</td>
<td>Resilient to most crises and shocks.</td>
</tr>
<tr>
<td>Remittance (money sent into household from family members migrated for work)</td>
<td>Some</td>
<td>Some</td>
<td>High levels</td>
<td>Some</td>
</tr>
<tr>
<td>Labour exchange/ labour selling</td>
<td>Sell labour, often highly mobile moving to where work is available.</td>
<td>Sell labour and exchange</td>
<td>Buy labour</td>
<td>Buy labour</td>
</tr>
<tr>
<td>Social networks</td>
<td>Limited</td>
<td>Some</td>
<td>Well connected locally; often to wider area</td>
<td>Highly connected locally and nationally</td>
</tr>
<tr>
<td>Membership of groups</td>
<td>Few or none</td>
<td>Some</td>
<td>All</td>
<td>Few or none</td>
</tr>
<tr>
<td>Ability to raise voice in meetings and be listened to?</td>
<td>Non-existent to low (although recent work through citizen learning centres should help to increase the voice of the very poor).</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: synthesised from field notes
5.4 Caste, ethnicity and migration effects on well-being

Well-being changes alone do not explain the diversity of change in social mobility. For this, we need to examine the inter-related effects of caste and ethnicity and how they affect well-being changes. Using the same household survey data looking at change over 10 years, some clear patterns emerge (Table 5.5), across all households (migrant and non-migrants). This shows there is greater social mobility amongst the very poor Dalits, moving to poor (42%) than amongst the Brahmin/Chettris (33%) or the Rais at a very low proportion of 12%.

<table>
<thead>
<tr>
<th>Caste</th>
<th>Well-being category</th>
<th>Well-being changes (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>down</td>
<td>same</td>
</tr>
<tr>
<td>Brahmin/ Chettri</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Poor</td>
<td>0.0%</td>
<td>66.7%</td>
</tr>
<tr>
<td>Poor</td>
<td>8.0%</td>
<td>44.0%</td>
</tr>
<tr>
<td>Medium</td>
<td>10.5%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Non-poor</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Dalit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Poor</td>
<td>0.0%</td>
<td>57.9%</td>
</tr>
<tr>
<td>Poor</td>
<td>8.3%</td>
<td>52.8%</td>
</tr>
<tr>
<td>Medium</td>
<td>12.5%</td>
<td>87.5%</td>
</tr>
<tr>
<td>Non-poor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rai</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Poor</td>
<td>0.0%</td>
<td>87.7%</td>
</tr>
<tr>
<td>Poor</td>
<td>1.4%</td>
<td>61.1%</td>
</tr>
<tr>
<td>Medium</td>
<td>8.1%</td>
<td>45.9%</td>
</tr>
<tr>
<td>Non-poor</td>
<td>28.6%</td>
<td>71.4%</td>
</tr>
</tbody>
</table>

Unsurprisingly there is less mobility from poor to medium for Dalits (39%) and Rais (38%) than for Brahmin/Chettri households (48%). For both Dalits and Rais their change in well-being class to poor from extreme poor is more recent, making it more difficult to make the next shift than for Brahmin/Chettri households who probably started at a higher level of asset ownership and therefore a greater capability of moving up a well-being class. Again the shifts in well-being class from medium to non-poor reflect the starting points of different caste/ethnic groups. Brahmin/Chettris show the highest percentage improvement, with 58% of households that have shifted from medium to non-poor. There are no Dalit households in the study area that have made this shift and only 38% of the Rai households. Amongst the non-poor households that were non-poor 10 years ago and still are today, there are no Dalit representatives and only a small number of Rai and Brahmin/Chettri households.

Using the data from all the study wards, Figures 5.4 and 5.5 illustrate the changes in well-being across caste and ethnic groups for households with and without migrants. These graphs represent the major populations and do not include small populations of other caste groups, we describe only the major trends. Using these disaggregated figures for migrants and non-migrants, it can be seen that very poor Dalits are more successful from migration than very poor Brahmin/Chettris and Rais. However, it is interesting that no Dalit very poor non-migrant households have improved their well-being over the same period of time. Brahmin/Chettris and Rais with migrants out-perform the Dalits in the medium and non-poor categories. Repeating the overall patterns already noted above.
Dalit households with migrants invest their remittances in land purchase more readily than other groups in similar levels of well-being including poor Brahmins. Rai migrant households can be divided into two distinct groups - those who were very successful as farmers and migrants and those who were not successful. The first group benefitted from their links to the UK and Hong Kong through service in the British army and from their pensions. For Rai households without these connections the effectiveness in migration was much reduced due to low asset base and networking abilities (source: interviews, field notes). Although the numbers of households surveyed are relatively small, the decline in non-migrant households is more pronounced as well as a lesser degree of upward mobility: most of these households remained stuck in their well-being categories.

19 96 non-migrant households (Brahmin/Chettri, Dalit and Rais) and 198 migrant households (Brahmin/Chettri, Dalit and Rais). This excludes the other caste groups with very small numbers of households (22 migrant and non-migrant households).
6: Effects of Migration at the Community Level

6.1 Natural capital effects

6.1.1 Agriculture under pressure

The major natural capitals that underpin the livelihoods of people in Khotang are land/soil, forest and water. These natural capitals remain significant as agriculture is still one of the main livelihood sources. Agriculture includes animal husbandry. For many households, small livestock in particular is the major source of liquidity when money is required. Migration was found to have major impacts on the use, management and preservation of these natural capitals. The field study clearly revealed that the intensity of cropping has declined, land fallowing has increased, especially in the distant and marginal lands, and forest cover has increased in both private and public land. There are clear changes in the agrarian landscape that are driven both by market change as well as livelihood decisions. With increasing numbers of young men migrating overseas for work, significantly less male labour is available locally either for work within the household or for hire by households with no male labour of their own. There are now fewer people available or interested to rent-in-land that is far from the village. For some, the land and terraces are abandoned; in other cases households are planting trees for their own use or as a means to mark ownership, particularly for absentee landlords.

6.1.2 Wage labour prices

The major reduction in availability of labour has led to an increase in wage labour rates. For many households in the study area there is now little benefit in farming if labourers have to be hired. The wage rate is high and the quality of work done by wage labourers has declined. Apparently with greater awareness of rights and less need to work as wage labourers there is much less interest in ‘doing a good day’s work’. For very poor households with little surplus to fall back on, any decreases in productivity or increases in labour costs increase their vulnerability. Table 6.1 shows the rapid increases in wage rates. Interestingly, the wage rates of female workers have increased as significantly as that of male workers, although at a lower level. In a few critical areas which used to be a male domain in the past, such as ploughing, wage rates have increased disproportionately. Almost all female respondents complained about the difficulty and cost of hiring-in male labour, particularly specialised labour such as ploughmen.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Wage labour rate past (10 years ago)</th>
<th>Wage labour rate now per day</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bamrang</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weeding and planting</td>
<td>Rs30-40 (male)</td>
<td>Rs100 plus three meals a day</td>
</tr>
<tr>
<td>Digging</td>
<td>Rs20 (female)</td>
<td>Rs400 plus three meals a day</td>
</tr>
<tr>
<td>Ploughing</td>
<td></td>
<td>Rs200 plus three meals a day</td>
</tr>
<tr>
<td>Mason</td>
<td>Rs250</td>
<td>Rs500</td>
</tr>
<tr>
<td><strong>Patheca</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weeding and planting</td>
<td>Rs50</td>
<td>Rs100 plus three meals a day</td>
</tr>
<tr>
<td>Digging</td>
<td>Rs40</td>
<td>Rs150 plus three meals a day</td>
</tr>
<tr>
<td>Carpenter</td>
<td>Rs100</td>
<td>Rs400</td>
</tr>
<tr>
<td>Mason</td>
<td>Rs100</td>
<td>Rs300</td>
</tr>
</tbody>
</table>
6.1.3 Declining productivity

The agricultural cropping system is under pressure due to several factors: 1) the low market prices of hill-produced crops and competition from the Terai with cheaper rice; 2) the difficulty of accessing male agricultural labour (either household or waged); 3) the poor access to markets for sale of surplus; and 4) declining levels of interest in labour intensive low value agriculture (Box 8). Of course the lower grain prices are potentially good for poorer households, but for the producers of the crops the low prices are a major disincentive to invest in their production.

Box 8: Reasons for agricultural decline

“Farming has declined for a number of reasons, but in recent times out-migration is the main reason. From the late 1990s, the interest in farming declined because of the Maoist influence. The Maoists created a fear that they will confiscate all production and land; they also extorted money and grain as ‘donations’. As a result people produced less because they did not want to give their surplus away. Then migration further impacted on the farming system with the lack of labour which has led to an increase in fallow land. Road transportation has also not helped as it has brought cheap rice imports from the Terai which directly competes with the more expensive rice produced in Khotang. At the same time the price of maize has also declined, as there is less demand for maize either for human or animal consumption”.

Field notes: focus group discussion with elders, Bamrang 9

Over recent years consumption of rice has increased while hill maize was consumed less (with maize prices plummeting from Rs34/ kg two years ago to Rs17 / kg). The construction of the road and reduction of the price of rice in Khotang due to the reduced transportation costs has led to the replacement of the consumption of local maize with rice. Prior to the road, mules were used for transportation of goods from the Terai to the hills. The shift in transport from mules to trucks has also reduced the demand for maize as mule feed.

Despite the low prices for maize, its production continues. There are several reasons cited for this apparently strange market response: since there are no reliably productive and marketable alternatives to maize it is better to have a ‘safe’ crop that, even if there is no market, can be used by the household as an additional source of food or as feed for animals. Some farmers grow it for seed that they supply to the Agriculture Office. On another level, maize is a traditional crop of the upland farming system and people are habituated to growing it which makes replacement difficult unless there are demonstrably better alternatives.

Falling crop prices together with reduced productivity are making crop farming less attractive in view of the high level of labour inputs required. The decline in productivity is attributed to low or no application of organic manures to the fields. This is the result of two factors: 1) a reduction in livestock numbers and 2) a shortage of male labour, caused mainly by high migration. This was reported across all the household interviews and supported by experience from the SDC-funded Sustainable Soil Management Programme (SSMP). Similarly, the application of chemical fertiliser has reduced due to the rapid rises in the price of fertilisers – which is a global phenomenon. As fertilizer in Nepal is imported, its price has increased in line with the global price as there are no government subsidies. In Diktel market for example, fertiliser sellers report that the cost of one kg of urea is about Rs45. In response to the low prices of produce and unavailability of labour, farmers are
reducing cropping intensity. Instead of two crops of maize (early and late) followed by wheat, there is now only a single maize crop.

6.1.4 Fallow land increase

As labour increases as a constraint there is more incidences of fallow land (particularly land distant from the household) and areas put under tree. This is a result of the low interest in renting low productivity land. The land rented by both migrant and non-migrant households tends to be the higher quality, higher productivity land *(khet)* where there is more assured returns to labour. It is noted that there is poorer maintenance of terraces and the bunds are poorly prepared. This indicates potential future problems with maintaining the stability of the landscape, as careful maintenance of terraces is required to ensure they do not break down.

6.1.5 Decline in large livestock numbers

All study households reported a decline in number of large livestock (Box 9). This is a phenomenon noted across other VDCs in the district (from discussions with district staff and SDC project staff). It is remarked on as a noticeable change rather than a gradual change. In most migrant households there is not sufficient labour to maintain large livestock levels (high level of labour inputs for fodder cutting and collection) and they sell livestock, generally to non-migrant households. Households indicate that community forestry has contributed to the decline in large livestock with the loss of areas of free grazing and increased labour costs for stall-feeding.\(^\text{20}\) Large livestock are replaced by small, less labour intensive livestock (goats, chickens and pigs) that can be quickly sold to provide small amounts of money for immediate household consumption. As households become more remittance dependent more of their consumption is commoditised and they are prepared to pay for dairy products where available rather than investing their labour in production. It was interesting to note that most households when describing the use of their remittances mentioned the expense of purchasing meat for the family. Although difficult to assess there are possible human nutritional effects of the decline in animal numbers. In a few cases, older people complained about the lack of nutritious food like milk, whey and yogurt. Only a few households living near the Diktel market were found to produce milk and yogurt to sell in the market, in the study areas further from the market there was little or no surplus for sale.

---

**Box 9: Decline of livestock – effects of migration**

‘We wanted to increase the number of large livestock but we could not as there are no people to look after the animals.’

‘I sold my buffalo as there was no one to look after it.’

Reduction in livestock in response to migration is achieved by: 1) sale of healthy animals; 2) provision of livestock to poor households on a half-half share basis; 3) sale of unproductive animals for meat within or outside the district. When these animals are oxen or cows they are sold to Muslims in what is called the ‘*kharid*’ practice. These animals are then taken to slaughter houses either in Nepal or across the border in India.

*Source: field notes*

---

\(^\text{20}\) See also Maharjan (2010:135) who found similar results in Syangja.
6.1.6 Increase in trees in the landscape

The landscape is clearly changing and has changed profoundly over the last 10 years according to discussions with older residents of the study areas. In particular, the growth of trees both in community forests as well as on private land marks a significant change. It reflects changes in policy, and changes in labour availability. In particular, the advent of community forestry has regulated access to forest products from public lands. Some of the land now under trees would have been used as grassland for fodder for large livestock. In other cases the land belongs to absent landowners, who have migrated to the Terai, or to women-headed households who do not have the labour to keep the marginal land under productive use. In both these cases, it is easier to either plant trees for firewood/timber or for fruit and to purchase food needs. For large landowners too there is a noticeable increase in tree cover where they are converting their private lands into forests or fruit orchards. It is an easy way to claim land ownership without the ongoing expense for marginal crop production or low returns from renting the land out.

There are community forestry groups in both VDCs studied. Nowadays, mostly women attend the meetings. Partly due to a more plentiful supply of fuelwood and fodder from private land and as a consequence of women’s high workloads a significant number of women interviewees did not show any interest to become members of community forestry groups or to sustain their existing membership. Young people did not show any interest in community forestry. This poses interesting questions for the future sustainability of these collective action groups.

6.1.7 The exceptions

In contrast to the general story of agricultural decline, there are some exceptions of both migrant and non-migrant households that have identified small market niches for particular agricultural products. These include farmers who have replaced their maize fields with cardamom and earned a reasonable income by selling their products to the Terai; others have set up market gardens for vegetables and intensive production of tomatoes. Farmers close to the market in Diktel have set up small chicken broiler farms, but there is an insufficient market for their level of production. This indicates the need for several areas of support including better market information and small business development advice.

6.2 Human capital effects

6.2.1 Changes in human capital

All our interviews and discussions with young people and with their teachers in Khotang reflect clear trends of low rates of retention of young males beyond 8th Grade (Box 10). Contrary to this there are higher levels of female student retention into Grade 9. Girls from migrant households face a higher domestic burden than those in non-migrant households, as they are expected to share their mothers’ workload which is increased as a result of the absence of their fathers. Girls commented that their domestic obligations mean that there is little time for study outside the school environment, so the quality of their education suffers without the additional inputs at home.

There are 86 high schools in Khotang including those schools that have provision for 10+2 study. Of these five schools in the district (including those in Bamrang and Patheca) no students passed the SLC. Around 4,800-5,000 students took the SLC, with a pass rate of only 38% which is significantly
below the national average (55.5% in 2011)\textsuperscript{21}. There are two private schools that have a 100% pass rate. Young men in the study area all say there is little point in continuing with their education as their chances of passing the SLC are very low, and even if they do and continue to further education, there are still minimal prospects of gaining employment locally or in Nepal. They demonstrate low levels of respect for their teachers who they consider to be ‘failures’ as they have stayed behind in jobs that pay less than they would earn as migrants. Substantial peer pressure to migrate to the Gulf or Malaysia and sufficient evidence of material success from migration encourages young men to leave school early.

\textbf{Box 10: Migration effects on young people}

“I could not study further, even if I had passed SLC, a feat in this area, as my father was in Malaysia. I had to shoulder responsibilities at home. I could not go along with my friends. I could not go for coaching classes also. I had to help mother at home. I had to go to collect fodder and grass for the animals. When my father returned from Malaysia, he suggested I also go for work to foreign countries. I have seen my senior friends, those who studied and completed 12th grade also go to foreign countries for work. Then I thought I also have to go to a foreign country even if I complete 12\textsuperscript{th} Grade. Then I decided to go, so I went to Saudi Arabia. The agent arranged a visa through a manpower company to go there during Haj – when so many Muslims go there for pilgrimage. My visa was for a short time and it did not cost much. It was a visit visa for 120 days, after which I returned home as I didn’t get a job. If I had a job after the pilgrimage was over, I would have got my visa renewed. Now I work as mason in the village. The wage rate is high for this work, but we do not get jobs on a continuous basis. Therefore, I cannot save. It is enough just to maintain my livelihood.”

\textit{Source: field interviews – Jeten Rai}

\textbf{Box 11: No interest in new ventures}

Migration was not particularly successful, but Hari Luitel’s entrepreneurial spirit together with the growth of Ditkel allowed him to develop a successful hotel business, from which he earns more than Rs35,000 a month. He does not recommend migration, but rather offers people from his village small start-up loans for poultry or vegetable production. He does not expect repayment in cash, only in products. Despite such a generous offer, people are not prepared to set up these businesses and would rather migrate. They say: he did well, so now he does not want us to do well too.

\textit{Source: field notes}

Young men are driven by a strong desire to leave the subsistence farming life and look for opportunities that can reward their labour with a better level of material well-being.\textsuperscript{22}

“The youth here do not want to continue with traditional occupations such as farming. Farming is the last resort; they want to do other forms of employment, but it is not available here. They want to be clean and work in a good environment; in traditional farming and village life, they have to deal with soil and dung. So they want to leave the village where the only employment opportunities are in farming and livestock. If there were more modern forms of farming or employment in cottage and agro-industries maybe they would stay” - Focus group discussion with teachers, VDC Secretary, and Health Assistant in Patheca VDC.

\textsuperscript{21}http://www.thehimalayantimes.com/fullNews.php?headline=SLC+pass+percentage+down&NewsID=292566. This is a fall from 68.5% in 2010.

\textsuperscript{22}Similar experiences are reported from across the Hindu Kush region by Hoermann et al (2010)
These experiences from rural Khotang are not mirrored in urban Gaighat. Here there is a very high expectation from peers and parents that children should remain in school, pass the SLC and transit to campus. In Gaighat the study population tended to come from wealthier backgrounds, having moved to Gaighat to access better educational opportunities. All children were sent to private schools, which all had 100% pass rates in SLC. However, mothers all reported that they faced difficulties controlling their teenage sons’ behaviour. For the young children, they all had high levels of material well-being, but there were some concerns about their emotional well-being and the effects of the long-term absence of their fathers. High levels of material indulgence by their fathers for these children were considered to be a problem by the mothers: “My husband has been away a long time and the children do not respect or obey me. When he phones me instead of telling the children to behave he tells me to indulge them and give them what they want, since this is why he is overseas earning money.” (Source: field notes Gaighat)

These obvious changes in material well-being of children of migrant households are causing jealousy amongst their peers. In Gaighat, it is increasingly observed that children coming from neighbouring villages to study in Gaighat are finding it difficult to compete with migrant children who tend to have the latest and best gadgets. They cannot afford the mobile phones and nice clothes that children of migrant households have. They are exposed to these children in the schools who tend to flaunt their consumer goods. This is causing increased tensions and there is some suggestion that there is increasing occurrence of prostitution and, as a consequence, abortions amongst female non-migrant students so they can buy these consumer items (source: discussion with Gaighat NGO).

For these urban children their ambitions, strongly expressed and contrary to their rural peers, were to get jobs in Nepal either in the government or private sector. They understand clearly that the reason their fathers’ are migrating is to prevent their future migration. A young man whose father has been away in Malaysia for nine years reflects: “Those who do not pass SLC have no choice they have to go overseas as there are no jobs for SLC failures. You don’t find any work here unless you pass 10+2. Children with migrating fathers tend to prefer to stay back in Nepal if they have the option because they know their fathers have lots of problems and thus don’t encourage their children to go overseas.” (source: field interview)

### 6.2.2 Starting level of human capital and migration effects

Migrant households with higher levels of human capital (both in terms of education and skills including higher levels of literacy, numeracy and some English language capability) tended to derive more benefits from migration, with higher levels of savings and capacity to invest in productive assets outside the district. In most cases, the starting level jobs and salaries are similar to lower
skilled workers, but the higher skilled workers appear to get promotion to foremen and supervisors and better paid jobs more rapidly than the lower skilled workers. In a matter of one or two years, they become semi-skilled or skilled workers (Box 13).

Box 13: The effects of education on migration

The households which reported that their sons/members earn more than Rs50,000 a month were from relatively wealthy families and had studied in college. For example, in Bamrang VDC, a baker (close to the bazaar and it was the only bakery in that area) told us that his son, who earns more than Rs70,000 a month and helped him to pay all his earlier debts, had college education in Nepal. He went overseas and was given training in heavy machine driving in on-the-job training. Initially he used to earn, like other village workers, about Rs15,000 a month. After the training and getting a new job, his income rose dramatically. A Khatiwada (living in Bamrang Ward 3) said that his son earns Rs60,000 a month and sends home Rs2-3 lakhs every two-three months. His son studied in college and then went abroad for work. He trained as a plumber on the job, and subsequently earned a high income. One of the wealthier people of Ward 9 said his son earns about Rs1 lakh a month after he was promoted to a supervisor position and his previous education helped in this promotion.

Source: field notes

In some cases, these wealthier households had good networks and connections to manpower agents or to other migrants in-country and tended to get better access to information about good work opportunities. For wealthier households the migrants generally do not have to borrow money from moneylenders; where money is required they borrow from relatives at lower rates of interest. Without large loans, these migrants are able to save money rapidly and invest more quickly than poor migrants who have to borrow money at high rates of interest. In all cases, poor migrants spent the first cycle of migration repaying their initial loans, and sometimes even in the second migration much of the remittance was invested in loan repayment.

6.3 Social capital effects

6.3.1 Land and labour relations

The connection between land and labour is being completely redefined through migration, in particular the ties between landlords and tenants that were the foundation for the patron-client system. This relationship is being dismantled as the availability of tenants interested in renting low productivity land is rapidly declining, with many former tenant households now sending their young adult males to the Gulf and Malaysia. In particular the relation between Dalits and non-Dalit wealthier households is undergoing radical change in both Bamrang and Patheca, the terms and conditions for land renting have softened in favour of the tenants (Box 14).

---

23 In a study of wage rates in a labour camp in Qatar, Brusle (2009-2010) reports that education qualification in Nepal is directly correlated with wage rates.
In Patheca, it was reported that land owners have started to give two thirds of the produce to tenants instead of 50% share as in the past. In Bamrang, a landlord who owns about 90 ropani of land and has all his sons away in foreign countries reported that he now has to give seed, manure and fertiliser to his tenants and is even expected to provide meals for labourers. Essentially there is little return to the landlord other than that the land is in some form of productive use and is not lying fallow. In some cases, tenants have been asked to stay in the landlord’s house and look after the land without paying any rent, again simply to ensure that both house and land are maintained and do not fall into disrepair. This pattern was repeated across both VDCs and was corroborated by the SDC Social Mobilizers for other parts of Khotang.

6.3.2 Changes in land ownership and social geography

Migration is altering the social geography of an area, with shifts of particular populations out of rural areas either to the district headquarters or for wealthier households to the Terai or Kathmandu. At the village level land vacated by higher caste households moving to other parts of Nepal is bought up by Dalits using their savings from migration. This change in land ownership is driving some more profound changes in social structure.

Remittances are now driving social change in the hills, in ways that revolution and development have really failed to deliver (Box 15). This change has been driven by the successes of higher earning households amongst the Brahmins, Chettris and Rais. These households started from a higher asset base with large land-holdings and often jobs as teachers or remittances from household members being in the Indian army. They were able to take risks early on and take advantage of migration opportunities in the Gulf and Malaysia. This meant they were able to invest in...

Box 14: Changing landlord-tenant relations

“Even though we still cultivate land on a half-share basis, the tenant-landowner relationship has changed in favour of tenants. For example, in the past it was difficult to get land to rent as there were many who wanted to rent. To please the landlord, tenants had to take gifts of good food, fruits, honey etc when they visited them. The landowner’s share of rice and straw had to be taken to the house of the landowner and put in the proper place – rice in the rice store and straw in the straw rack. Moreover, landlords would ask for labour (unpaid) to do various tasks in the house. But now tenants do not have to bear these burdens. The only thing they do is to separate the share of the landlord and he/she would come to the field to collect their share. The system of gifts and unpaid labour is just not there now. Today, landlords come and request people if they have an interest in cultivating land on rent. At one time, a landowner asked me to take his share to his house. I said no! He insisted on this. Then I was angry and was about to beat him. I stopped. At the same time, he kept quiet and later came to the field where we were threshing and took his share. Since then he has not asked again and now this is the common practice in the village.”

Source: field notes Bamrang

Box 15: The pattern of land sales

Three days ago there was a case of land selling and buying here in the Land Revenue Office. Twelve Brahmin families...
the earlier years in land and buildings in the Terai and Kathmandu before there was a major boom in land prices. Wealthier households tend to have the capacity to look more widely at opportunities for their families, and are more easily able to move to new areas than poor households that are often highly risk averse and do not immediately see the need to invest in their children’s education as a means to move the household out of poverty. There is a clear pattern of wealthier households selling all their assets in Khotang and investing in property outside the district where they can access good education opportunities for their children. Their clear stated intention is to move away from agricultural based livelihoods to non-farm livelihoods for the benefit of their children. In the past these landlords had strong relationships with their tenants, which kept a firm social order in place, restricting the social mobility of lower caste and class households. Their exit from the hills breaks these relationships and allows new entrants to the land-holding class.

Table 6.2: Well-being changes in Dalit settlement (Patheca Ward 1)

<table>
<thead>
<tr>
<th>Well-being changes</th>
<th>Household numbers</th>
<th>Reasons for change</th>
<th>Reasons for change</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years Now change</td>
<td>Migrant</td>
<td>Non-migrant</td>
<td>non-migrant</td>
</tr>
<tr>
<td>Very poor Very poor Same</td>
<td>No households in these categories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very poor Poor Up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very poor Medium Up 1</td>
<td>Successful migration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor Poor Same 10 2</td>
<td>Migration making marginal difference, insufficient to move up a well-being category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor Medium Up 11 2</td>
<td>Artisanal work e.g. tailor works hard in the village, able to buy land with savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor Very poor Down 2 2</td>
<td>Failed migration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Medium Same 2 1</td>
<td>Recent migration, still repaying loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Non-poor Up No households in this category</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Poor Down 1</td>
<td>Working hard in village but difficult to accumulate savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26 8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6.2 illustrates the well-being changes of households with migrants and no migrants in Patheca Ward 1. This shows the progress in migrant households compared to those with no migrants, but illustrates the high proportion of households sending people overseas. Out of 26 migrant households, 15 have purchased land either locally or elsewhere. This is a high proportion of the total settlement, given that this is a Dalit settlement starting from a low asset base. The pattern of well-being changes is largely similar with non-Dalit DAGs, but it appears there is a higher proportion of land buyers in the Dalit settlement than in the other study settlements (58% compared to 15%).
This same pattern of aggressive investment in land is reported in other SDC supported VDCs (discussion with SDC Social Mobilizers). For poorer households and particularly Dalits, which were in the past invariably dependent on higher caste households, the tendency is to expand their asset base within the village. Those who are more successful buy land outside the village. In one of the study area villages, Patheca VDC (Ward 1) there was eight households, out of 34 households in total, which were very successful in terms of earning remittances. These households with larger surpluses bought house plots or bought houses in Diktel and even in the Terai (Table 6.3). For most Dalits, the earnings were not sufficient to buy assets in places other than the village. Therefore, they are using their remittances, if they have surplus, to buy the land from those in higher castes and Rais who, in turn, are seeking opportunities outside the village. This means the Dalits are occupying new geographical and political spaces created by the movement of landed people away from village.

### Table 6.3: Migration and land acquisition outside Patheca Ward 1: Dalit settlement

<table>
<thead>
<tr>
<th>Well-being status</th>
<th>Households with migrant members</th>
<th>Land holding in village</th>
<th>Land purchased in last 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years ago</td>
<td>Now</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>One</td>
<td>Three kattha in the Terai</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>Two</td>
<td>Two plots in village and two house plots in Dharan</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>Three</td>
<td>House plot in Diktel and five ropani khet</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>One</td>
<td>House plot in Diktel</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>One</td>
<td>House plot in Diktel</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>One</td>
<td>Two houses in Diktel</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>Two</td>
<td>One house plot in Diktel</td>
</tr>
<tr>
<td>Poor</td>
<td>Medium</td>
<td>One</td>
<td>Two house plots in Diktel and one in the Terai</td>
</tr>
</tbody>
</table>

**Figure 6.1: Social mobility – geographical change**

24 In Patheca Ward 3 (Rai settlement) six migrant households purchased land out of a total 39 migrant households (total household number is 58); in Patheca Ward 5, a Rai settlement, five migrant households bought land out of 44 households with migrants (total household number is 58); In Bamrang Ward 9 (Brahmin/Chettri, Bhujel, Rai, Tamang and Dalit) 25 migrant households purchased land out of 50 migrant households (total household number is 86); in Bamrang Ward 3, 54 households have migrants and 19 of these bought land (total household number is 85).
6.3.3 Changes in Dalit voice

The effects of migration show the importance of the combination of rights with economic independence; rights awareness alone is insufficient to change the social structures and ensure social mobility. In Bamrang, Dalits were organised during the initial years of the Maoist movement. Maoist ideology had helped them organise themselves and they started to boycott all the activities related to bista arrangements (patron-client relations and employing lower caste for various services upon some annual payments). But this did not work. The lower caste again had to seek out work from higher caste households and Rais and so, in effect, the previous bista relations continued despite the pressure for change from the Maoists. At that time, not many Dalits had gone to foreign countries for work. Now, Dalits are aggressively pursuing migration as the main strategy for breaking old social and economic relations. They do not need to engage in the traditional service relationships and the Dalit rights movement is in their view no longer as important. The powerful combination of awareness-raising through the Maoist inspired movement plus economic independence from foreign labour migration and remittances has enabled the Dalits to make a significant shift in their social and economic position (Box 16 describes similar findings in a range of SDC supported VDCs).

New skills, confidence and economic independence has helped to break the traditional patron-client or dependency relationship between Dalits/ other DAGs and landed groups, usually Brahmin/ Chettris and Rais. Dalits and other DAGs have been able to openly discuss their rights for equality and access to state resources. There is little or no tolerance now of traditional landlords speaking to Dalits in a demeaning way or treating them as unequal. At the same time as their social status has improved, so too have important local indicators of status such as credit worthiness. This is also a major part of formerly excluded and marginalised households feeling and acting as part of the mainstream of village life. Lakhan Rai (VDC chairman during the Panchayat times and now an UML member) of Bamrang 9 reflected on these changes in relationship: “In the past, Dalits did not come to the meetings of the village Panchayats and Ward Committees. Either they were unaware of the meeting or were busy working. Usually, they thought political matters were not for them. Even if they came, they would not speak and argue against other political members in the meetings. This was so because the next day, they had to depend for work and food or for land on the other political members from higher caste groups and from the Rais. Nowadays they come to such meetings and ask for their rights and for their share in the resources coming from the state. They voice their concerns and argue against the views of other wealthier and higher caste people. They do so because

Box 16: Social mobility in Dalit and other disadvantaged groups

Batase VDC: Migration is a common strategy amongst the Dalits. In Ward 2, a Dalit settlement, there are 35 households, of which 25 households have migrant workers currently working overseas. They also use their remittances to buy land in the village. There are also examples of households investing surplus cash in gold.

Buipa VDC: Among Dalits migration is high, in one settlement of 60 Dalit households 25-30 have current migrant workers. They too have purchased land in their village. Wealthier households are also successful in migration and have bought land and houses in the Terai and Kathmandu, in most cases they leave the village to educate their children. A few migrants earn Rs1 lakh a month; such families do not stay in Buipa.

Nunthala VDC: There are many Tamangs in this VDC and they too migrate. Out of 66 households in one settlement, 44 have members migrating. Not all have made progress; some have been cheated by agents.

Source: discussions with SDC social mobilizers
they are not dependent on higher caste and wealthier people for land and wage employment or other favours. They know they can feed their families even if they do not get favours from the landed groups.”

6.3.4 Changes in discriminatory behaviours and practices

Both Dalits and non-Dalits confirmed that the social status of Dalits has improved. This is attributed to the economic growth in Dalit households, as a result of migration, as well as to the public no longer accepting discriminatory practices. In discussions with a range of Dalit households they describe how levels of public discrimination have reduced, including the practice of untouchability. However, in the private sphere they indicate that there is still discrimination such as preventing Dalits from entering private houses, even though the same people will eat with them at a public function. It is rare now for an individual to be asked about their thar (family name) which gives an indication of caste status, except by a few older people. There are some interesting examples of quite profound change in the social status and acceptability of Dalits (Box 17) that have come about through migration and savings from remittances. Dalits in Patheca said that ‘if there were no foreign labour migration opportunities, their position would have declined and they would have become sukumbasis – without assets and income’.

Box 17: Running a successful grocery shop

In Diktel there is a grocery shop owned and run by a Dalit – an ex-migrant from Patheca: “I worked overseas for 14 years from the age of 15. During this time I earned Rs20 lakhs and first bought land with this money. I had a difficult time as my wife eloped and took all the money while I was away. However, I managed to save again and started the grocery shop with Rs6 lakhs. I left my second wife to look after the shop while I went back to Malaysia to earn more money. The shop is doing well, but I still want to go overseas.”

Source: field notes

6.4 Well-being effects on women

6.4.1 Psycho-social changes

For women there are a range of subtle and not so subtle well-being effects from those imposed by having to take on an additional range of work activities, to managing the pressure for repayment of loans, to dealing with the many problems of growing children including those associated with teenage behaviour. Perhaps one of the most interesting questions is dealing with the compulsion to migrate that so many women mentioned; it appears it is not an option not to migrate for most households. Most women indicated they would rather have their husbands at home helping them to bring up the children and to farm the land. However, in all cases, it

Box 18: Changing role of women

“Women’s roles have increased after their husbands have migrated. In exchange labour groups there are now more women, and there is more exchange labour. Even in social organisations there are more women and they perform most of the functions. It is the women who conduct festivities. Their participation in the market has increased. Now, women have moved out of the kitchen.”

Source: FGD discussion teachers, VDC secretary and health assistant Patheca VDC
was not just men wanting to migrate to earn new sources of income, but rather a social expectation in their community that they should migrate. One woman noted that: “villagers in fact press men to migrate. If they don’t migrate they ask why they have not gone and suggest they should go now because if they wait it becomes more difficult” (field notes: Patheca).

There are many problems due to migration especially for married women looking after the family. Despite a strong focus on exploring these issues in individual interviews, it was difficult to get women to share these personal problems with the interviewers, even when the interviews were held in private within the house. This level of personal disclosure requires a high level of trust, greater than could be developed during a short interview process. However, women are prepared to discuss problems they face with their children. As discussed previously, women-headed households all report difficulties with managing teenage behaviours in the absence of their husbands, and in particular to ensure that children attend school and study effectively. This increases the levels of stress inside the household which can already be quite high particularly when remittances are low or not coming at all. In the early years, prior to the repayment of loans taken for migration, the pressure for repayment is high, the money almost entirely spent for this purpose. There is scrutiny from moneylenders and scrutiny from the wider community of the woman’s behaviour and conduct. She is expected to take responsibility for a range of activities that would normally be associated with her husband, including the selection and hiring of male labour for certain agricultural tasks. This increased public exposure to men in a variety of different contexts does place additional pressures on women.

Women with migrant husbands face a range of psycho-social issues including self-censorship in their external relations, particularly with other men. The effects of migration on women’s behaviour vary according to the length of time they have been married. Women who have been married for a shorter period of time face higher levels of mistrust and their behaviour is commented on when they go out to the **haat bazaar**, for wage labour or to the district headquarters to collect remittances from their husbands. There is a strong feeling of being suspected of having illicit relations with other men. However, field staff working in these VDCs note high and increasing levels of family breakdown (citing for example last year six women eloping from one Dalit settlement). Women noted that it is not just difficult when their husbands are away, but when they return readjustment is difficult too. “We are used to doing things on our own, eating what I like when I like. I am scared for a while when he comes back what he is going to say. It takes at least 8-10 days to readjust to each other and to relax. When you have been on your own it is difficult to readjust to be being together” (field notes, Gaighat town).

Regular communication between husband and wife is an important feature of migrant households. For some this is on a daily basis, for others it is weekly or fortnightly. In all cases there is a high-level of mobile phone contact between the husband and wife which is not solely concerned with decisions about use of money, some of the time is spent discussing the children and other family matters. In many cases, the fathers talk directly to the children to maintain some form of contact with them. Wives whose husbands have been overseas for many years indicate that mobile phones and cheaper calling charges has improved communication and contact, and made it far easier for children to maintain a relationship with their fathers. Most women valued this contact and said that it reduced the psychological stress they felt particularly when dealing with problems with the children.
However, most women did not turn to their husbands with immediate problems but found support either from their own natal families or from their close neighbours.

6.4.2 Changes in workload

In rural areas there is a marked change in women’s workload as a consequence of their husbands’ and other male family members’ migration (see also Kaspar 2005 and Hoermann 2010). Table 16 details the changes in work areas for migrant and non-migrant households over the last 10 years:

1. A major increase in the amount of wage labour migrant households need to employ to cover the areas where men are required, in particular for the major agricultural tasks.
2. A clear increase in women’s workload for migrant households where previously it had been shared between women and men. Children in migrant households have to take on more tasks associated with animal husbandry. There is a marked increase in workload for girl children.
3. Men in non-migrant households retain membership and participation in village committees; whereas women in migrant households take on these roles when their husbands are away (these roles are relinquished when their husbands return).
4. Women in migrant households are responsible for marketing surpluses. This task is shared with men in non-migrant households and divided on the basis of the size/value of the commodity to be sold.

In migrant and non-migrant households the political arena remains starkly male, as does the decision-making authority for large loans or buying or selling of assets. In urban Gaighat, women take on a significant role in overseeing house construction. In all cases, this would have been a male area of responsibility, but in the absence of their husbands women have to find and negotiate the house building deal with a male contractor. No woman we talked to managed the labour herself but always hired a contractor to do the day-to-day management of the construction. Women are extending their networks of contacts and are moving out from more traditional domestic arenas to public arenas normally associated with their husbands. Potentially this makes it more difficult when the husbands return for the women to retreat back into their expected roles in the domestic arena.

Looking in more detail at the effects of migration on workloads there are some more nuanced findings that emerged from the study depending on the nature of the household (Table 6.4; see also Kaspar 2005). The workload for women in joint households is less than in nuclear households. In a joint household there is generally more adult labour available, including the elderly who can help to look after the children and graze the animals.

There were very few households in the study area in Khotang that had been sufficiently successful to be able to leave farming completely and invest in non-farming activities in Diktel for example. But if they did shift to urban areas, women’s workload clearly decreased as they could focus on running the business (hotel or shop) and on childcare. In Gaighat women of migrant households had the opposite problem to most rural women in Khotang, of being bored and not having much to do with their time apart from maintaining the household and childcare. In Khotang, the agricultural workload for women continues to be a major burden for poorer households, where their husbands are unable to make significant improvements in their economic position. They have adopted coping strategies such as renting out land and reducing livestock numbers, but even in such cases they are still reliant on their own labour and hired-in labour to continue with the farming practice. For these women,
there is the additional burden of increased inputs into exchange labour to get access to labour for ploughing and other such activities. This may require a woman to input 3-4 days of labour in the ploughman’s house to pay for the costs of ploughing. For more successful households women may not have to exchange labour because they can afford to pay for it, but management of labour including hiring, working with them to ensure quality of inputs and cooking for them is in itself time-consuming. With increased wage labour rates and shortage of skilled labour at the appropriate times, even wealthier households are hesitating to hire labour as it is not recouped through the sale of surplus production.

Table 6.4: Change in work division, women’s work load and decision-making role

<table>
<thead>
<tr>
<th>Type of work</th>
<th>Activities</th>
<th>Non-migrant Before (10 years ago)</th>
<th>Now</th>
<th>Migrant Before (10 years ago)</th>
<th>Now (women headed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming</td>
<td>Nursery of rice and millet</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Digging</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>WL (M)</td>
</tr>
<tr>
<td></td>
<td>Ploughing</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>WL (M)</td>
</tr>
<tr>
<td></td>
<td>Transplanting</td>
<td>F</td>
<td>M + F</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Sowing seed</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Weeding - millet and rice</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Up-earthing for maize</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>F + WL (M)</td>
</tr>
<tr>
<td></td>
<td>Hauling manure</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Hauling crop products</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F + WL (M)</td>
</tr>
<tr>
<td></td>
<td>Harvesting</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Threshing</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>F + WL (M)</td>
</tr>
<tr>
<td>Animal husbandry</td>
<td>Fetching fodder from forest</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Fetching fodder from own field</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Fetching grass fodder</td>
<td>M + F</td>
<td>F + M</td>
<td>M + F</td>
<td>F + C</td>
</tr>
<tr>
<td></td>
<td>Grazing</td>
<td>C + E</td>
<td>E</td>
<td>C + E</td>
<td>F + C</td>
</tr>
<tr>
<td></td>
<td>Milking</td>
<td>M + F</td>
<td>M + F</td>
<td>M + F</td>
<td>F + C</td>
</tr>
<tr>
<td>Household</td>
<td>Cooking</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Washing clothes and dishes</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Storing of food</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Processing of food (e.g. milling)</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Cleaning and sanitation</td>
<td>F</td>
<td>F + M</td>
<td>F</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Looking after the children</td>
<td>F + E</td>
<td>F + M + E</td>
<td>F + E</td>
<td>F + GC</td>
</tr>
<tr>
<td></td>
<td>Bigger money lending/ selling/ buying/loan</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>M</td>
</tr>
<tr>
<td></td>
<td>Smaller money lending/ selling/ buying/loan</td>
<td>M</td>
<td>M + F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Household religious activities</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>Social/ outside sphere</td>
<td>Taking part in village committees</td>
<td>M</td>
<td>M + F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Taking part in political activities</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Voluntary work in the village</td>
<td>M</td>
<td>M + F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Taking part in social activities</td>
<td>M</td>
<td>M + F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Taking part in invited religious and social activities</td>
<td>M</td>
<td>M + F</td>
<td>M</td>
<td>F</td>
</tr>
</tbody>
</table>
6.4.3 Decision-making changes – voice within the household

Understanding changes within the household due to the absence of the husband was one area of inquiry pursued by this study. We assumed there would be differences in levels of empowerment depending on whether the woman was part of a joint or nuclear household. We were interested in two main areas: 1) whether there had been a change of voice internally within the household – did the woman have more authority over decisions; and 2) whether women had increased influence in the external context.

To investigate this we looked at different areas of decision-making and who had primary control over the decision. We found that women in urban and rural areas all had responsibilities for the household, but rarely had sole or main decision-making power. Their husbands retained control over decision-making for major items, such as land purchase and other large domestic items, construction of new buildings or improvements of existing ones, purchase of large livestock and for decisions concerning school selection for the children. In some cases decisions over all financial matters were given to a close male relative (e.g. the husband’s brother), for example for the purchase of land. Women did, however, have decision-making control over what crops to grow, when to hire workers or going out for waged labour herself. Women also made decisions on renting-in and renting-out land and sale of small livestock. They informed their husbands of these decisions, but had the authority to make and implement them.

In some cases, women had decided to invest money in small businesses which provided additional sources of income that could be used to fill the gaps between irregular flows of remittances. These included setting up small poultry farms, neighbourhood shops, a small rice mill, or tailoring. For women in Gaighat additional and regular sources of income were derived from renting-out rooms in their houses to women who had recently moved to Gaighat because their husbands were overseas.

Generally decisions on petty business were joint decisions, in several cases, however, it was made clear to women that their husbands disapproved of them developing a business as they expected their wives to remain within the household as a mark of their husbands’ financial success. There is thus an interesting pull and push within the domestic sphere, with some women wishing to move outside the domestic environment and secure a regular source of their own income over which they have decision-making control, to the pressure from husbands’ who consider women should be retreating back into the domestic environment as an indicator of the husband’s success overseas and his ability to support his family without his wife having to earn extra income.25 There are

25 This same set of results is reflected elsewhere in the world where apparent changes in women’s authority and responsibility does not last long and reverts when husbands return home (de Haas 2007:20).
psychological reasons for this demand for retreat by husbands, as they fear that if their wives work outside the home and mix with men, this could increase the chance of eloping or extra-marital affairs.

This pull and push was more acutely observed in Gaighat where women had to make a special case for becoming involved in other economic activities and where the expectations to remain within the house were much greater and considered an obvious sign of success: “... here the attitude is women shouldn’t work, they should look beautiful, makes sure the house looks good, ensure the children study well.” (Source: field notes, Gaighat). However, agricultural responsibilities force women in Khotang to continue working outside the domestic environment and the same pressure to remain inside the home is not seen. Only when households are more successful and shift to urban environments this pressure to stay within the home appears to build.

Box 19: The importance of solidarity groups for women

The mother’s group has 52 members and they meet once a month. It was started two years ago by one of the members who had experienced a similar group in her home village. They each save Rs25/month, discuss how to invest the money, share their personal problems and celebrate festivals together. Amongst the 52 households, 10-12 women have their husbands away; others have got jobs in Gaighat in government positions, run shops or have businesses. They have about Rs60,000 to loan out. Since most members don’t have the chance to save elsewhere it is very useful to have this facility and to be able to get small loans. It is much cheaper to borrow from this fund (24%) than from neighbours who can charge up to 60% if the money is needed instantly. When neighbours are asked for loans they will often give lots of excuses why it is not possible. The group on the other hand discusses the need and quickly comes to a decision. The loan size is between Rs2,000-3,000. Lots of women need these small loans. They can have the loan for three months and then must pay back otherwise there is a fine of Rs5 per Rs1,000 borrowed. The loans are mostly for household expenses, if children are sick, the mothers can’t wait until money comes from their husbands, etc, so these small loans fill the gaps between remittances and are good because of the relatively low interest rate.

Source: field notes Gaighat Town

Women within joint households had far less control over decisions than women heading households without their parents-in-law. 26 In joint households the husband usually sends the remittance money to his father rather than to his wife, the money then becomes an asset to be shared within the joint household and is not solely for the benefit of the wife. However, women in joint households had less domestic burden, as there were other adult males to share the agricultural work. Where families had recently split from the joint household there were signs of tensions when the wife received all the remittances and made decisions on its use solely for her nuclear household. There were cases of jealousy between the wider family and the nuclear family whose progress through remittance is not necessarily shared with other parts of the family.

6.4.4 Voice outside the household

Women’s participation in social and community organisations increases in the absence of their husbands; it is noted in the study VDCs that about 85% of participation in community groups is from women (Field notes: focus group discussions). As a result there has been a substantial increase in

---

26 Hoermann et al (2010:16) report similar findings for women from joint households in India
women’s exposure to knowledge, new ideas and to external service providers. But at the same time, women are saying that it is increasingly difficult for them to find the time to participate in these groups. Where women can see a point in investing time in a particular group because it provides access to small loans and to a source of solidarity and mutual support, they appear to flourish. This was particularly the case in urban Gaighat where a relatively new settlement with no long traditions of solidarity groupings could be an isolating place for women-headed migrant households. To counteract this social isolation, the women have formed a small savings group which provides this social function and provides a focus for both migrant and non-migrant households.

Religious and festive activities are increasingly dominated by women marking a significant shift in the social relations that govern men and women’s interactions. In an interesting set of reflections women note that the absence of young men means that festivals are not such fun, perhaps indicating a more worrying longer term trend of a potential failure to reproduce social organisations that maintain and support social structures into the future. Some of the changes in social relations are of course important and positive (particularly shifts in patron-client relations) but our informants raised questions about the undermining of mutuality within a village and the maintenance of social support networks.

Although it appears that women do have a greater voice, exposure and influence in the public arena, it is not clear whether this is simply an artefact of the absence of men or whether it is a sustained change that continues beyond the time when their husbands return: “I get the money as I am the head….once he comes back he is the head again”. Some women indicated that when their husbands return from migration they tend to take back the participation in collective action groups. It would be interesting to pursue this question in more depth to analyse in which groups women are allowed to retain their active participation and where men feel they should be attending. We return to this point about collective action models used in development in Chapter 7.

6.4.5 Health effects

Although it is difficult to attribute to migration it has to be stated that women reported they had sleep difficulties and were worried about many domestic issues because they did not have anyone to share the worries with. For some women, there was unexplained weight loss with no apparent physical cause. Perhaps the more difficult issue for women is when they themselves become ill and have to leave their homes with no adult support. As Box 20 illustrates these households are more vulnerable in a crisis and have a low capacity to cope. It shows how few men are around in the village to help with support for people when they are sick, in this case women had to carry the stretcher in the absence of able-bodied men.

Box 20: Dealing with a health emergency

I was sick and vomiting. Then I fell down on the floor all of a sudden. The children were crying. Then the neighbour came to see what had happened; he brought others to help. There were about 10-12 neighbours, only four were males and the rest were female. They brought a stretcher and had to carry me to the hospital in Diktel. Women carried the stretcher. It was hard for me to look after the children and look after the animals. If my husband was at home, it would have been different.

Source: field notes
None of the interviewees discussed HIV and AIDS; it would be unusual for any transmission of HIV from migrants working in the Gulf, although it is possible that those working in Malaysia are at higher risk of contracting the disease. This issue could be explored during further work looking at the effects on women.

Health crises afflict all households and are a major source of ill-being and decline. For those households with remittance income their ability to purchase health services in the case of chronic or acute ill-health is an important factor in their capacity to retain well-being. Although there may be no significant overall improvement in well-being status of a household, remittances can be used to ensure there is no significant decline. For extreme poor households this is very important, as they are the most vulnerable to ill-health and least able to withstand health shocks or any other shock such as crop failure. This indicates the need for more careful targeting of support to particular groups of households that are unable to migrate to high-earning countries such as Malaysia and the Gulf because they are too poor, and in the case cited above female-headed, as they are far more vulnerable to shocks than those that can migrate and can start to accumulate some savings and a buffer against health or other shocks.

6.5 Financial capital changes

6.5.1 Overview of financial capital issues

There are two sides to the changes seen in financial capital at the community and household level; 1) the effects of remittances and how they are invested; and 2) the effects of indebtedness. Remittances are having a major effect on private capital with investments in housing, schooling, health and in direct household consumption (particularly paying for more expensive food items such as meat). For wealthier households with high remittances investment in opportunities outside the village and benefits from money-lending to the ever-increasing migrants from the village is helping to increase their wealth. There seems to be growing inequality between households with the capability to migrate well, and others with lower asset bases who find it difficult to migrate well or cannot migrate at all.

6.5.2 Investment of private capital

Across the survey households, since these were mainly migrant households, the main source of household income is derived from remittance, with small amounts of additional income from sale of farm surpluses. In a small number of houses (38 out of 321) land was rented out which in the past would have been a reliable source of income and products, but now because of the changes in tenancy agreements, is more a means to ensure that land is seen to be cultivated rather than for the value produced. Agricultural income formed a small part of the overall income. For Rai households some income was gained from breeding pigs, but with profits of about Rs4,000 per year, this is insignificant compared to remittance incomes which varied between Rs35,000- Rs120,000 per year.

Most households in the study had remittances of between Rs10,000-12,000 per month. However, migration only becomes successful once the initial loan is repaid, until that time remittances are used only to cover the costs of the loan and there is no surplus to reinvest in the household. Once the loan is repaid, then the other priorities are to pay for education, health services (when needed) and for food. As the pattern of migration indicates, it does generally take 1-2 years before a household is in a position to use the remittance money for other priorities. During the loan
repayment period, many households struggle. This is the period of greatest vulnerability and a time when failure can lead to decline, particularly in very poor households. We calculated that the maintenance costs for a very poor migrant household amount to Rs4,000/month for household expenditure (including food) and an additional Rs5,500 per month for loan and capital repayments. Indicating that for many households with remittance incomes of only Rs10,000/month it is very difficult to save anything for the first couple of years.

Table 6.5: Investment of remittances in a Rai settlement

<table>
<thead>
<tr>
<th>Household size and food sufficiency</th>
<th>Land purchases from remittances</th>
<th>Farm income/ year</th>
<th>Remittance/ year</th>
<th>Yearly cash income (farm plus remittance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine family members Food self-</td>
<td>Land sold to</td>
<td>Rs5,000</td>
<td>Rs120,000²⁷</td>
<td>Rs125,000</td>
</tr>
<tr>
<td>sufficiency of five months</td>
<td>fund migration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Six family members Food self-</td>
<td>Three ropani</td>
<td>Rs10,000 (year)</td>
<td>Rs100,000</td>
<td>Rs104,000</td>
</tr>
<tr>
<td>sufficiency of 5-6 months</td>
<td>khet</td>
<td>(includes Rs4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>per year from pigs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four family members Food self-</td>
<td>No additional</td>
<td>Rs5,000 (pigs)</td>
<td>Rs96,000 -120,000</td>
<td>Rs105,000 - 129,000</td>
</tr>
<tr>
<td>sufficiency 5-6 months</td>
<td>land purchased</td>
<td>plus Rs4,000 (seed crops)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Five family members Food self-</td>
<td>No additional</td>
<td>Rs4,000 (pig)</td>
<td>Rs50,000</td>
<td>Rs54,000</td>
</tr>
<tr>
<td>sufficiency six months</td>
<td>land purchased</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three family members Food self-</td>
<td>No land purchased</td>
<td>Rs10,000</td>
<td>Rs35,000</td>
<td>Rs45,000</td>
</tr>
<tr>
<td>sufficiency 0.5 month</td>
<td>(depend on wage labour)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: household interviews in Patheca VDC

Most women (from poor and medium households) estimate that they can save up to 25% of the remittance once the loan is repaid. As money accumulates, surplus is invested first in improving the condition of the house (new zinc roofs), rebuilding or enlarging the house, and finally buying land. In most cases, there was no change in food self-sufficiency rather the remittance money was used to purchase necessary additional food items that could not be produced on the farm. Where households have not been able to migrate or the migration has not paid off well the ability to invest in new assets is highly constrained (Box 21).

²⁷ Or equivalent to: CHF1,300 or US$1,500
The success of migration and the types of jobs determine the level and location of investments households are able to make. Savings of Rs2-3 lakhs is sufficient to buy land in the village, whereas savings of over Rs10 lakhs would be required for purchase of land in the Terai: "Here (Khotang) people are very mobile. Those having a saving of Rs10 lakhs and more buy land in the Terai with an anticipation of migrating there someday. Those having a saving less than that invest in land in the village, or move to a different, better location within the village,” (Bank Manager, Diktel).

An indirect consequence of the increase of flows of new money into Khotang has been the increase in spending on gold. For goldsmiths in Diktel there has been a burgeoning of business in recent years. Twenty years ago there were only three goldsmiths but now many have moved into Diktel because the business is so good. There is no need for goldsmiths to migrate (unlike blacksmiths whose businesses are declining with the decline in agriculture) as their earnings are similar to a migrant’s at Rs12-15,000 per month.

6.5.3 Indebtedness

Although indebtedness is often used as a pejorative word it has many facets both positive and negative. Migration reveals the multiple faces of indebtedness in ways that other livelihood activities do not because it provides an opportunity for high returns on high risk loans, resulting in some catastrophic failures as well as success.

Much is written about the indebtedness trap (for example Chhetri and Timsina 2010) but for many people loans are a means to ensure they have financial liquidity to deal with small consumption problems, which are, in most cases, repaid. For large migration loans generally it takes 1-2 years to repay the loan. The real risks of large loans arise from the failure to repay, due to the failure of migration as a result of ill-health, injury, the collapse of the company etc. (see Box 22). In such cases, households are left very exposed particularly when there is collateral attached to the loan which is then seized when the debtor cannot repay the capital and the interest continues to accrue.28 There was only one case in the study area of land as collateral being seized for failure to

---

28 See a poignant example of a migrant losing everything in the film by Kesang Tseten ‘In Search of the Riyal’
repay the loan, but numerous cases of households struggling to repay loans, particularly when there are irregular or low levels of remittances. In all the cases in the study area, the migrant continued to migrate to accrue sufficient money to repay outstanding loans or if he was a young man often his parents would take on the burden of the loan and repay it. However, without access to these loans, migration for most could not happen: loans play a critical part in the migration story. For most migrants the loan is their passport to what they consider is a chance for a better future for their families.

Box 22: Story of failed migrant

Subash Pradhan is now 22 years old. He studied only until 5th grade and then left school to help on the family farm. Three and a half years ago he went to Saudi Arabia through contacts with a neighbour who organised the migration. The neighbour took 14 people with him first to Bombay where they had to stay for nearly two months, and only then were they sent to the Gulf. For the first 18 months Subash was expected to work as a mason and then he was transferred by his employer to work as a petrol pump attendant. He did this job for another 18 months. The family had taken a loan of Rs130,000 at 36% annual interest from a Rai neighbour, but without the need for collateral. Subash was able to send Rs50,000 home but after this one payment his employer said that whatever he was paid only covered his insurance. He was only paid for four months out of a total of seven months and this at the very low rate of Riyal 700 (Rs13,500) rather than Riyal 900 (Rs17,000) as had been promised. After he changed jobs the petrol pump was sold to a new owner who had his own staff and no longer needed to employ Subash and two other Indian migrant workers. He couldn’t find work anywhere else and after seven months he went to the police who put him in jail for one month. He was released and asked his parents for another Rs60,000 so he could return to Nepal. During his time in Saudi Arabia his health was very bad and he didn’t want to talk much about his experiences there. However, despite all this he still wants to migrate again this time to Qatar where a neighbour is working who said he could send him a visa. His younger brother is also keen to migrate and is currently attending carpentry training through the Employment Fund so he can get better employment when he goes overseas.

Source: field notes

In the study area, the method for seeking loans varies according to the value of the loan. Many poorer households tend to take a number of smaller loans from different people. Moneylenders are usually neighbours and relatives and often have pensions (from the army), regular sources of income (such as teachers) or are successful migrants. Generally if the loan amount is less than Rs10,000 moneylenders only require verbal agreements. If the loan is between Rs10,000-50,000 a paper agreement is signed. For loans greater than Rs50,000 collateral, usually land, is demanded and registered with the land revenue office. However, in all the cases studied, there was only one example of this. Loans, even large loans, are generally sourced within the family or from neighbours and are based on a high degree of trust and peer pressure to repay. The loan amount is usually determined on a personal assessment by the loan-maker of the credit-worthiness of the person seeking the loan.

29 In the Dalit settlement in Patheca, the moneylender sold a part of the land kept as collateral that had been lodged in the moneylender’s name in the land revenue office.
Moneylenders make a loan decision based on several factors: 1) the risks attached to loan repayment based on an assessment of the asset base of the person and the quality of the job they are taking; and 2) the reliability and formality of the work i.e. whether there is a contract in place. Initially it may be difficult for a person to get a loan if they have not had loans before (e.g. some Dalit households) but when they have demonstrated capacity to repay loans, their credit worthiness increases and their capability to access loans not just for migration but for other activities.

For many households, credit worthiness in the community is an important element of having a recognised status and position within the community. This is then recognised by the networks that can deliver support (including loans) when needed. For very poor and excluded people their lack of credit worthiness plays an important role in their marginalisation as they are not seen as people worthy of a credit relationship and so are not part of a network of support that can provide loans when needed.

Loans are a part of the way of life and an important element of the social network and relationships in a village. Small loans are regularly taken to help smooth domestic consumption; and at most times, most families will have a range of loans with different providers in the village (Box 23). The main issue for migrant households is the long-time it takes to pay off the loan because of the high rates of interest and the difficulties this causes the family in the first couple of years of migration when the total or major portion of the remittance is being put into loan repayments.

<table>
<thead>
<tr>
<th>Sources of loans</th>
<th>Loans and interest rates</th>
<th>Destination of migrant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative</td>
<td>Rs150,000 @ 3.5% per month</td>
<td>Malaysia (9 years)</td>
</tr>
<tr>
<td>Relative</td>
<td>Rs45,000 @ 5% per month</td>
<td>Dubai (5 years), Qatar (7 months), Saudi Arabia (2 years)</td>
</tr>
<tr>
<td>Relative</td>
<td>Rs100,000 @ 5% per month</td>
<td>Malaysia (4 years)</td>
</tr>
<tr>
<td>Relative</td>
<td>Rs100,000 @ 4%/month</td>
<td>Saudi Arabia (8 years)</td>
</tr>
<tr>
<td>Neighbour</td>
<td>Rs100,000 @ 3%/month</td>
<td>Korea (2 months)</td>
</tr>
</tbody>
</table>

Box 23: “We are never free from loans”

“In the first two years, the loan taken for migration needs to be paid. It generally takes two years. In the first year our husbands get used to the work and it is only in the second year that the loan can be paid off, but the interest piles up from the first year. After that we have to buy food, clothes, meat, and meet other expenses.” So during this period no money can be saved or used for purchasing other assets.

A woman said that she received Rs50,000 a few months ago, and it was used to pay the loan taken for buying food and clothes and then to finance the return travel of her husband. “Meat is very expensive and if we have meat every week it alone costs about Rs2,500 a month. Then there is the cost of the mobile, clothes for students, shoes for them, watches for them... etc... and all this is expensive. Then we have to use wage labourers at high wage rates, especially for male workers. At best we could make 25% saving from the money remitted after paying all the initial loans. But other loans we have to take regularly. After our husbands get work, it is easy to get loans for other things in the village. These are frequently repaid from remittances and these loans are often taken with the aim of paying them back from remittances.” One of the reasons for the recurrent process of taking loans and re-paying is due to the gap in the receipt of remittances, which are sent in bulk to minimise the transfer costs.

Source: field notes
Table 6.6 illustrates the source and levels of loans that households take for migration, from a sample of households in Patheca. As can be seen at these rates of interest (between 3-5% per month) those who are lending are making a high regular income.

### 6.5.4 Conversion of private capital into public goods

We were interested to investigate whether remittances are just being invested in private capital growth at the household level or whether there was already some investment in public goods, as has been seen in other countries with longer histories of overseas migration (Ncube and Gomez 2011). In other countries there are examples of migrants that form home-town associations, collect funds and transfer these funds to social and public use in their place of origin. Mexican migrants in the USA for example raised US$17 million in 2007 and this means US$68 million was mobilised that year as the Mexican government adds US$3 for every dollar generated by migrants for public purposes (SEDESOL 2003). Similar features were noted in Guyana (Orozco 2004). In case of Khotang, there is not much ‘collective remittance’ coming, although there are Khotang Development Committees in various Gulf countries formed by migrants from Khotang but mostly with the purpose to support each other in the destination countries. It is clear that savings from remittances are at the moment entirely invested in household growth and not into public assets. In the words of one set of key informants:

“There is not much impact on local development, as all are concerned with their families. Even those who have earned good incomes only want to shift their residence to the Terai, district headquarters or to Kathmandu. They don’t think about investing in local development opportunities; it is all highly individualistic.”

There were, however, a couple of isolated individual cases of extremely high-earning individuals who have for example paid for the salaries of teachers or bought land for the construction of a secondary school.

Another aspect of the changes in investment in public capital is a result of the decreasing availability of people and time to take part in collective action; this includes organised groups such as community forestry user groups and social activities such as festivals. It was commonly found that there was less interest in formal collective organisations, particularly when it was unclear to the household what the potential gain might be.
7: Implications of Changes for Development in Khotang

7.1 Main issues for development in Khotang

As the study has highlighted and confirmed by staff of SDC-supported projects there are several areas that need to be considered in any new strategy development:

- **Labour intensive low input agriculture:** The traditional form of agriculture can no longer be sustained due to high levels of male labour shortage, expensive wage labour, poor or non-existent markets for surpluses, and highly constrained female labour. The agriculture sector as currently configured cannot absorb the aspirations of young men and will continue to propel them overseas. High value agriculture can absorb some young male labour but in the continued absence of non-farm opportunities in Khotang young men will continue to migrate in the hope of getting access to new money for investment in opportunities elsewhere in Nepal.

- **Building a congruent and coherent national strategic framework for agriculture:** There is evidence from other countries that remittances are invested in increasing production through investment in technology or inputs such as improved seeds, fertilisers. The question can be asked as to why this has not happened in Nepal in general and in Khotang in particular. The answer lies in wider policy that supports agriculture like marketing, inputs, technology innovations and value addition and secured markets. While there is a glut of maize in Khotang as seen in this study, there is an apparent national deficit. This has led to increased imports of maize within the country for various purposes, mainly for poultry feed. In order to meet this shortage, government is tying up with a private company - Monsanto through USAID to introduce hybrid maize production so that there will be sufficient maize within the country, despite the fact that regionally there are surpluses that cannot be marketed. Therefore, there are dilemmas within agricultural policies and practices, adversely affecting crop production.

- **Addressing the challenges to the models of group-based development:** As the study has shown, there is evidence of increased individualisation and less engagement in public goods activities. Households with highly constrained labour have to make choices about how their labour is deployed and which groups, if any, provide useful benefits for the labour inputs. It is already apparent that groups such as community forestry may find it difficult to maintain active membership if all that the group provides is occasional access to timber and fuelwood. For most of the households either they had no need of timber or had access to sufficient fuelwood from their own lands. The work pressures on women and the absence of men is leading to changes in the social networks. With increasing evidence that *parma*, exchange labour relationships, are gaining in importance for women, as they trade their labour for the labour of others, particularly men, to do jobs on the farm that they cannot do or cannot afford to pay others to do. So on one hand organised collective action for resource management, agriculture groups etc appears to be more difficult for people to maintain, but informal collective action that delivers clear private benefits to the household are growing in importance.

- **Feminisation of collective action** (as well as agriculture): this has implications for the development model and for the work burden on women. Currently male labour shortages are changing the labour relations for women who must take on more of the male labour
activities, as well as sharing the burden of their domestic work increasingly with girl children. Women’s roles change from that of labourer on the household farm to manager as well as labourer, taking decisions on deployment of labour, choice of crops, choice of what to leave fallow. Whether they are able to feel comfortable in this role depends strongly on their ability to develop the required knowledge and capacity. There is increasing feminisation of some of the major social activities (religious rites, festivals etc) that bind rural households together. However, as women come under increased work stress and there are fewer young people (male and female) to share the duties of these social activities it will be more difficult to maintain these social functions and the social threads that link and support households.

- **Private versus public goods investments:** The study results illustrate clearly the major private goods investments that migrant households make. Depending on the level of surplus and the starting point of the household these private investments vary from improvements of existing housing stock to purchase of land locally, and land purchase in the Terai and other parts of Nepal. Across all households there is significant investment in children’s education in private schools. Unlike in other countries there is little evidence in the study villages that there is any reinvestment of remittance incomes in public goods development, except for one small example of a migrant paying a teacher’s salary. This leaves a gap in public goods development that needs to be supported through other channels, for example the more effective use of block grant funds through VDCs.

- **Increased family tensions:** Migration has undoubtedly increased the levels of personal stress faced by women-headed households. Any development intervention has to factor this into its design to ensure it reduces stress or helps women to cope better with stress.

- **Importance of class:** There are significant and growing changes in economic class, particularly of Dalit households that are aggressively investing in overseas migration as a mechanism to improve their economic well-being. These social dynamics change the nature of agrarian society in these areas of Khotang. The question still remains, however, how to target those households that are too poor to migrate and remain stuck in extreme poverty and social exclusion. It appears that a focus on disadvantaged groups may no longer be as relevant as a poverty focus; particularly supporting approaches that target the specific needs of the very poor which coalesce around access to public goods such as forests, water and decent health and education.

- **Transformation of social structures:** As the study has shown, one of the most important effects of migration has been the social mobility it has provided to Dalits and the consequent social transformation. This is leading to changes in social inclusion with less evidence of exclusion of Dalit households as they are able to bring together their rights with economic independence to break former relations of control (patron-client relations). It is still early days to understand the full implications of these changes in social relationships. Although it is apparent that there will be key areas of knowledge gaps for the Dalits moving into land-owning positions where previously they had only been agricultural waged labour. There will be skills and knowledge gaps for such households. This was not the case for the former landowners (mainly Brahmin/ Chettri households) who would be well connected to information, service providers and used to managing land.

- **What are the current choices for a young man in Khotang?** For a young man contemplating his immediate future the choices remain stark: 1) stay in Khotang farming at a low level with little chance of improving his well-being status; or 2) take the risk and borrow money to go
overseas in the hope that a successful series of migrations will allow him to accumulate sufficient surplus to invest in assets or small business either in Khotang or preferably in other areas of Nepal where access to services and opportunities is greater.

7.2 Drivers of migration

Currently we can predict that migration will continue to be a major driver of economic and social change in Khotang. Recent data show that at the Nepal level there is a rapid increase in the rate of migration. It is predicted that the demand for migrant labour in the Gulf and Malaysia will continue to grow, particularly in Qatar with the FIFA World Cup 2022 and its attendant demands for infrastructure. This study indicates that in Khotang too there are no reasons why the push to migrate will not continue to increase. The study shows that there are particular local level factors that drive migration, these include:

- Low levels of youth interest in education and working in subsistence agriculture continues to drive high rates of youth migration.
- No other employment opportunities available locally that provide rapid returns to youth and the capability to rapidly acquire modern consumer items and a way of life not dependent on high risk low return agriculture.
- There is now clear evidence of migration related economic progress in the study areas which creates a ‘snowball’ effect encouraging other young men to take the risk and migrate.
- Low levels of permanent returnees – individuals are still continuing to migrate and will do so for another 5-10 years.
- Social change and social mobility as a result of migration – there are considerable changes in local power dynamics, and this continues to be a strong driver to continue migration amongst Dalits and other disadvantaged groups.
- Completion of the road may affect market access; it is perceived that the road may open opportunities for commercial agriculture (but it is not clear that it will absorb high numbers of youth seeking secure, fast incomes).

It is clear from the study results in both Khotang and Gaighat, and the more recent all Nepal results of major surveys and census, that migration is here to stay as the major livelihood option for most young men in the hills of Nepal. If this is the case, how do we respond and ensure that migration is a successful strategy and quickly helps households to stabilise their well-being and where possible to improve their status and move them out of poverty? In discussions with households there are several key areas that currently inhibit successful migration and expose families to higher levels of risk, certainly in the first two years while the loans have to be repaid and the migrant is trying to adjust to the new working and cultural environments.

- Migration is most successful where the migrant has a reasonable level of literacy and numeracy, at least SLC pass; these migrants tend to get rapid promotion and move out of manual labour very quickly to higher earning jobs.
- Those with a well-developed skill base, such as plumber, electrician, migrate better than those with no skills underlining the need for high quality vocational training.
- Migrants rely on personal contacts and networks generally to access migration opportunities; rarely do they have good knowledge of what is available and the costs they
might incur. This underlines the importance of the approach suggested by SDC to set up information centres that could provide this level of advice to prospective migrants.

- Loans for all migrants, but particularly those who are poor with a limited asset base and capacity to earn money from farming or other non-farming opportunities in the village, remain a major source of vulnerability. The immediate benefits of migration accrue directly to moneylenders and not to the household. Access to cheaper finance would immediately help poorer households and reduce their exposure to failure due to high levels of interest repayment.
- For those migrants who already have some small savings and do not want to continue to migrate there are limited opportunities to access small business development loans and advice that could help them developing effective business investment in their local areas.

7.3 What happens to those left behind?

There are two broad types of households: 1) those who have migrants and 2) those who do not and cannot have migrants. Within these households there are a range of social and economic conditions that affect their different choices. The main question surrounds the productivity of farming systems, market access and labour availability. As long as agriculture remains subsistence oriented it will be difficult to attract and retain young people. However, in the short-term, strategies need to be developed that support existing farming systems of very poor and poor returned migrants (particularly those who have failed and are struggling), non-migrant households and families with current migrants. There are some small examples of innovation that were identified during the study indicating that for some households in the right place, with the right starting assets, it is possible to increase livelihood security through small-scale commercial agriculture.

The questions a development strategy for Khotang needs to address include:

- How to best use small development budgets (compared to the overall remittance inflows to a district) to target those areas and groups that are not covered by private investments from remittances?
- Over the medium-term how to support a transition away from labour intensive low input agriculture to agriculture that produces high value products with good markets that do not require high levels of labour input. This should include shifts away from maize production for the local market to other food products. This assessment should include an analysis of Indian food markets to identify potential seasonal and product niches.
- How to support new landowners (particularly Dalit households) to develop the necessary levels of technical skills and access to information networks to become effective land managers. This is important for women as the new land managers. Prior to the high levels of male out-migration women were mainly labourers, major decisions about farm management were mainly taken by men.
- Collective action models as the major means for organising development services are clearly under strain as a result of migration. The strategy needs to consider other mechanisms for providing access to services and resources that are not heavily dependent on group-based activities or at least support collective action with clear household benefits.
- Forests as part of a rural livelihood landscape provide a series of critical functions, including a range of ecosystem services. Whether the community forestry model is sufficiently robust
to withstand the major agrarian changes that are underway needs to be examined under a range of different scenarios including one where there is limited interest in maintaining a group in the absence of other developmental benefits, such as loans for poorer households, scholarships, money for infrastructure etc.

7.4 Global drivers for change

It is clear migration and remittances do not solve the more structural development problems facing Nepal (de Haas 2007). There have to be parallel developments by the state to improve social as well as physical infrastructure to encourage local growth. Without this growth remittances alone will not lead to the levels of structural change necessary to develop a favourable investment environment in Nepal capable of retaining young people in diverse employment opportunities. The implications are complicated and have to be viewed in different time-frames: 1) the short-term responding to the immediate questions raised by migration; and 2) over the longer-term to support investments that move Nepal to a more inclusive society where opportunities are available for young people.

Addressing these questions and these different time-frames is a major part of any strategy discussion which needs to be framed by a higher-level contextual analysis of the global drivers of change. Given the increasing globalisation of the Nepalese citizen and their livelihood choices, it is important that the SDC strategy uses a range of different scenarios to inform its development intervention choices. These should consider the potential risks to migration as a continued livelihood choice.

- What if financial or political crises hit the Gulf and/or Malaysia?
- The infrastructure boom may come to a natural end in destination countries – what is its life-cycle and are there changing skill level requirements?
- How important is migration as a political choice for Nepal to provide access to new money, ensure political stability and to maintain a young population that is gainfully employed elsewhere?
- What are the short and longer-term effects of projected climate change on livelihoods (particularly concerning food security)?
- Without political security what levels of inward investment will there be and will it be in the hills of Nepal?
- What are the regional and national drivers for food security and what potential risks does food insecurity pose to households and to the nation as a whole?

7.5 What are some of the possible development spaces for SDC support?

Findings from the study together with the observations of SDC staff indicate several possible areas for future support for development of public and private goods.

Investing in public goods

- Social protection of the very poorest for those unable to move out of extreme poverty, including investigation of guaranteed employment programmes such as those in India where

---

30 Agricultural yields are predicted to decline by 18 percent by 2050 in South Asia (International Food Policy Research Institute (2009); see also recent work to map climate change vulnerability at a district-level (Sharma and Shrestha, 2010).
poor households are offered a legal guarantee of 100 days a year of labour in public and
private goods works. 31 Although as SDC experience with road construction has shown, it is
difficult to find labour available to take up guaranteed manual work opportunities

- Building effective structures for collective choice, good deliberation mechanisms for use of
  block grants coming to VDCs and the attendant accountability mechanisms to hold decision-
makers to account for use of the funds and the ways in which choices are made
- Supporting changes in policy, legislative and regulatory frameworks that constrain growth in Nepal
- Supporting innovation – public goods research, improved technologies to deal with difficult
  hill areas, identifying what is possible (agriculture and non-farm activities), supporting
testing and scaling-up of evaluated ‘good ideas’
- Support to public goods development at a wider level – infrastructure such as roads, electricity, improved telecom connectivity

Investing in private goods

- Skills and vocational development opportunities for better migration, as there are higher
  rates of progress in migration for better skilled and educated (SLC pass) migrants. Consideration
  should also be given to investment in higher-skills training that would a) improve the salary
  level abroad and b) useful for returnees’ reintegration in Nepal for possible business
  development, employment or other income earning opportunities. This confirms SDC strategy
  to invest in skills training (Safer Migration Project)
- Access to information to ensure migrants understand the quality of work and conditions on
  offer (Safer Migration Project)
- Access to cheaper loans particularly for poorer households, to reduce the time it takes to
  pay back the initial migration loan and to help the household start to save more quickly
- Business development services (BDS) advice for start-up businesses in Khotang for returnee
  migrants, as well as households that are not migrating. However, the important point is to
  look for means to improve waged labour, as poor households do not necessarily want to
  take the risk to become entrepreneurs
- Support to high value agriculture for those households close to markets.

Investing in education

There are other major areas of intervention that lie outside SDC’s current remit, but clearly do
have impacts on livelihood outcomes. In all cases, one of the main reasons for migration was the
education of the migrants’ children. Children are sent to private schools, where they are available as
it is assumed they will provide better education. Those households that can afford to shift to the
Terai or to Kathmandu to take advantage of better schools and colleges do so, or where they can
households shift to Diktel to take advantage of education there.

Questions for strategy discussion:

- **Quality of education**: Addressing some of the major quality issues surrounding hills’
education is clearly a key area of intervention and one that needs to be factored into any
strategy discussion.

31 Mahatma Gandhi National Rural Employment Guarantee Programme (enshrined under the NREG Act)
http://www.nrega.net/
• **Capitalising on returnee skills:** Another area to be looked into is how to capitalise on returnees in the next 5 to 10 years as they come back from overseas with skills, experience and savings. Is there any way in which returnees can be supported to invest in productive activities in Khotang using skills developed overseas?

**Investing in health**
Health was cited as one of the other major reasons for short-term and permanent migration from Khotang. Those poor households not having access to health are primarily vulnerable because of the lack of quality health services available. It is a common saying in Diktel that only those who can afford helicopters can survive cases of serious ill health. Therefore, investment in health, especially in better public health service and capacity development could be helpful for the eventual growth of the district’s economy.

**Small towns development**
One of the major findings from this study has been the depth of linkage and movement between Khotang District and Udaypur District, with people and goods moving out of the hills to access the services in small towns in the Terai.

The question needs to be asked whether interventions should be made in small towns to improve their services and to help provide a better range of non-farm opportunities to absorb labour within Nepal rather than force people to migrate: How to create better opportunities for productive investment of remittances, better access to services, and to improve the links between small towns and rural areas (hills and Terai)?

**7.6 What of the future of Khotang?**
Will Khotang be empty in 10 years time? No, there will be people who remain and do not migrate, there may be households returning from the Terai as services and opportunities improve in the hills and there will certainly be returnee migrants, but there will still be people migrating as well. Young people do not want to stay in Khotang as Paul Collier (2010: 212) also reflects: ‘Given the chance, smallholder farmers in poorer countries seek local wage jobs and their offspring head for the cities [including Doha our addition]. This is because at low income levels rural bliss is precarious, isolated, and tedious’.

Social relationships will continue to transform, and the land ownership patterns will also shift, although perhaps this window will start to close down, as wealthier households retain land in Khotang in order to return if the opportunities improve. The demand for better education services may drive an improvement in local quality with an influx of private service providers responding to the increased availability of private money for services.

Is it possible the road has come too late as people are now used to migrating, and the flow cannot be stopped? If this is the case, what other changes can the road bring particularly for those who remain in Khotang and as the north-south/east-west connectivity improves. Perhaps Diktel will grow as an important hub linking different areas and districts, which will bring in new market and service opportunities. In this case, migration may be a medium-term but important strategy that allows new money to flow into private hands to invest in skills and opportunities of the next generation.
Without migration we would be seeing significant levels of decline amongst the poorer households, and very limited social transformation among Dalits. Migration has brought social mobility and opportunity for a class of people who have traditionally been excluded from development and its opportunities. The necessary response is to understand the social, environmental and economic effects that migration produces; and to be in a position to respond with strategies that can support the more effective use of migration as one among several livelihood choices that young men and women can take.

“Everyone wants security, accessibility and services, in Khotang everything is lacking and very inaccessible; it is still time to migrate!” (Field notes: Gaighat)
Bibliography

- CBS (2004). NLSS II. Kathmandu. CBS.


• Ministry of Labour and Transport Management and IoM (2010). Foreign Labour Migration and its Impact on Nepalese Economy. Kathmandu: MoLTM and IoM.
• Thieme, S., Wyss, S. (2005). Migration Patterns and Remittance Transfer in Nepal: A Case Study of Sainik Basti in Western Nepal. Published on line by Department of Geography, University of Zurich, Switzerland.

**Video documentaries**