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Abstract

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Migration Patterns and Remittance Transfer in Nepal:
A Case Study of Sainik Basti in Western Nepal

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ABSTRACT

International labour migration is a main livelihood strategy for many people in Nepal. This article analyses the migration process from the perspective of migrants and their non-migrating household members, exploring the institutional regulations that structure the organization of migration and the cash flows involved. The results are based on a case study conducted in Sainik Basti, Western Nepal, in 2002. The article shows that for different destinations there are specific ways of organizing migration. These country-specific ways of organizing migration demand specific assets from prospective migrants and their household members and therefore influence their choice of destination. Savings are remitted back home mainly by carrying them personally or by using the hundi system. In spite of the risks and difficulties involved, international labour migration often contributes to sustainable livelihoods. The main outcomes of migration are increased financial capital, education of the children, migration-specific knowledge, and increased social capital. This enlarged asset endowment lowers both investment costs and risks involved in migration, and thereby increases its potential net return. Each act of migration therefore facilitates and stimulates subsequent migration.
INTRODUCTION

Aims of the article

Nepal has a longstanding history of migration. The democratic movements in Nepal since 1990 and globalization have been contributing to an increasingly diversified pattern of destinations by the migrants. Since the political unrest in Nepal, migration has probably become the only unaffected economic sector. Consequently, academic and political interest in Nepalese migration has increased since the end of 1990. Due to the importance of labour migration, the question emerges as to how migrants contribute to the social and economic improvement of communities or even nation states. Since migration patterns and experiences are diverse, such macro-level studies have to be complemented with micro-level case studies, which has rarely been done up to now. This article is, therefore, a further contribution to the analysis of patterns of labour migration and is meant to clarify the contributions of migration to people’s livelihoods. In order to understand the dynamics of labour migration, we first outline the historical development of migration patterns, their economic importance and the general legal background. Secondly, we shall give a brief summary of the research on migration. This is then followed by the main part of the article, the case study of the Sainik Basti settlement, where labour migration is a main livelihood strategy of its inhabitants. This article analyses the migration process from the perspective of migrants and their non-migrating household members. We explore the institutional regulations that structure the organization of migration and the cash flows involved and give recommendations how migrants and their families can benefit more from migration.

International migration patterns today and in the past

Nepal has a longstanding history of international labour migration. It is 188 years ago that Nepalese started to seek work abroad and send remittances back to their families in Nepal. In the early 19th century, the first Nepalese men migrated to Lahore (in today’s Pakistan) to join the army of the Sikh ruler, Ranjit Singh. Here, both they and later migrant workers earned the nickname ‘Lahure’ (Seddon et al., 2001). During the eighteenth century, the mountain kingdom of Gorkha (today part of Nepal) grew in strength and size, conquering nearby areas and invading Tibet. The Gorkha soldiers gained a reputation as fierce warriors, and stories and legends surrounding the soldiers...
began to grow. During the Anglo-Nepal war of 1814-1816 the British discovered how brave and skilled Nepalese soldiers were. The treaty of 1816 gave the British powers to set up three Gurkha regiments in their army (Seddon et al., 2001; Shresta, 1990). The Nepalese government initially disliked the idea. They were concerned that returning army servicemen would bring revolutionary ideas into Nepal and sow the seeds of anti-Rana movements. The British therefore tried several clandestine methods to recruit Gurkhas. In 1886 the policy changed. After Bir Shamser Rana became prime minister through a coup d’état, Nepal’s government started to openly encourage young Nepalese to join the British army (Shresta, 1990).

Other migrants were attracted by tea plantations, construction work, coal mining, and land reclamation in Assam, Bengal, Darjeeling, Garhwal and Kumaon (Hoffmann, 2001; Krengel, 1997). Their main reasons for migration, apart from land expropriation and the harassment they faced from their owners and creditors in the hill villages, were oppressive land and labour policies, and debt due to demands for compulsory, unpaid labour. By the end of the 19th century, for example, half of the population of Darjeeling in India was of Nepalese origin (Caplan, 1970; Shresta, 1990). Thus many of the early Nepalese migrants to this region settled permanently and came to be known as Indian Nepalese (Upreti, 2002). After 1950, Nepalese began to move to industrialized areas like Delhi, Mumbai and Bangalore, where employment was easier to find (Upreti, 2002). Trade from Nepal to Tibet and today’s India and Myanmar contributed to the migration patterns of Nepalese as well (Tulachan, 2001; von Förer-Haimendorf, 1975; Watkins, 1996). For a long time, national policy restricted migration to service in the British or Indian army or other jobs in India. After the advent of the democratic movement in Nepal in 1990, it became easier to obtain travel documents and passports. The economic emergence of South East Asian countries and the Gulf countries ii, combined with an increased information flow and trade liberalization in Nepal, caused rapid increase of labour migration and diversification of destinations. Recruiting agencies have played a crucial role in promoting migration and arranging work permits (Graner and Gurung, 2003). The political conflict of the past years has further decreased employment possibilities in Nepal and stimulated the flow of migrants (NIDS, 2003b). The tradition of Gurkha army service is still extant, as the Gurkha mercenaries in the armies of Great Britain, India and the United Nations peacekeeping missions show (Caplan, 1995; Macfarlane, 1976; 2001; Pignède, 1993; Yamanaka, 2000).

A glimpse at the official statistics for 2001 reveals that 3.3% (760,000) of Nepal’s total population (23 million) was absent from the country, the vast
majority (89%) of this absent population being male. Since the 1980s the number of labour migrants overseas (i.e. outside South Asia) has increased significantly and accounts now officially for 22.4% (HMG et al., 2002). The Gulf States and Malaysia are the most dynamic regions (Table 1).

Migration to Hong Kong is important in terms of numbers of people as well as values of remittances. Immigration is based on legal provisions (ID holders) for people whose parents were stationed as servicemen in Hong Kong under British governance (Graner and Gurung, 2003: 300). Migration to Japan is not important with regard to the total number of migrants but, rather, to the attractiveness of Japan’s labour market with its comparatively high incomes, enabling high remittances (Graner and Gurung, 2003: 299-300; Yamanaka 2000, 2001). Two-thirds of those migrating outside South Asia originate from the hill areas, the majority being from the Western Development Region, which was the area where the following case study was researched (Seddon et al., 2002: 23).

However, the 2001 official statistics show that 77% of the total absent population go to India (Table 3). Migration to India is largely not documented due to the open border, which was officially recognized in the 1950 Treaty of Peace and Friendship between India and Nepal (Panday 1999). Estimates of Nepalese working in India therefore range up to 3 million, which is six times more than official statistics state (HMG et al., 2002; Seddon et al., 2002; Thieme, interviews in Delhi with immigrant associations, 03/2002).

One reason for the high number of migrants in India is the historical continuity. This allowed migration networks to develop, which encourage people to migrate to the same destinations. The majority of migrants going to India originate from the Far Western and Mid-Western Development Region (HMG et al., 2002), as shown in case studies by Thieme and Müller-Böker (2004) and Pfaff-Czarnecka (1995). For the majority of these people migration is not an exceptional circumstance, but an integral part of their life. India is a source of long-term and seasonal low-skilled employment. Panday (1999) sees it as a major contributor to the Nepalese economy, providing it with the illusion of resilience. Authors like Shresta (1990) and Panday (1999) see in migration an additional loss of human resources from Nepal’s economy. The State of Nepal has failed to provide incentives and resources to people to stay in the country and lay a firm economic foundation. Instead, many of them were and still are forced to emigrate for social and economic
survival (Shresta, 1990). On the other hand, migrants have also contributed a lot to Nepal’s development (Panday, 1999).

Another reason for the high number of migrants in India is that migration to Europe, United States, the Gulf and the Tiger States and Japan requires a substantial amount of financial, human and social capital. The majority of migrants lack this capital. They are neither well educated nor have access to information and recruiting agencies, nor personal contacts to foreign countries. Additionally they lack the money for these agencies. Their only opportunity is to go to India for work, taking up low or non-skilled employment. Another dimension of employment in India is that about 5,000 to 7,000 girls are trafficked from Nepal to India and other neighbouring countries every year. About 200,000 Nepalese girls and women are currently working in the sex industry in India (NESAC, 1998; TAF and Horizons, 2001).

For a long time foreign labour migration has been seen as an unfortunate by-product of a stagnant rural economy to be eliminated by domestic and economic development, particularly within the agricultural sector. Consequently, the contribution of migration to the economy has been underestimated. Due to the present political instability, many carpet and garment industries have closed down and it is only remittances that are sustaining Nepal’s economy. In 2002, official remittances to Nepal were about NRs 12 billion (US$ 150 million) (Graner and Gurung, 2003). Informal remittances are much higher and difficult to calculate. Scanning through the newspapers of the last two years, amounts mentioned range between NRs 60 billion (US$ 750 million) (Nepali Times, 07-13/11/2003: http://www.nepalitimes.com/issue169/economy.htm) and NRs 72 billion (US$ 900 million) (Nepal news, 15/02/2003: http://nepalnews.com.np/contents/englishdaily/ktmpost/2003/feb/feb15/). Researchers estimate 35-69 billion NRs remittances annually (for 1997/1998), which is equivalent to about 13% to 25% of GDP. If 69 billion NRs are sent, only about 17% of total remittances come through official channels. Remittances mainly originate from East and South East Asian countries (23 billion) and India (6 to 40 billion) (Graner and Gurung, 2003:297; Seddon et al., 2001; 2002).

Legal framework

After neglecting foreign labour migration for decades, the government is now recognizing and promoting overseas employment as one way to alleviate
poverty and unemployment in the country. This was explicitly stated in the ninth five-year plan for 1997-2002 (NIDS, 2003b).

The Ministry of Labour and Transport Management (MLTM), mainly through its Department of Labour and Employment Promotion (DLEP), bears the main responsibility for labour administration. It implements labour-related policies and programs, enforces acts and regulations, and registers foreign employment companies and recruiting agencies. Its Employment Promotion Section promotes foreign labour, and the Foreign Employment Act of 1985 and the Foreign Employment Regulation of 1999 (amended twice in 1989 and 1998) constitute the legal basis for this (Gurung G., 2001).

In 1998, the government of Nepal officially banned female migration to the Gulf States as a response to physical and sexual abuse of Nepalese women in the Middle East. The Government has defined this ban as positive discrimination. This ban was partly lifted in January 2003. Since this time, women have again been allowed to work in the organized sector of employment, such as in restaurants, shops etc. They are still not allowed to participate in the so-called ‘unorganized’ sector, which covers domestic work (Kantipur Daily, 1/18/2003, NIDS, 2003a, Thieme’s interviews with recruiting agencies in Kathmandu 3/2004). The constitution of Nepal does not allow discrimination on the basis of sex. By banning women's employment in certain areas and making it mandatory to secure permission from government and family members, women's rights to employment, migration and mobility have been seriously violated (HMG et al., 2003; Sancharika Samuha and UNIFEM, 2003). Despite legal barriers and social stigmas attached to women who work abroad, women did not stop migrating but simply continued to do so through illegal channels. Most Nepalese women go to the Gulf States via Delhi and Mumbai. They take the land route to Delhi or Mumbai, as there is no need of a passport or other formalities for Nepalese nationals owing to the open border between Nepal and India. Even if they use the air route to Delhi and Mumbai, various excuses are found to board a flight. The main reasons given are medical treatment or a visit to relatives in India. Alternatively, women manage to fly directly from Kathmandu to Gulf countries, assisted by highly paid brokers. Their vulnerability increases in this situation, and they have to cope with cheatings and exploitations (NIDS, 2003a).

According to the DLEP, more than 280 licensed recruiting agencies exist in Nepal. They are mainly based in the Kathmandu valley and in Pokhara. Estimates suggest some further 200 unlicensed agencies which by-pass all official channels (NIDS, 2003b).
Migration research: state of the art

Although migration has had such a long history, apart from several researchers (Dahal et al., 1977; Gurung H., 1987; Kansakar, 1973-74; Macfarlane, 1976; Messerschmidt and Gurung, 1974), policy makers, academics and development agencies only began to recognize the importance of foreign employment as a livelihood strategy in the 1990s.

One section of literature focused on proving the importance of international labour migration at a national level. It concentrated on statistical insights and national overviews, such as regional disparities and differences within Nepal regarding number of migrants and destinations. Internal and international migration is often interlinked. Internal migration mainly takes place from hills and mountains to the terai, the fertile lowland of Nepal, and is often financed by international migration especially from India (Dahal et al., 1977; Gurung H., 2001; Pfaff, 1995; Shresta, 1990; Subedi, 1988, 1993; Upreti, 2002). Several recent studies did not address migration specifically but recognized it within their research as an important livelihood strategy (Blaikie et al., 2002; Cameron et al., 1998; von Fürer-Haimendorf, 1995; Soliva et al. 2003). Also, research is increasingly done on the amount of remittances, which are mainly undocumented in Nepal (Graner and Gurung, 2003; Gurung G., 2001, 2003; Seddon et al. 2001, 2002; Subedi, 1991; von der Heide and Hoffmann, 2001). Some publications address specific destinations from Nepalese like Japan (Yamanaka 2000, 2001), USA (Dhungel, 1999) and India (Upreti, 2002). Case studies have been done to explore processes involved at individual and household levels either in Nepal (Hoffmann, 2001; Raitelhuber, 2001; Regmi and Tisdell, 2002; Wyss, 2004) or in a country of destination like India (Thieme and Müller-Böker, 2004; Thieme et al., 2003) or in both, such as Nepal and India (Pfaff, 1995; Pfaff-Czarnecka, 2001).

For a long time there was a general paucity of research on gender and migration. This paucity has only recently been addressed by critical reviews of migration models and a new surge in research *inter alia* by Chant and Radcliffe, (1992), Curran and Saguy, (2001) and Willis and Yeoh (2000). Looking at gender and migration research in Nepal, Watkins (1996) explores gender relations among the Nyeshangte men and women. Shrestha and Conway (2001) describe ‘the shadow life of a migrant’s wife’ as a desperate experience. Molesworth (2001) looks at effects of migration on women who remain in the villages. Two publications cover the situation of women as migrants (HMG et al., 2003; Sancharika Samuha and UNIFEM, 2003).
CASE STUDY OF SAINIK BASTI

Based on the overview of scope and character of migration from Nepal and existing migration research, we present the case study of Sainik Basti. Here, we shall first put migration in the context of developmental research and practice by using the sustainable livelihoods approach, and outline the methods used. Secondly, we shall introduce the research setting and show the importance of migration for Sainik Basti. The case study focuses on the source region from the perspective of both migrants and non-migrating household members. Then we shall discuss the reasons for migration and how destinations are chosen. Since migration involves substantial amounts of financial capital and complex organizational procedures, we shall outline all applied organizing practices of migration and ways of sending remittances. Subsequently, we shall discuss the impact of migration on people’s livelihoods and their assets while also considering risks and vulnerabilities, and finally propose recommendations allowing people to benefit more from migration.

Migration as livelihood strategy: The sustainable livelihoods approach

For a long time, development policies did not pay enough attention to the complexity of rural livelihoods. The Sustainable Livelihoods Approach is a response to this by unlinking the concepts of ‘rural’ and ‘agricultural’. The concept of "sustainable livelihoods" relates to the living conditions of the poor – their well-being, opportunities, capabilities, resilience and resource bases comprising various assets (Chambers and Conway, 1992; DFID, 2002). It reveals that most rural households rely on multiple income sources and adopt a range of livelihood strategies such as labour migration. The Sustainable Livelihoods Approach was endorsed by the UK Department for International Development (DFID), and is a means of analyzing developmental problems and designing policies and programs to meet the principal goal of poverty reduction. Several other development agencies like CARE International, Oxfam, World Bank and UNDP apply this approach (Rakodi and Lloyed-Jones, 2002).

In this study, the Sustainable Livelihoods Approach was chosen for the interpretation of the data. Accordingly, international labour migration is seen as a livelihood strategy, defined as the “range and combination of activities and choices that people make/ undertake in order to achieve their livelihood
goals” (DFID, 2002: 2.5, 1.1). In Sainik Basti, international labour migration has been an integral part of the livelihoods strategies of the majority of people for many generations. This strategy is strongly linked with livelihood assets, in particular human, social and financial capital. The assets which poor people possess or have access to, the livelihoods they desire and the strategies they adopt are influenced by the context in which they live. This context has two broad dimensions. The first dimension is an overarching institutional context constituted by norms, organizations, policies and legislations that shape livelihoods, and which operate on all levels, from the individual to the international arena, and in all spheres, from private to public. They determine access to various types of capital and livelihood-strategies, terms of exchange between different types of capital, and economic and other returns to any given livelihood strategy (DFID, 2002). This perspective corresponds with recent migration research approaches, which emphasizes that migration is embedded in societal rules and norms, determined by rules of the migrants’ "home society" and "society of arrival" (e.g. Boyd, 1989; Fawcett, 1989; de Haan and Rogaly, 2002; Goss and Lindquist, 1995; Portes and Sensenbrenner, 1993; Thieme, 2003). The second dimension of people’s living context is vulnerability. This means people’s insecurity in the face of a changing ecological, social, political or economic environment (DFID, 2002; Rakodi and Lloyd-Jones, 2002). Vulnerability can be caused by long-term demographic trends, changes in natural resources, recurring seasonal price changes and employment opportunities, as well as short-term shocks, such as illness, natural disasters and conflict (Rakodi and Lloyd-Jones, 2002).

The more choice and flexibility people have in their livelihood strategies, the greater their ability to withstand, adapt or react to shocks and stresses of the vulnerability context (DFID, 2002). Livelihood outcomes are achievements or outputs of livelihood strategies. They are related to material as well as to non-material increased well-being like health, access to services and improved resilience to vulnerabilities like food security or sustainable use of natural resources (DFID, 2002). Livelihood outcomes have a direct return on livelihood assets. For example migration can improve one’s own financial means, skills or social networks, and can thereby alter the choice of livelihood strategies. For the interpretation of data we also benefited from other migration theories such as new economics of migration (Stark and Bloom, 1985), the dual labour market theory (Piore, 1979 in Massey et al., 1993), and cumulative causation theory (Massey et al., 1993).
Methods used

The study is based on a survey in Sainik Basti, a settlement in western Nepal, and was supplemented by interviews in a neighbouring village and in Kathmandu, Nepal’s capital. The data was collected in March and April 2002. The main reason for choosing Sainik Basti was the outstanding importance of international labour migration as a livelihood strategy for its inhabitants.

The survey comprised both quantitative and qualitative methods. A quantitative household survey gave an overview of the demographic composition of the village, educational level, activity rate and the migration patterns in the village, and the importance of income derived from migration for households. Drawing upon Wallerstain and Martin’s notion of the “flexible household” (in Russell, 1993: 761), “household” was defined as a unit, which includes the co-resident individuals and the non-residents contributing to a pooled income, such as migrants abroad. Based on the quantitative socio-economic survey, semi-structured interviews were conducted. Representatives of the following groups of people were interviewed: (a) Migrants (returnees and prospective migrants) and their household members; (b) members of non-migrant households and returnees not planning to migrate again; (c) “organizers”: a local agent as well as the head of a recruiting agency; (d) other key informants: the chairman and a municipality officer; and (e) young men of the village as potential migrants. An interpreter translated from English into Nepalese and conversely.

IMPORTANCE OF INTERNATIONAL MIGRATION FOR PEOPLE OF SAINIK BASTI

Sainik Basti is a linear settlement in Nepal’s Western Development Region, situated on the road between Kathmandu and Pokhara, Nepal’s fourth largest town (Adhikari and Seddon, 2002: xi). The almost 2,100 inhabitants of Sainik Basti live in 377 households (own census in 2002). The size of the household ranges from one to 18 members with an average of 5.6 household members\(^{iii}\). Since the late 1980s, there has been a clear decline in birth rate. The composition of the population according to castes and ethnic groups is as follows: Gurung and Magar make up the majority of Sainik Basti’s population with 71% of all households, Brahmin and Chhetri amount to 18%, scheduled castes 7%, Newar 2% and other castes and ethnic groups again 2% of households in Sainik Basti. It is a wealthy and fast-growing settlement belonging to the peri-urban area of Pokhara. Sainik Basti combines characteris-
tics of a rural village with those of a small town. Almost each household owns a plot of land, which is used agriculturally. At the same time, Sainik Basti offers good public and private infrastructure such as schools, water supply, electricity, communication and transport facilities. The commercial sector is still modest, but there are local markets in the neighbouring villages.

Sainik Basti is a young village founded in 1964 by retired servicemen of the British-Indian army. Significantly, they called their village “Sainik Basti”, which means “army village”. This shows that from the very beginning, life in Sainik Basti involved migration, as has been recognized in other Gurung case studies (Macfarlane, 1976; Pignède, 1993). Migration from Sainik Basti has been constantly increasing, and the range of destinations and ways of organizing migration have clearly widened. Especially recruiting agencies and brokers are increasingly involved in the migration process.

Following the outlined historical development, migration from Sainik Basti was for a long time restricted to service in the Indian or British army or other jobs in India. Migration to other countries, especially Gulf States, started around 1982. In 1990 people also began to migrate to Hong Kong and other countries. Only since about 2000 people have been migrating to Europe, the U.S.A., and Japan.

The household survey showed that 12% of Sainik Basti’s (recorded) total population (1,880) were abroad at the time of data collection. Another 11.5% were returnees from a foreign army or from another foreign job, 2.6% were planning their migration and many more were dreaming of going abroad one day. Looking at the household level, in 45% of households one or more members were abroad at the time of data collection. Adding all households of which at least one member had migrated earlier, over 70% of households have or have had migrants, and with few exceptions, have relied on their remittances or pensions (from foreign armies).

Migration from Sainik Basti is mainly migration of individual household members and not of the whole household. The large majority of the migrants are male (85%). Their average age is 31, ranging from 18 years to 60 years. The average educational level of the migrants is 10 years of school, ranging from no formal education at all to a master’s degree. International labour migrants from Sainik Basti are long-term migrants, defined here as migrants staying more than 12 months away from home. Seasonal migration has not been reported. The longest absence from home occurs in the case of service in a foreign army, which is from 15 to 20 years. In Hong Kong, migrants stay from 3.5 to 9 years, in the Gulf States from two to four years. Repeated mi-
Migration is common practice. After a two to four-year stay in one of the Gulf States, many migrants return to Nepal but migrate again after some months or years, be it to the same or another country. Therefore, the total duration of migration may easily amount to 10 years or more. Among the male migrants the majority (34%) stay in countries of East and Southeast Asia, of which Hong Kong (29%) accounts for nearly all. While Hong Kong is presently the destination with the highest proportion of migrants from Sainik Basti, a sharp decline has to be expected here due to the recently restricted immigration regulations. Nearly the same number of migrants as in East and Southeast Asia live in the Middle East (30%). Due to changes in the recruitment procedure (outlined below) service in a foreign army has lost the position it once had, but still accounts for a considerable 17% of all migrants. Most of the soldiers serve in the Indian army. Apart from the Indian army, India in general is still an important destination. 14.5% of all migrants from Sainik Basti go there. Western countries receive only a very small proportion of migrants from Sainik Basti, 4.5% (Table 2). Compared to migration numbers of Nepal as a whole (Table 1), the proportion of individuals going outside South Asia is much higher in Sainik Basti.

Regarding women migrants, the pattern of destinations is different. A majority of 64% of the female migrants live in Hong Kong, 22% in India and few in Singapore, Great Britain, U.S.A. and Kuwait. When women migrate, they normally follow their husbands or migrate as a child with their parents. The small number of women who went on their own migrated either to Hong Kong or India. However, women migrating with their husbands to Hong Kong often become gainfully employed themselves.

> TABLE 2 <

The first reason for the small proportion of women migrants is the organization of the household including role allocations and cultural values. Women perform a considerable amount of the fieldwork and are responsible for housekeeping, education of the children and care of the elderly. Men are seen as the main cash-income earners (Chant and Radcliffe, 1992). This normally does not allow a (married) woman to stay away from home for a long time. Also, women are seen as vulnerable, particularly when migrating alone, and are therefore not supposed to do so.

The second reason involves the legal constraints of the ban on female migration, as outlined at the beginning of this paper (Sancharika Samuha and UNIFEM, 2003; Seddon et al., 2001: xvi; Kantipur Daily, 01/18/2003; NIDS,
The outlined historical and newly emerging migration patterns in Sainik Basti are similar to results, which Macfarlane (1976, 2001) found in another Gurung village near Pokhara.

**REASONS TO MIGRATE AND CHOICE OF DESTINATION**

**Reasons to migrate**

We argue with Brown et al. (1970: 176) that the migration decision may be seen as occurring in two phases: (a) the decision to migrate; and (b) the decision where to migrate. Regarding the first phase the question arises as to why people migrate. The main incentives to migrate are the need for an (higher) income in order to cover daily expenses and repay debts, the desire for a higher standard of living, like buying land or a house or the wish to provide one’s children with (good) education.

It is generally the migrant himself who decides to migrate; taking household members’ needs and wishes into consideration. Married migrants often decide together with their wives or husbands. Young migrants have to obtain permission from their parents. In poor and large families in particular, it is seen as a duty that the sons migrate in order to contribute to the household’s income. These findings back both the assertion of new economics of migration that households act as income pooling units where the decision about migration or non-migration of its members is taken collectively (Massey et al., 1993: 439), and the warning of Goss and Linquist that household members may have different strategies (1995: 327).

The analysis of potential alternatives to migration, such as agriculture, wage labour within Nepal or self-employment, has shown that both the assets of members of an average household in Sainik Basti and the institutional setting do not foster strategies to earn one’s livelihood by working in Nepal. Ninety per cent of the households farm for their own consumption but cannot meet the needs for the whole year. Seventy five per cent of the households have no income from gainful employment within Nepal. For the remaining 25% such income is only of marginal importance, except for a small number of teachers, shop owners and servicemen in the Nepalese army. That is, remittances from present migration, or income of past migration in the form of pensions from a foreign army are for most households the only or most important cash income. Their own agricultural production reduces expenditures, thereby using the labour force of the non-migrating household members. Additionally,
many retired servicemen and returnees donate money for community development, such as bridge or temple construction.

Regarding wage labour within Nepal, the problem is not only the very limited number of jobs but also the access to fairly well paid and respectable jobs. Most people of Sainik Basti lack the necessary human capital, such as formal education and appropriate social capital. The system of castes and ethnic groups reserves certain kinds of work for members of certain castes or ethnic groups (Bista, 1999). For “outsiders” it is only accessible through social networks. Badly paid low-status jobs are accessible to Gurung and Magar but people shun these for reasons of honor. Abroad, however, migrants accept such “dirty, dangerous and degrading” jobs. Migrants explain this apparently inconsistent behaviour by mentioning the higher payment abroad. Furthermore, they evade the observation of most relatives and friends, and those who are also staying there do the same kind of work. Further helpful insight comes from Piore’s theory of the dual labour market (cit. in Massey et al., 1993: 441). Piore explains that migrants consider their stay in the receiving country as temporary and develop an instrumental relation to their work, which allows them to accept jobs they would never do at home. Even though migrants see their jobs only as a means to earn money, these jobs enable them to increase their social status and prestige at home in their own reference group.

The risk of opening one’s own business is more threatening to people in Sainik Basti than the risks of migration. Similarly, it is harder to get loans for opening a business than for financing migration, because money lenders judge a small business as not being very promising and therefore as not credit-worthy. At the same time, migrants feel that they lack education or the required know-how to run a business.

Interestingly, this lack of human and social capital is not prohibitive for international labour migration. People may lack social capital appropriate to securing a post in Nepal but at the same time may possess social capital useful for organizing a job abroad, for instance friends in India. This shows that not only the quantity of assets, but first and foremost their nature is a decisive factor for the choice and the potential success of a livelihood strategy.

Although economic reasons mainly cause international migration, there are other reasons why people migrate. Migration is strongly institutionalized and so common that “everybody” wants to go, as long as he fulfils the preconditions, which are primarily of a financial nature but may also include certain
know-how and social capital. Especially for young men migration is a sort a rite of passage and a matter of prestige and of belonging to the community (also Massey et al., 1993). Moreover, young people are not interested in working in agriculture anymore. Only few people, those who manage to cover their needs with income from wage labour within Nepal can truly be said to have a choice of migrating or not.

Choice of destination

The migrants gave a general preference list of destinations, with the first being the most prestigious ones and with the highest potential income: (a) UK, Japan, South Korea, Hong Kong, U.S.A., Germany; (b) Malaysia, Singapore, the Gulf states, British or Indian army\textsuperscript{vi}; (c) India. These findings are in accordance with Gurung’s preference list for prospective migrants from all parts of Nepal (Gurung G., 2003:269.). The criteria for the choice of the destination are always a mixture of dreams and goals, and the possibilities of an individual and his or her household members.

The choice of the destination is first of all a question of the assets of all household members. The investment costs needed, or, in other words, the financial capital and the possibility of raising additional funds, limit the options of a migrant and his family. Investment costs differ between individual countries of destination, depending on the amount of travel costs and whether or not an agency or broker has to be paid. The most favourite countries are in general also the most “expensive” ones.

First, migrants select possible destinations based on the amount of investment needed. Only afterwards do they compare the investment costs needed to the expected earning levels. Here, the long-term consideration of getting a pension after having served in a foreign army is included, and is sometimes rated higher than the expected earning level during the stay abroad. Our findings contradict the predictions of neoclassical theory and new economics of migration, which set cost-revenue calculations at the beginning of the destination decision (Stark and Bloom, 1985).

The long duration of employment in the case of service in a foreign army guarantees a constant income without periods of unemployment. For the decision between Western countries, the possibility of legalizing the stay by getting a work permit is another criterion (see Gurung G., 2003). In contrast, Asian countries like Taiwan or Japan offer the advantage that Nepalese migrants, especially Gurung with their Mongolian facial features, are not easily
recognized as foreigners, which makes an illegal stay less dangerous. Both considerations deal with the duration of the stay abroad and the security of the job. As agencies or brokers have to be paid early in the process of preparation, the duration of the recruiting process is of importance, too. A long recruiting process extends the time for which interests on loan have to be paid. Furthermore, if household members need money very urgently, they may also opt for a destination where the process is short.

Besides investment costs and expected earnings, prospective migrants and their families only partly include other factors influencing the net return, such as the costs of living, the duration of the stay abroad, periods of unemployment in the foreign country after arriving or at a later date. The reason for not including these factors is that they are difficult to estimate, especially if someone is migrating for the first time to a chosen destination.

Apart from explicitly financial considerations, other external factors are also taken into account. One factor is the difficulty or convenience of getting the required documents (visa). In this regard, India is very easily accessible since no documents are required. Another external factor taken into account is the process of selection for a certain country or post of employment. Migrants mentioned it mainly as an obstacle for serving in the Indian or British army, where the chances of being recruited are quite low. Migrant networks are an important facilitator for lowering the effort and costs of the organization of a migration (Thieme, 2003). However, we argue with Gächter (2000) that networks are always only part of the institutions for migration and are not themselves an incentive for migration. There are many prospective migrants who decide against a country where they have relatives or friends because they possess other assets or have goals different to those of their predecessors. Considerations about the life abroad, such as working conditions or the climate are only of marginal importance.

Financing migration

The way migration is financed is closely interlinked with the decision taken about who will migrate. There are clear internal conventions in a family about financing migration. The first migration of a young migrant, who has no money of his own yet, is normally financed by his parents if they have the means to do so. The migrant does not have to repay this sum but he is expected to support his parents and secure their old age once he is earning enough abroad. Similarly, brothers or sisters already working abroad sometimes give interest-free loans, expecting the beneficiary to help his brother or
sister in return, when he or she is in need (see also Stark and Bloom, 1985; Goss and Linquist, 1995).

As outlined, the amount of the investment costs heavily depends on the choice of destination and how migration is organized, as explained in the next section. It ranges from NRs 800 (US$ 10.25) for a migration to India to around NRs 712,500 (US$ 9,130) for a migration to Japan. Whatever the investment costs may be, it almost always means a large expenditure for the household. Some prospective migrants or their family members finance migration with their savings. These savings originate from pensions from the Indian or British army, or from remittances of the prospective migrant himself, his father, a brother, or even of a sister, which is the case with some of the few women living and working in Hong Kong. It shows that migration is often financed through (past or present) migration. For the majority of people however, savings are insufficient. Almost two thirds of all prospective migrants and their families had to take loans. Access to loans, however, depends on existing resources of the migrants and their family members, and mainly on their financial capital and possessions as collateral (natural and physical capital), and on the personal trust of potential creditors (social capital). Having no or only a low income and no significant possessions, it is virtually impossible for poor households to obtain loans. Loans are mostly taken from relatives or friends, with an interest rate from 2% to 5% per month. The interest is not paid monthly, but accumulated and added when loans are repaid. The time needed to repay the debts ranges from two months to four years. It depends on the amount of loans taken, the amount of the remittances and the needs of the household in Nepal. No significant difference can be seen between the distinct countries of destination. A poor family who takes only a small loan in order to finance the migration of a member to India may still need a long time to repay it.

Banks are not used for loans, in spite of their low interest on loans. This is due to the fact that banks demand collateral, but people cannot give. Additionally people are often not familiar with the formal banking system.

**ORGANIZATION OF MIGRATION**

How migration is organized depends on the destination. It is determined by immigration regulations of the receiving country, the existence or absence of active recruitment of the foreign employer and the degree and mode of involvement of the Nepalese state. Five basic types of organizing migration
have been identified: (a) migration over the open border to India; (b) joining a foreign army; (c) recruitment through licensed recruiting agencies for the Gulf states and some Asian countries; (d) migration with an identity card to Hong Kong; and (e) illegal migration to Europe, Japan, Taiwan, South Korea and Malaysia. These types are, however, a generalization and should not conceal the strongly individual characteristics of paths of migration.

Migration over the open border to India

The open border between Nepal and India, the geographical proximity and cultural familiarity allow migrants to reach India easily and cheaply (by bus). There is a long tradition of Nepalese seeking work in India. Therefore, migration from Sainik Basti to India is strongly based on family and personal networks which have developed over time (Seddon et al., 2001; Thieme, 2003). Those having appropriate links to migrants in India benefit from information, employment services and accommodation, factors which lower both risks and costs of migration (see also Massey et al., 1993). Not having to obtain travel documents or an expensive flight holds down investment costs. At the best, the only expenses incurred are the bus ticket, which costs around US$ 10.25 (NRs 800). However other studies have shown that migrants have to buy their job in India from their predecessors and therefore need considerable sums as well (Thieme, 2003; Pfaff, 1995; Pfaff-Czarnecka, 2002). India is particularly interesting for former servicemen, since they have good chances of finding jobs as security guards. The favourable immigration regulations and a long time stay of the migrants might be one reason for the high number of women migrants (22% of total women migrants), who mostly followed their husbands after some time.

Joining a foreign army

The importance of foreign armies as employers has been outlined in the historical review. The procedure of joining the Indian or British army is strongly formalized. Aspirants have to go to the army camp at a fixed date, present their passport and their 10-year school certificate (so-called School Learning Certificate, S.L.C.), and pass a physical test. The Indian army selects new Gurkhas once a month. At the British camp, they recruit youngsters for both the British army and the Singapore police once a year. While the recruitment days of the Indian army are generally known, those of the British army are announced in newspapers and passed by word of mouth. Both armies have a camp in Pokhara.
Both the Indian and the British army have fixed entrance quotas. Only around one fourth of total aspirants for the Indian army and around 15% of total aspirants for the British army are selected. Besides the official criteria, there is a greater chance of being selected if the applicant’s father is or was a Gurkha, perhaps in the hope that the son might have “inherited” the discipline and sense of duty of their fathers.

After the aspirants have been selected, the army takes over the organization of the movement, training of recruits, and covers all costs. The aspirants, therefore, only have to spend a few rupees for the fare to Pokhara. According to their rank, Gurkhas serve for 15 (normal soldier) or 20 years (officer or other higher rank) until they retire and receive their pensions.

Both armies have drastically reduced the number of recruited Nepalese, and the 10-year school certificate as a precondition for selection was only recently introduced. For Gurung and Magar, who constitute most of the population of Sainik Basti and for whom the Indian and the British army have for a long time been a very important source of income, these are serious changes and have led to an increase in unemployment.

Recruitment through licensed recruiting agencies for the Gulf States and some Asian countries

Migrants who want to go to the Gulf States, Malaysia, South Korea, and Singapore or to certain other Asian countries obtain their job through one of the 280 legal or about 200 illegal recruiting agencies as mentioned at the beginning of the article. In these countries, big companies undertake large-scale recruitment of cheap foreign manpower. After having received visas from their government for a defined number of workers and specific kind of work, they negotiate with recruiting agencies of the sending countries, such as Nepal, about the number of vacancies these will recruit workers for. Nepalese recruiting agencies recruit workers via newspapers and their local agents after having received permission from the Nepalese Department of Labour. They select workers, arrange training for them if required by the employer, and give them an introduction to the receiving country. Local agents act as intermediaries between prospective migrants and recruiting agency. Often, local agents are friends or relatives of the prospective migrants, or the latter get to know them through friends or relatives. The prospective migrants pay a package comprising the visa, airplane ticket, arrangements at the place of work, and a fee for the services of the recruiting agency. The whole package costs them on the average around 1,026 US$ (NRs 80,000) of which the service charge accounts for US$ 38 (NRs 3,000)
ice charge accounts for US$ 38 (NRs 3,000) to US$ 128 (NRs 10,000). Migrants and recruiting agency sign a work contract, written in English and Nepali, which contains specific details about the salary, duration of employment (normally two or three years at the most) and the facilities provided by the employer, such as accommodation, food and medical care.

Although this process appears to be formally regulated, this ideal scheme is not always adhered to and the migrants are exposed to many risks; these are discussed in the section about risks and negative aspects of migration below. In spite of the highly formalized process, migrant networks or simply social contacts play an important role also. They are important for the provision of information about agencies or foreign employers and of accommodation during the preparations in Kathmandu.

Migration to Hong Kong with an identity card

Migration to Hong Kong is or rather was facilitated by a special arrangement for descendants of servicemen of the British army. Children who were born in Hong Kong while their father was stationed there as a serviceman of the British army could apply for a Hong Kong identity card (ID). ID holders have the right to settle and work in Hong Kong and to obtain an ID for (only) one member of their family. These much sought-after Hong Kong IDs are also traded on the black market. Another way of procuring an ID is through arranged marriages with an ID holder against payment.

Migration with an ID to Hong Kong is safe, easy and reasonable. Migrants do not need to rely on an agency or a broker or to undertake a dangerous journey. The only large investment cost is the airplane ticket. There are also one, two and three-year visas for Hong Kong available. Their disadvantage is that they have a time limit and investment costs are quite high for such a relatively short period. Only one young woman of the sample availed herself of this possibility.

The earning level for a migrant in Hong Kong is in general high but varies a lot. The living costs are high, too. Due to intense mutual support, Nepalese have developed job search networks. Contrary to the vast majority of migrants to other destinations who see their stay abroad as temporary, many migrants to Hong Kong planned to settle there. They enjoyed their lives in Hong Kong and benefited – until recently – from the generous immigration regulations including the possibility of family reunion. This is one reason
why almost two thirds of all female migrants from Sainik Basti live in Hong Kong.

However, the Chinese have recently ceased issuing IDs. This change is another example of a shock in the vulnerability context influencing people’s livelihoods. We assume that migration to Hong Kong will decrease significantly as a consequence. However, it is possible that the migration flow to Hong Kong will continue in spite of these changes, depending on whether or not the migrant networks between migrants in Hong Kong and their relatives or friends in Nepal have had enough time to evolve.

Illegal migration to Europe, Japan, Taiwan, South Korea and Malaysia

In the case of Europe, Canada and the U.S.A, as with many Asian countries, like Japan and Taiwan, hardly any residence or work permits are available for Nepalese. Until recently, there was no legal way of migrating to South Korea and Malaysia. A variety of possibilities exist to enter these countries illegally or to enter on a tourist visa and “disappear” when the visa expires. The majority of migrants use a broker. The broker provides a tourist or transit visa or brings the migrants into the country over a “green border”, where they “go underground” and look for a job in the informal sector. Risky journeys include stops in other countries where it is easier to get a visa for the country of destination. Particularly in the case of Japan and South Korea, it is popular to go with a “cultural program”. Several Nepalese form a group and, with the help of a broker, apply for a visa to Japan in order to perform traditional Nepalese music and dances in Japan. Only part of the group returns after the tour. Others join athletic teams and run away from them after reaching the country of destination or work in the crew of a ship and “disappear” when it lands in the harbour of a promising country. Some try to enter the U.S.A. on a student visa or, in the case of Europe, hope to be recognized as refugees.

For Malaysia and South Korea migrants have the choice between legal immigration through licensed recruitment agencies and illegal immigration. Most prospective migrants prefer the illegal alternative, in spite of the higher investment costs and risks involved. While the price demanded by the broker for an illegal migration is twice as high as the legal alternative (US$ 6,410 or NRs 500,000 compared to US$ 3,205 or NRs 250,000 for South Korea), the potential earning level is several times higher, too. When answering an announcement, job and salary are fixed before departure. In contrast, when going without prearranged employment, the migrants have the chance to get
salaries that are three times higher in Malaysia and up to six times higher in South Korea (US$ 320/month or NRs 25,000/month compared to around US$ 1,920/month or 150,000/month).

REMITTANCE TRANSFER

Amount, frequency and regularity

The migrant and the non-migrating household members neither stipulate an amount, which the migrant is obliged to send back, nor the regularity at which he should send it. Most migrants, however, are in a position to and do remit cash and kind to their non-migrating household members in Nepal.

The amount varies a lot, ranging from zero from migrants in India and Hong Kong who can hardly live on the money they earn, to US$ 960/month (NRs 75,000/month) from a migrant in Japan. The amount of the remittances depends on the salary, living costs and the constellation of the family. The status of a migrant (legal or illegal) has an influence on how and how often money is sent. Migrants working illegally in Asia, Europe or the U.S.A. often change their jobs every few months. Consequently, their income varies and with it the amount of their remittances. If the working migrant is joined by his wife and children, for example in India or Hong Kong, migrants send only little money to their parents. However, remittances in kind cannot be neglected. Clothes, electronic equipment, or adornments for the house, play an important (material) role and are also a matter of prestige.

The frequency of sending ranges from every month to only once, when returning after a two-year stay. As both the amount of money sent and the frequency vary considerably, it is unpredictable for many household members in Nepal to know when and how much money they will receive. This makes it difficult for them to manage the money. It is especially problematic if they depend on remittances for their daily living, which indicates the vulnerability on the side of the non-migrating household members. The frequency of transfers depends upon limitation of the method of remitting; the time needed to save a sum worth sending or on the plans the migrant has with the money. Migrants sometimes prefer to send the money in a lump sum. They want to be sure that the money is been invested in more substantial needs, like the construction of a new house or repayment of loans and accumulated interest, rather than being consumed on daily expenses.
Thanks to contacts per telephone, the non-migrating family members might resort to the migrant when they face an emergency. It seems, however, that they prefer to provide money within the country rather than across international borders. Mostly, families help themselves by taking loans from neighbours or friends, repaying these when the next “regular” remittance arrives rather than asking for an extra payment. There are, however, cases where the migrant sends extra money, for which he may himself have to take out loans from his colleagues abroad.

Different systems of accumulating money exist among the migrants. They keep money in their rooms or in banks or create, together with colleagues of the company or the (army) camp, pooling systems, known in the literature as rotating savings and credit associations (Thieme, 2003). Shared community origin is here less important than the fact of living and working together. No case was found where non-migrating household members in Sainik Basti send money to the migrant, in case he does not earn enough money and is in need. Migrants appear to take some money with them when leaving Nepal, but look after themselves afterwards. As shown in an example regarding India (Thieme, 2003; Thieme and Müller-Böker, in print), migrants organize themselves with migrant colleagues if necessary. But, whenever possible, all families send little presents to the migrant, things from home, such as photographs, music or foods he or she may miss.

**Methods of money transfer**

There are basically three methods used to transfer remittances: (a) the hand-carry system by means of the migrant him- or herself or through friends of his or her; (b) transfer through hundi; and (c) transfer using banks (also Seddon et al. (2001)).

The most common and simplest method of transportation is to carry money in cash by hand when returning to Nepal. People who work in the Gulf States or India tend to do this. In India hand carriage is the only method used. Migrants may either carry their remittances by themselves or give them to family members or friends with whom they work. Bringing money home oneself has different advantages. It is free of charge, no second trustworthy person is needed and it is the migrant’s own responsibility to avoid fraud. Most migrants considered the risk of theft or aggression as low. These experiences are contrary to findings by Seddon et al. (2001). Seddon et al. based their results mainly on data of migrants returning from India by train or bus and found a high risk of loss or theft with the hand-carry system. It is possible
that risks of theft are lower during air travel from a Gulf state or an Asian or Western country. Carrying the money home, the migrants can bring other goods along as well, as for example televisions, video-players and clothes. Some migrants coming from Saudi Arabia import and sell small amounts of gold, profiting on the price difference between Saudi Arabia and Nepal. The disadvantage of bringing money home oneself is the cost of travel, which allows migrants to return home only once a year or even less. Migrants staying illegally in a country risk difficulties at the border and may later not be able to re-enter their former host country. Therefore they return only at the end of their stay. In the meantime, they rely on colleagues who stay legally in the country and can go home in between (e.g. in Malaysia and South Korea, where Nepalese go both legally and illegally). Like for rotating savings and credit systems, these colleagues are often from the same company (especially in the case of the Gulf states) or, in the case of army, from the same camp, a shared community origin being of secondary importance. The migrant does not pay his colleagues for this service but will also carry money to Nepal for them when he returns himself. The migrants trust each other and do not consider this method of transfer as risky. None of the interviewees reported having had problems. They established a system of control, informing their family beforehand by telephone or letter about the amount of money sent. When he returns, the carrier may bring gifts from the family in Nepal, fostering the exchange between migrants and non-migrating family members. Depending on how many reliable colleagues a migrant has got and how often these return to Nepal, he may or he may not be able to send money regularly.

_Hundi_ is an indigenous, informal banking and money transfer system, which has no legal status in most countries (Passas, 1999). _Hundi_ is very common for sending money from Asian states, but has many branches around the world. It is especially important when migration is illegal, as hand carriage implies physically crossing borders. For migrants in Japan for example, it is hardly possible to migrate legally, and _hundi_ is therefore the only transfer system they use. Migrants in Middle East countries, Hong Kong, Malaysia, Japan, South Korea, Taiwan and western countries used _hundi_ as well as hand carriage. There is no _hundi_ connection between India and Nepal (also Seddon et al., 2001). By using _hundi_ a series of middlemen collect money from migrants. The middlemen direct another person in the _hundi_ centres in Hong Kong, Dubai and Singapore to a middleman in Nepal, who will then deliver the corresponding amount to the relatives of the migrant (Seddon et al., 2002: 27; Gurung, 2003: 276-277). The commission is about the same as in banks and amounts to 10% for a transfer from, for example, South Korea to Nepal. No contract is signed between the migrant and the _hundi_ collector.
Many migrants consider *hundi* as quite risky and realize that they have no defense or recourse in the case of fraud. None of the interviewees has, however, ever suffered loss when using *hundi* (see also Seddon et al. 2002: 27). The business relies on mutual trust and benefit on both sides. *Hundi* organizers depend exclusively on word of mouth recommendation. Fraud would destroy their reputation very fast. Additionally, migrants could report the illegal business of the *hundi* organizer to the authorities. On the other hand, if the migrants are living illegally in the country, they risk betrayal, too. However, even as legal migrants, they would not have any chance to recoup their money through the legal system because they lack a legal contract. For a betrayed migrant, there would only be one consolation, as a migrant said laughingly: “God will punish him”. Using this method of money transfer, migrants and their family members at home also establish an alternative system of control by sending letters or faxes before sending and after receiving the money. The biggest advantage of the *hundi* system is its speed; the family gets the money within two to three days after dispatch from Europe, and the money can be transferred at any time.

The third possibility is the remittance transfer through banks. Only very few migrants use banks, mainly those staying in Western Europe. The main reasons for not using banks are the limited knowledge of the migrants and their non-migrating family members about commercial banking, and the long processing times of up to three weeks. Hand carriage and *hundi* are much faster. In addition, illegal migrants cannot obtain a bank account in the host country, and rural areas often simply lack a bank infrastructure (Thieme, 2003). In the case of Sainik Basti though, a bus ride to Pokhara where many banks can be found takes no more than 30 minutes and costs only 0.16 US$. However, it cannot be overestimated how much people trust their traditional ways of remittance transfer more than commercial banking, as has been found in another case study of migrants in Delhi (Thieme, 2003). Nevertheless, migrants ascribe some advantages to bank transfers; for instance, security and, as with the *hundi* system, the possibility of sending money at any time.

The preference of using *hundi* instead of a bank can partly be explained by the difference in transaction costs. Transaction costs, that is, costs of negotiation, monitoring, and enforcing contracts, are minimized when “exchange takes place in a limited face-to-face sphere among known individuals with whom repeated deals are common” (Ensminger, 1992: 25). For people from
Sainik Basti, who are unfamiliar with the banking system, transaction costs of banks are higher than when dealing with relatives or friends.

THE CONTRIBUTION OF INTERNATIONAL LABOR MIGRATION TO SECURED OR IMPROVED LIVELIHOODS

The question now is whether or not international labour migration helps people to cope with and recover from stresses and shocks. Migrants perceive international labour migration as an opportunity, but it involves risks as well. (Potential) migrants and their household members have assets, needs, goals and dreams. Some institutions facilitate while others constrain the possibility to use their assets and reach their goals. Furthermore, migrants and their household members act within a vulnerability context consisting of external factors, which are out of their control. Migration, therefore, has many intended and unintended consequences on the livelihoods of migrants and their family members.

First, we shall analyze the impact of international migration on the assets of individuals and households. Secondly, we shall summarize the vulnerability context and negative aspects of migration, and then give estimations about whether or not international migration contributes to sustainable livelihoods.

Financial, physical and natural capital

The hope for increased income is undoubtedly the primary incentive for labour migration. Whether this goal is achieved or not depends mainly on the investment costs and amount of indebtedness. Additional to the loans themselves, migrants and their family members may have to pay a considerable sum as interest, depending on the amount of loans taken out, the interest rate, and the time needed to repay the debts. If household members need two years to save the sum they have to repay, which is a realistic duration, and the interest rate is at the usual 3% per month, this household has to pay as much as 72% of the loans in addition to its initial debt. Despite these challenges, international migration usually leads to an increase in financial capital. It can be just enough to insure the existing standard but it may also raise it. Money is mostly invested in physical capital like a new house or a motorcycle, in another migration or the education of a person’s children. The increase in financial and physical capital opens up new options for household members. They now have the possibility to allocate loans by themselves and live from the interest, which is a widespread strategy and is often adopted as an interim
solution until a new migration becomes inevitable. Fewer loans are needed for a subsequent migration, and a more attractive but also more expensive destination might be possible. Additionally, both financial and physical capital increases one’s chances to get access to further credit.

Human and social capital
The loss of manpower at home is in most cases negligible in Sainik Basti. The vast majority of the migrants were unemployed and not very active in agriculture before their migration. Abroad, migrants gain new job skills. Unfortunately, this does not add to a returnee’s opportunities on the labour market in Nepal. A big hindrance here is the disgrace of doing certain kinds of manual labour. The returnee would feel ashamed to do the same work in Nepal as he does abroad. Additionally, companies in Nepal do not have such modern equipment as, for example, in the Gulf States.

One of the main goals of labour migration is a good education for the children. This long-term investment in human capital enhances the children’s chances of getting a (better paid) job in Nepal or abroad and helps secure the retirement of the parents.

Remittances are not an outcome of pure altruism. They are, together with the financing of migration, part of an implicit agreement, which governs the allocation of investment, and return between parents and children. Families invest in education of children or migration of family members, expecting remittances and old age insurance. At the same time as supporting the family back home, migrants keep good relations with the family to ensure that they inherit family properties later on (Stark and Bloom, 1985; Regmi and Tisdell, 2002). Financing feasts and bringing back gifts, such as clothes or radio recorders etc. also has a high symbolic value of increasing the honour and reputation of a successful migrant. The importance of gifts and costly feasts for maintaining social networks has been recognized in different cultures (Werbner, 1990; Werner, 1997). This way, economic investments are also transformed into social and symbolic capital, which confirms the assumption of new economics of migration. Returnees gained migration-specific knowledge about the procedures and dangers involved in migration and what awaits Nepalese migrants abroad. Guilmoto (1998: 97) also highlights the importance of such migratory experience, saying that it functions as “migratory capital” for the subsequent migration of its owner. Through expanded networks, returnees monitor trends in wages and employment opportunities, al-
lowing them to make their own decisions about future employment. In the case of the Gulf States, friends still living there may even help a returnee or his brother to get a job and the required visa, recommending him to their employer. Some especially capable migrants in the Gulf States are personally known to the employer and can negotiate directly with him, even after their return to Nepal. Migration-specific knowledge and networks therefore reduce the costs and efforts of the preparation for migration, enable migrants to circumvent intermediaries, and may increase the potential earning level abroad.

These networks of obligation feed further migration; what Massey calls ‘circular and cumulative causation’ (Massey et al., 1993). Following Gächter (2000: 167). We assume that while professional recruiters are needed at this stage for “new” destinations like the Middle East, they will in time be partly replaced by personal networks. However, the example of Sainik Basti shows that there is not only one network for the whole community but many different networks, and individuals or households are not automatically part of these networks. Social networks only increase the propensity of those who are part of them to migrate. It is therefore not the existence of but the access to migrant networks that influences the likelihood of migration of an individual.

Also, successful migration adds to the migrant’s credit-worthiness. If a migrant has been successful and has shown himself able to repay debts, arrange a job or carry money for colleagues, his or her trustworthiness and negotiation position and hence his chances of obtaining further loans or profit from migration networks increase.

Risks and negative aspects of international labour migration

The positive impact of migration can be contrasted with migrants’ adverse experiences. A variety of external factors affect incentives for migrating. While the political instability in Nepal forces people to migrate, Nepal’s emigration policy constricts female migration by partly banning migration of women to the Gulf States. Other factors include changes in the labour market of receiving countries or armies, such as the reduction in recruitment of Gurkhas, or changes in the regulations regarding immigration or security precautions, such as for example the fact that identity cards for Hong Kong are no longer issued.

At all stages of the process, migration involves different risks and difficulties for the migrant and his or her family. Access to information about the possi-
bilities and procedures of migration depends mainly on a would-be migrant’s experience and his or her social capital. If a bad recruiting agency or broker is selected, this may result in insufficient information. An incompetent recruiting agency may cause a delay in departure, forcing the migrant to waste time and money waiting in Kathmandu. Regarding brokers, cases of villagers are known who lost all their savings and were left with a burden of debts due to fraud by self-proclaimed brokers.

Illegal migration is generally expensive and risky. There are two main risks. First, migrants are at the mercy of brokers. They have no recourse to a governmental agency or to the legal system in order to have their money refunded in the case of fraud. Secondly, illegal migrants may risk their lives on the journey, imprisonment and enforced repatriation. Also, there is no guarantee that a plan will work out, even if it has been successful before. For example, migrants who tried to enter the U.S.A. the way their predecessors did, failed due to strengthened security precautions after the terrorist attack on the U.S.A. on September 11, 2001.

In the receiving country, the main risk factors are the labour market, employers, and living costs and conditions. Periods of unemployment in the beginning or during the stay abroad are common for migrants without prearranged employment. Cases of breach of contract on the part of employers in the Gulf, Malaysia or South Korea are not unusual. Employers may pay less salary than stipulated, may not bear costs of food and accommodation despite agreeing to this previously, and they may discharge the migrants ahead of schedule. It is difficult for migrants to defend themselves because their visa is bound to the particular employment. Also, there is, in many receiving countries, no Nepalese embassy, which the migrants could ask for help, or it is too far away and hence difficult to reach. The living costs may generally be higher than expected or the migrant may spend the better part of his salary on alcohol or gambling, or squander it on other things. Some migrants further reported working under degrading and dangerous working conditions. Health or psychological problems force some migrants to return home.

Money transfers involve the risk of theft of the money or fraud by the hundi organizer. The planning and management of funds is made much more complicated for those staying at home due to the unpredictability of how much and how often money is transferred. Migration mostly starts with indebtedness. In some cases migrants and their families are not able to repay debts after having returned from migration. The
only possibility to repay the debts is usually to borrow more money and inv-
vest in another migration, running the risk of falling into a cycle of ever-
creasing debt (Thieme, 2003: 20-35; Moose et al., 2002).

Migration may also have negative psychological and social aspects. Both mi-
grants and those remaining at home reported suffering from the long separa-
tion from each other. Some villagers argue that the youngsters are spoiled
and lack a sense of personal responsibility due to the high income of their
migrating fathers. Moreover, poor people and women are excluded from this
option of earning money. This may widen the gap of income inequalities and
increase the vulnerability of these groups. One negative aspect regarding
women is linked with their position in the household. Particularly newly mar-
rried women living in the house of their parents-in-law may have an especially
weak position in the household when their husbands are abroad.

How male migration affects the lives of women remaining at home has not
been addressed specifically in this study. Other research in the research
program of the National Centre of Competence in Research North-South (NCCR
North-South) of which this study is a part, assumes that the workload for the
remaining family members, especially the wives, increases; this includes sin-
gle responsibility for house and childcare as well as agricultural work. On the
other hand, women participate more in decision-making processes in agricu-
tural work, life cycle events such as decisions about the education of chil-
dren, burial ceremonies, and in village development (Kaspar, 2004). That ex-
tensive male labour migration does not always lead to decay and frustration
for women has been shown by Macfarlane (1976: 290-291). He observed that
Gurung women scarcely missed their men. One reason might be the tradition
of male labour migration. Men have always been away from home villages,
first as traders and herdsmen, later as soldiers (Macfarlane, 1976: 290-291)
and nowadays as employees in mostly low skilled jobs. Both the migrants
and the family members back home are vulnerable to HIV-AIDS
(http://www.carenepal.org/project/hiv_aids.htm, 10/19/2004; Poudel et al.,
2003).

Migration is an opportunity

Chambers and Conway (1992: 7) define sustainable livelihoods as follows:
“A livelihood is sustainable when it can cope with and recover from stresses
and shocks and maintain or enhance its capabilities both now and in the fu-
ture, while not undermining the natural resource base.” In spite of the risks
and negative aspects, the inhabitants of Sainik Basti mostly see migration
abroad as positive. It is an answer to the tight labour market in Nepal, as it exists at least for people from Sainik Basti with their educational level and ethnic affiliations. People are able to maintain or enhance their capabilities and assets now and in the future through migration. The main outcomes of migration are increased financial capital, education of the children, migration-specific knowledge, and increased social capital. Through these changes in asset endowment, each act of migration facilitates and stimulates subsequent migration of the returnee or first migration of another household member. The enlarged assets particularly enable the migrant to circumvent intermediaries and organize and finance his migration more independently. This lowers investment costs as well as the risks involved in migration, and thereby increases the potential net return. Even an unsuccessful migration may stimulate subsequent migration, as this might be the only possibility to pay off the debts it caused.

The fact that previous migration of the prospective migrant or his family members alters the conditions under which migration takes place has implications regarding expectations of migrations. While in the beginning migration is seen as a means to secure the livelihood, it is later a possibility to raise ones standard of living. Destinations first explored by pioneers, later become open for “mainstream migrants”.

However, most people in Sainik Basti rely almost exclusively on income from migration, which makes them vulnerable to the stresses and shocks in the migration conditions. These shocks and stresses can be better coped with using the experience and financial means of a former migration, or when several members of a household migrate, one member being able to absorb the shocks and stresses faced by another member.

CONCLUSIONS AND POLICY IMPLICATIONS

International labour migration is the prevalent livelihood strategy in Sainik Basti and has become almost a rite of passage, a matter of prestige and a mark of belonging to the community. We outlined the circumstances and financial considerations leading to the decision to migrate as well as the criteria for the choice of a destination. We further discussed the different ways of financing and organizing international labour migration and of remitting money. Based on these analyses we showed that international labour migration has a high potential to improve the livelihoods of the migrants and their families by improving their financial situation as well as their human and so-
cial capital. However, a variety of risks and difficulties prevent many migrants and their families from fully benefiting from international labour migration, or worse, cause a negative net return and socio-psychological stress.

As international migration is a widespread livelihood strategy and will not cease in the near future, the key development issue is to reduce the social and economic costs of migration and increase its returns for the migrants and those remaining at home. As we described, risks and difficulties of labour migration occur on different levels and in different phases in the migration process (NIDS, 2003a, 2003b; Seddon et al., 2001; Thieme, 2003).

Employment and social protection:

- Conditions of employment and social protection should be improved by improving the relevant laws; there should be government representatives in every country of destination, and there should be access to health services, education, skills training and social security.
- The ban on women should be lifted and women provided with safe and legal access to foreign employment.
- Quality standards and a regularly evaluation of recruiting agencies should be introduced.
- Migrants should become more aware of their rights as workers. This can be done through training programs, links with government officials, recruiting agencies and NGOs.

Formal financial institutions:

- There is a need for better banking facilities to transfer money between Nepal and various migrants’ destinations. It should become easier, cheaper, faster and safer to remit money through formal channels.
- Banks should look at migrants and their families as a potential target group. They could consider developing specific loan, remittance and savings products for this target group.

Access to information:

- Sufficient and easy access to information about foreign employment opportunities, application procedures, pitfalls and best practices, and migration policies in the form of booklets, newspaper articles, radio programs etc. increase the chances of successful migration.
- Economic literacy of migrants and their non-migrating family members regarding income, saving, spending, borrowing, banking and sending remittances can help to increase their economic power.

Implementation

Within the NCCR North-South research program, research results were also implemented in two projects, which address the lack of and access to information about migration in two very different ways. The radio program PAURAKHI (entrepreneur) has been running since March 2004. It is based at the central radio broadcasting system in Nepal. Once a week the program gives information about recent foreign employment opportunities, reliable recruiting agencies, best practices and pitfalls and offers a “helpline” for listeners. Unlike newspapers and television, radio is accessible to nearly all Nepalese, since many people have a battery-run radio even in regions without electricity, as phone calls from interested young people from marginalized regions like Far West Nepal revealed. The second project is based in Delhi, India. Here, an NGO provides regular training courses about economic literacy, addressing issues of access to loans, management of debts and savings, money transfer and knowledge about commercial banking, and about more general issues such as labour rights, social security and health issues (Thieme et al. 2005).
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TABLE 1
NUMBER OF NEPALESE LIVING ABROAD PER REGION OF DESTINATION

<table>
<thead>
<tr>
<th>Region of destination</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia</td>
<td>591,741</td>
<td>77.6%</td>
</tr>
<tr>
<td>Middle East</td>
<td>110,826</td>
<td>14.5%</td>
</tr>
<tr>
<td>East / Southeast Asia</td>
<td>34,532</td>
<td>4.5%</td>
</tr>
<tr>
<td>Europe, America, Australia</td>
<td>23,205</td>
<td>3.1%</td>
</tr>
<tr>
<td>Other</td>
<td>1,877</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total</td>
<td>762,181</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia</td>
<td>India, Bangladesh, Bhutan, Pakistan, the Maldives, Sri Lanka</td>
</tr>
<tr>
<td>Middle East</td>
<td>Saudi Arabia, Qatar, United Arab Emirates, Kuwait, Bahrain</td>
</tr>
<tr>
<td>East / Southeast Asia</td>
<td>Hong Kong, Malaysia, Japan, Singapore, South Korea, China, other Asian countries; Russia and other countries</td>
</tr>
<tr>
<td>Europe, America, Australia</td>
<td>United Kingdom, Germany, France, other European countries; U.S.A., Canada, Mexico; Australia</td>
</tr>
</tbody>
</table>

Source: HMG et al., 2002.
TABLE 2
NUMBER OF MIGRANTS FROM SAINIK BASTI
PER REGION OF DESTINATION

<table>
<thead>
<tr>
<th>Region of destination</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Army</td>
<td>39</td>
<td>17%</td>
</tr>
<tr>
<td>Indian Army</td>
<td>35</td>
<td>15%</td>
</tr>
<tr>
<td>British Army</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>India</td>
<td>33</td>
<td>14.5%</td>
</tr>
<tr>
<td>Middle East</td>
<td>69</td>
<td>30%</td>
</tr>
<tr>
<td>Qatar</td>
<td>11</td>
<td>5%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>37</td>
<td>16%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>16</td>
<td>7%</td>
</tr>
<tr>
<td>Other Gulf states</td>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>East / Southeast Asia</td>
<td>78</td>
<td>34%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>66</td>
<td>29%</td>
</tr>
<tr>
<td>Japan / South Korea</td>
<td>6</td>
<td>2.5%</td>
</tr>
<tr>
<td>Malaysia / Singapore</td>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>Other East / Southeast Asian countries</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Western countries</td>
<td>10</td>
<td>4.5%</td>
</tr>
<tr>
<td>U.K.</td>
<td>6</td>
<td>2.5%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Other Western countries</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>229</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


NOTES

i Both authors contributed equally to the article. The field research in Sainik Basti was done by the second author S. Wyss. This research received support from the National Centre of Competence in Research North-South (NCCR North-South), with financial assistance from the Swiss National Science Foundation (SNF) and the Swiss Agency for Development and Cooperation (SDC). We thank Ganesh Gurung (Nepal Institute for Development Studies) for his intellectual and practical support in identifying the village for the case study, providing access to the field and giving inputs during fieldwork. We would also like to thank Ulrike Müller-Böker and Michael Kollmair (Department of Geography, University of Zurich) for their intellectual support and advise. We are grateful to the interpreter Puja Gurung, who was exceptional competent and helpful. Sincere thanks go to the young men of Adarsa Youth Club for providing their infrastructure and facilitating the contact to important informants, and to the people of Sainik Basti for providing all their patience and openness.

ii Gulf States: Bahrain, Iran, Iraq, Kuwait, Muscat, Oman, Qatar, Saudi Arabia, United Arab Emirates

iii Due to the absence of informants during the data collection, these and the following numbers are based on the recorded total of inhabitants, which is 1,880, living in 338 households.

iv This extremely high number of migrants to Hong Kong is not only due to the attractiveness of Hong Kong, but it includes husband, wife, and their children, who all live together in Hong Kong, unlike the numbers of migrants to other countries, where only individual males go.

v Gulf States: Bahrain, Iran, Iraq, Kuwait, Muscat, Oman, Qatar, Saudi Arabia, United Arab Emirates

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vii This extremely high number of migrants to Hong Kong is not only due to the attractiveness of Hong Kong, but it includes husband, wife, and their children, who all live together in Hong Kong, unlike the numbers of migrants to other countries, where only individual males go.
The true number of migrants to India may even be higher than that recorded because India is not really seen as a foreign country and people therefore do not always mention migration to India when asked about the past, present or forthcoming foreign employment of their family members.

We treat the option to serve in the Indian or British army as a special case of choosing a destination. It takes place at the same stage of the process preceding migration and many migrants think about both, the possibility to serve in a foreign army and to look for other employment abroad.