

# Impact of migration in agriculture and food security in South Asia

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## Agriculture and migration

In 2010, agriculture contributed 18 per cent to South Asian GDP and provided employment to 51 per cent of the regional population. Nepal has the highest contribution of agriculture to GDP ratio (36.53%) and Maldives the lowest (3.14%). Similarly, Nepal generates the maximum percentage of employment, mostly informal, in the agriculture sector (66%).

Trade in agricultural products has remained significant in ensuring food security among all South Asian countries. Some of these countries, particularly Afghanistan, Maldives, Nepal, Pakistan and Sri Lanka, have a significant share of import and export of food items in their overall export-import composition. All countries in South Asia, except India and Sri Lanka, incur deficit in agricultural trade (Nanda-2012).

Despite the persuasion of open and liberal trade policies, South Asian governments have a propensity to protect their agriculture sector, as manifested in the sensitive list of South Asian Free Trade Area (SAFTA) agreement.

Temporary migration for better employment opportunities remains a feature of most of the South Asian countries. Traditionally, people have been migrating to neighbouring countries for employment, but this process took a new turn in the seventies due to the global oil boom, which created employment opportunities in the Gulf countries. Rapid development strides by some countries, particularly in Malaysia, Korea and Japan, also increased the demand for industrial labourers. Most of these migrant workers come from the agricultural sector. In Nepal, 80 per cent of the its migrating workforce are between 20 to 30 years old and are mostly from the poor rural communities.

The contribution of remittances in Nepal's national economy has been increasing with the growth of outward flow of migrant workers. Remittance represented 25.7 per cent share in its GDP in 2012-13. The figure increased to almost 30 per cent in 2013-14. The corresponding figures for Sri Lanka, Bangladesh, Pakistan, India and Afghanistan have remained 10, nine, six, four and three per cent respectively (*see figure*). World Bank estimates suggest that remittances to South Asia rose by an estimated 4.5 per cent in 2014.

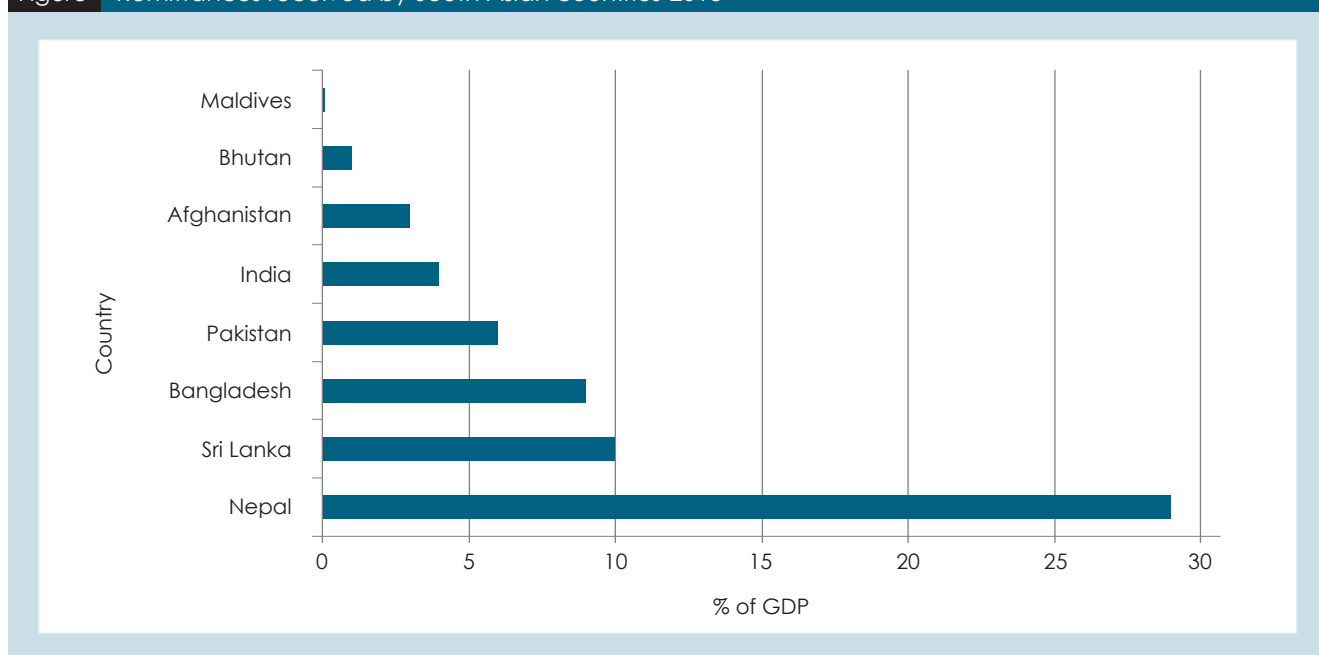
The figure was driven by sharp increases in remittances to Bangladesh, Pakistan and Sri Lanka (WB-2015)

Nepal has an open border with India. There is no requirement for visa for cross-border travel and this presents a unique situation for seasonal migration. A sizable number of people from the mountains, hills and plains travel to India to work as seasonal workers to supplement the income of farmers for clothing and purchase of food grains.

There is a two-way relation between agricultural productivity and labour migration. On the one hand, the migration of the workforce may initially cause labour shortages in the farm. This may reduce disguised unemployment in the agricultural sector, in the short run, resulting in increased productivity and production. But the results may show a fall in the longer run due to shortages of labour. The fall in productivity may subsequently trigger an outward flow of migrant workers, leading to a vicious cycle of external dependency and food insecurity. The following table provides the outflow trend of migrant workers from Nepal.

As of 2013, there were 1.7 million Sri Lankan migrant workers working abroad, with approximately 200,000 departing for foreign employment every year. India had 6.8 million migrant workers in the Gulf countries, with the largest number of 2.8 million in United Arab

Figure Remittances received by South Asian countries-2013



Source: The World Bank-2015

Table	Annual departure of migrant workers (Based on govt. labour permits)			
	Fiscal Year	Number of official permits issued to		Total
	Individuals	Recruiting Agencies		
	2008-09	56,079	163,886	219,965
	2009-10	68,894	225,200	294,094
	2010-11	113,793	240,977	354,716
	2011-12	124,635	260,030	384,665
	2012-13	55,158	395,676	450,834
	2013-14	78,395	443,483	521,878

Source: GON, Department of Foreign Employment

Emirates (UAE) alone. Bangladesh sent 240,000 workers to the Gulf countries out of a total exodus of 409,000 in the 2013.

Migration and remittance have played a significant role in economic growth and poverty reduction in South Asia. It is estimated that around 1.5 per cent of the total population of South Asia are working outside the region, 35 per cent of them in the Middle-East. The remittances are largely used for educating their children and providing food and shelter to their families. The Nepal Living Standard Survey-2008 shows that the percentage of population below the poverty line came down to 25.2 per cent in 2008 from 32.5 per cent ten years earlier. This is mainly attributed to remittances received by poor households.

### Food security and migration

Food security is generally related with availability and access to food, its utilization and stability over a long period. The issue is influenced by a host of non-food elements such as unplanned urbanization, income inequality, overpopulation, ecosystem degradation and other environmental factors.

Migration from South Asian countries is mostly triggered by economic reasons. Remittances received from migrant workers become the sources of income to their families which they can use for purchasing farmland and food grains. Similarly, the skills and knowledge acquired by the migrating workforce could be used for enhancing agricultural production when they return. There are instances of returnees also bringing new crops and varieties to the home country to start a new agri-business. All these add to ensuring food security through promotion of agriculture related businesses. Moreover, emigration reduces under-employment and relieves the pressure on resources,

including basic supplies such as food, essential services and health care. Also, fewer people at home means reduced consumption and utilization of food to be supported by the remittances.

On the other side, migration also becomes a factor behind decreasing agricultural production and productivity in the home country, due to absence of the directly engaged young workers. The absence of young workers is also a loss of skills and entrepreneurial talents, which may cause a spiraling decline of the economy that would be difficult to stop. The lack of human resources may also deter inward investment by private organizations, thus increasing pressure on government resources.

There is a triangular relation among migration, agriculture and food security. Since the food security issue is also related with migration, it needs to be mainstreamed into the migration agenda. Similarly, migration needs to be mainstreamed into the agricultural development and food security agenda (Crush-2012).

Agriculture must be an attractive business to retain the young workers in their home country. This is an inducement for governments to create incentives and additional support measures to sustain agro-businesses. The Indian budget puts due emphasis on providing subsidies to poor households and farmers. The volume of such subsidy for rice, wheat, pulses and sugarcane in Fiscal Year 2014-15 was almost 3,780 billion Indian rupees (almost 4.24 per cent of the GDP). Similarly, the food subsidy bill stood at 1,078.2 billion rupees during 2014-15 (up to January 2015); an increase of 20 per cent over the previous year (GOI-2015). Subsidies are available for fertilizers, pesticides, seeds and irrigation in other South Asian countries, like Bangladesh, Pakistan and Sri Lanka.

Nepal has lately re-introduced subsidies for seeds and fertilizers. Budgetary allocations in the agriculture sector were increased in 2012-13 to three per cent of the total annual allocations.

The increasing volume of food import poses a risk on Nepal's food security situation. Its import of foodstuff and live animals jumped from Rs. 24 billion in 2009-10 to Rs. 88 billion in 2013-14, a leap of 266 per cent over the five year period.

For the average household in South Asia, food takes close to half of its total spending, compared to 17 per

cent in the United States. Thus, any increase in food prices would have a direct impact on poverty levels. A study done by the Asian Development Bank shows that an increase in the food price by 10, 20 and 30 per cent, the number of poor people living on less than \$ 1.25 a day, moves upward by 2.1, 4.1 and 6.2 percentage points respectively. The most vulnerable group among these include the poor in rural India and Nepal (Carasco and Mukhopadhyay-2012).

## Issues and challenges

Poverty is a common problem in South Asia. Half a billion people in the region have an income of less \$ 1.25 a day.

Out migration from South Asia is mostly triggered by economic reasons. Highly skilled and skilled workers mostly migrate to European Union countries, USA and Australia for better jobs and economic opportunities, while low skilled and semi-skilled workers mostly find their jobs in Gulf Cooperation Council (GCC) countries, Malaysia and Republic of Korea. India is the only country that also receives a substantial number of migrant workers from other South Asian countries, particularly from Bangladesh and Nepal. Nepal itself is one of the destinations for migrant workers from the neighboring states of India as such workers mainly comprise plumbers, electricians, masons, carpenters and other semi-skilled and unskilled labour. The number is not exactly known as there is no system of registration of people moving across the border.

The level of subsidies provided to farmers varies greatly from country to country. Subsidized food entering the market of another country, where the subsidy level is poor, is wiping out the production of similar crops there. Since such countries are not able to diversify their production patterns, their vulnerability increases triggering the outflow of their workforce.

Increasing unemployment and under employment rates trigger the outflow of migrant workers. Migrant demographics show that a large number of migrant workers from South Asia are low skilled; about half of Bangladeshi migrant workers in GCC countries and almost 75 per cent of Nepalese migrant workers are low skilled, while low skilled Sri Lankans make up around 20 per cent of their migrant workers. Almost 45 per cent of Sri Lankan migrant workers are housemaids. Among Indian migrants in the Gulf countries, 70 per cent are semi-skilled and low-skilled, while 30 per cent are professionals and skilled (Doherty and et.al-2014).

Low skilled workers are paid less and are also subjected to exploitation by their employers.

Female migration is an equally growing concern due to the adverse impact that the phenomenon has on agriculture and food security. Most female members of South Asian households look after the farm and chores like rearing chicken, goats and cattle. They manage their kitchen-garden and also look after children. This female exodus has an impact on reduced production in these sectors, apart from some social problems that the trend may invite.

Outward migration is posing a serious problem in maintaining or enhancing domestic agricultural production, particularly in Nepal. Seasonal migration to urban centers within the country and to neighboring cities of India may not be bad, as this sort of migration supplements the income of the farmers and the farmers are back during their own farming season. But an absence for more than six months in a year results in labour shortages for even normal farming activities.

## Policy response and the way forward

Migration is induced by both push and pull factors. Push, on account of population growth, high rate of poverty, food insecurity and low level of agricultural and industrial development. The pull factors are globalization and openness of economies and comparatively handsome wage packets. Thus, labour migration is a rational choice made by individuals because of the demand for labour and wage differentials between the origin and destination. The issue needs to be addressed through appropriate policies and interventions. They could be:

*Support to small enterprises and agribusinesses as a means of creating employment within home country:* There is a direct relation among migration, agricultural production and food security. One way of managing this relationship could be bringing the small landholders and rural farmers in the production process of major agricultural commodities and cash crops. This will contribute to increasing the availability of, as well as accessibility to, food. Focus should be on development of small and medium agro-enterprises. The right policy choice is preferential access to finance, a partial loan guarantee and matching grants and assistance in the formation of agro-industrial networks that develop smaller agro-enterprises in rural areas. This would in turn help in checking the outflow of low and semi-skilled workers who are subjected to exploitation and low quality jobs in the market.

*Channelizing the flow of remittances to productive sectors of the economy:* The governments in South Asia should plan on facilitating the flow of remittances to productive sectors rather than on consumption as is happening at present. Besides, such a plan should include provisions to mobilize the skill, knowledge and experience of the returnee worker in the productive sector, including agricultural enterprises. Enterprise development packages could be prepared and implemented. Migrant workers should be encouraged to purchase energy development bonds and invest in other productive sectors of economy.

*Focus on enhancing the productivity of wage earners:* Increasing the productivity of domestic wage earners would require training and retraining of the workforce in various trades, including agricultural production. The decreasing workforce in the home country has put upward pressure on the wages of low skilled and semi-skilled workers without actually increasing their productivity. This would ultimately cause erosion in the competitiveness of the economy. Governments need to adopt strategic measures for reducing the cost of production of goods and services.

*Contingency planning for sudden drops in the demand for migrant workers in the destination markets:* South Asia should develop contingencies to face drops in the demand for migrant workers in the international markets, particularly in Gulf countries. The demand for labour in these countries is created on account of their low unemployment rate and development expenditures

based on their oil revenue. Whenever the labour demand dries up, they respond by restricting migration. South Asians need to develop the domestic capacity to absorb the returning workforce or adopt other appropriate strategic measures.

*Focus on effective utilization of the skill and resources of the returnees:* Migrant workers not only bring cash to their family, but also new knowledge, skills and experiences. These can be translated into benefits if appropriate policies are formulated. They have been able to make a good earning within the country (*see Box*). Besides, some new varieties or new crops in Nepal were introduced by migrant workers- coffee cultivation was first introduced by returnees from Assam (India), olive groves were started by returnees from Portugal and Spain and kiwi fruits by returnees from east European countries. Some workers who had been to South Korea and Japan introduced the Nepalese organic coffee in those markets. It is now a flourishing business for Nepalese exporters.

Migration has been recognized as one of the means for achieving the goal of reducing inequality within and among countries, as enshrined in Goal#10 of Sustainable Development Goal (SDG). The fifteen-year development goal provides references to facilitating orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies. Thus, countries should design financial instruments that go beyond remittance and savings.

**Box** Case of a graduate who started trout farming in Nuwakot after returning from Dubai

Mr. Sudip Paudel, a college graduate from Kaule VDC of Nuwakot District could not get a job of his choice. He attempted the Public Service Commission examination to enter Nepal Civil Service but could not get through in the fierce competition. Then he desperately started working in the small farm owned by his father.

Mr. Paudel, passionate about his ambition to be a white collar worker, decided to go abroad, rather than work in his small farm. He was lucky to get the job of a storekeeper in a logistics firm in Dubai. This logistics firm mainly dealt with marine products and fishes. He worked there for five years and earned a handsome amount of money. After he got back to Nepal, he saw that some people were migrating from outside his

district to Nuwakot to buy small pieces of land to start Rainbow Trout fish farms. The fish fetches a premium price in Kathmandu. Mr. Paudel thought that he had the leverage of his own land with a nearby spring to be used for raising the fish. He decided to utilize his savings from abroad to dig ponds, build water channels and purchase the fingerlings. He received technical training on fish rearing from the District Agricultural Office free of cost. Mr. Paudel's business flourished within a period of five years. His dedication and effort has led him to expand the farm, make sufficient earnings for health and education of his children and family members. He is now regarded as a successful farmer in the community. Several farmers' groups from different districts visit his farm as a model business to learn from.

*Country specific strategy on migration and agricultural policy:* There are issues related with food security on account of: internal migration and international migration; migrant household vs. non-migrant household and rural-urban linkages on food transfer and securing urban food security. More data and research is necessary to fully understand the issues at hand and there is a need for formulating country specific strategies based on such studies.

*Legal and institutional reforms for making agriculture an attractive business:* Legal provisions regarding landownership, contract farming, technical and marketing support for large farms and support for subsidized agro-inputs, agricultural credit and extension services are important in encouraging small farms to become a thriving sector. This would buck the South Asian trend to shift towards the non-agricultural sector, particularly foreign employment.

Temporary migration of young people from South Asia to Gulf and other countries has been fueling the economy of this region, in terms of accumulating foreign currency reserves, maintaining the current account balance and reducing poverty. But, the growing dependency on remittance comes with a caveat. In many ways, Sri Lanka, Nepal, Bangladesh, and to a smaller extent, India and Pakistan, have built up their domestic economies around these migratory flows. The threat to economic stability is serious, especially if this precarious situation were to give way. Economic shocks and changes in bilateral relations, not to mention a reduction in the GCC labour demand, would all affect remittances and the shocks would be grave for South Asia. Hence, it is crucial to analyze and monitor the delicate balance among the flow of migration, agricultural production and food security in order to preempt any shocks before they appear.

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South Asia Watch on Trade, Economics and Environment (SAWTEE) is a regional network that operates through its secretariat in Kathmandu and 11 member institutions from five South Asian countries, namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. The overall objective of SAWTEE is to build the capacity of concerned stakeholders in South Asia in the context of liberalization and globalization.

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This paper is published with support from Oxfam.

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