
CHAPTER 4

2015 Earthquake
as Driver of
Labour Migration

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Nepal has a long history of migration of its labour to seek jobs in foreign countries. The trend has become a socio-economic reality and a vital livelihood option for many people in Nepal. Emigration for jobs abroad is considered to be an important path to an improved socio-economic status of individual migrants and their families and it has contributed in creating prosperity for the society at large.

The outflow of migrants started to increase after Nepal adopted the policy of economic liberalization in the early 1990s, which also coincided with the restoration of multiparty democracy. Similarly, the Maoist insurgency, that lasted from 1996-2006, caused turmoil in the political environment of villages and urban areas. This too propelled the unemployed youth to leave the country to preserve their lives and livelihoods.

Disaster and migration

Besides socio-economic causes, natural disasters also drive both internal and external migration. The devastating earthquake of 25 April 2015 too played a crucial role in such migration. Quite a few families in the affected areas shifted their permanent place of residence, that is, to another Village Development Committee (VDC), another place in the same VDC or even district. On the other hand, many Nepali migrants working abroad also returned to take care of their families immediately after the earthquake. In the immediate aftermath of the earthquake, as the affected households faced the need of resettlement, the number of labour migrants from Nepal to foreign employment destinations decreased sharply. Many prospective workers decided to stay and take care of their families. But it could have been short-term phenomenon only. There is no quantitative data on the number of those returnees to the affected districts. This study collected anecdotal evidence through interviews with locals and some returnees. It suggests that a large number of emigrants stayed back to help rebuild their houses and restore a sense of normalcy and psychological safety for their family members. But they may have left after settling their families.

The slowdown should have thus led to an increase in the domestic workforce employed in reconstruction. However, this decrease in emigration did not seem to translate itself into an increased domestic labour supply. One of the prominent reasons cited for slow progress in reconstruction is shortage of able workers.

As almost all of the severely impacted districts have more than five per cent of their population living outside their home districts (see Figure 4.1), remittances are one of the major sources of income for the affected households. Studies show that in the immediate aftermath of disasters, remittances act as a safety net for the affected households (see Mohapatra 2009). In Nepal too, remittance inflow

Table 4.1

Labour migration trend in the most affected districts

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Gorkha	4,415	6,672	7,604	7,130	5,440	6,431
Rasuwa	646	1,217	1,123	932	613	429
Dhading	5,479	7,953	8,706	8,143	6,028	4,829
Nuwakot	3,821	7,291	8,149	7,427	5,112	4,369
Kathmandu	3,346	6,870	7,175	6,095	4,873	4,150
Lalitpur	1,791	2,942	3,328	2,833	2,100	1,824
Bhaktapur	1,254	1,671	1,895	1,652	1,289	1,051
Kavrepalanchowk	4,372	8,588	9,387	8,511	6,115	5,417
Sindhupalchowk	3,782	8,759	9,901	7,806	5,865	5,332
Ramechhap	3,242	5,119	6,154	5,636	4,023	3,268
Dolakha	2,361	4,494	5,186	4,881	3,183	2,750
Okhaldhunga	1,991	3,562	4,329	4,421	3,140	2,524
Makawanpur	4,832	9,288	10,759	9,859	7,705	6,472
Sindhuli	5,091	7,070	8,148	8,095	5,994	5,150

Source: MoLE 2018

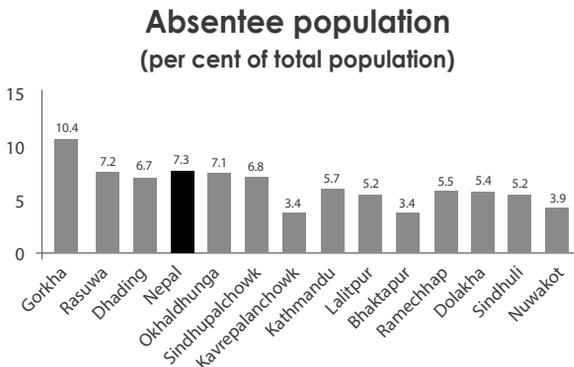
surged in the weeks following the earthquake providing an essential means of support to the concerned families. And remittance has emerged as prominent source to aid in rebuilding of personal houses.

The earthquake not only affected migration but also brought some changes in employment patterns. According to a 2015 study by Central Department of Population Studies of Tribhuvan University, the earthquake displaced 2.9 per cent of households in the affected districts. Regarding occupation changes in the earthquake-affected districts, the report states, 3.4 per cent of the population in rural and 1.6 per cent of urban areas did so. The earthquake also affected the traditional occupations of about 19.5 per cent of the population in rural and 10.5 per cent in urban areas. Such a change of traditional occupation plays a crucial role in their aspiration to be migrant workers. This is because it is believed that migrating for better livelihood opportunities is the best option if they want to escape the vicious cycle of poverty.

Labour migration in Nepal

The government of Nepal formally allows Nepali nationals to go and work in 110 countries. However, the majority of migrants are

Figure 4.1



Source: CBS 2014

Table 4.2

Remittance contribution to Nepal's GDP

Year	Percentage of remittance to GDP (per cent)	Total remittance receipt (NPR billions)
2005/06	14.9	128.4
2006/07	13.8	132.3
2007/08	17.5	191.54
2008/09	21.2	281.9
2009/10	19.4	264.35
2010/11	20.61	349.6
2011/12	23.5	471.14
2012/13	25.6	511.56
2013/14	27.7	589.5
2014/15	29.0	617.3
2015/16	29.6	665.1
2016/17	26.8	695.45

Source: DoFE and NRB, various issues

concentrated in the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) and Malaysia. The lack of employment opportunities in Nepal is considered to be the major push factor for the increased volume of labour migration. The total number of labour emigrants has increased significantly, from 198,120 in 1954 to almost two million in 2011. According to the 2011 Population Census, 7.1 per cent of the population migrated overseas. This figure reflects the bleak economic condition of Nepal and a lack of appropriate human resource management policy.

The latest Population Census also says that one in every four households reported that at least one member was absent or living away from their place of birth. The absentee population percentage

varies among the earthquake-affected districts for various reasons. Among the 14 most earthquake-affected districts, the highest percentage of absentees was recorded in Gorkha (10.4 per cent) and the lowest in Kavrepalanchowk and Bhaktapur (both 3.4 per cent). The absentee population size in the fourteen earthquake-affected districts was 300,435, or about six per cent of their total population. The proportion of male migrant was four times higher (80 per cent) than female migrants (20 per cent). The proportion of emigrants from rural areas comprises 81.2 per cent against the urban figure of 18.8 per cent, as per National Living Standard Survey (NLSS) 2010/11.

Most Nepali emigrants are unskilled or semi-skilled, involved generally in the construction and manufacturing sectors. They receive relatively low salaries and live in poor conditions. Nepali migrant workers' monthly payscale fall in between US\$190 to US\$900, depending on their skill levels while the official monthly minimum wage rate of the country is not even US\$100. Not only that, many migrant workers have lost their lives due to poorly managed rooms and high desert heat. Yet, compared to domestic wage rate, and the prospect of accumulating sizable savings which can later be invested works are driver for seeking jobs abroad.

The reconstruction works seem to have had some impact in the prevailing wage rate. The higher demand for skilled and semi-skilled labourers for reconstruction work has also led to increased wages. According to a small survey done in the affected areas by the author, wages of skilled construction labourer increased from NPR 800 to NPR 1,200, along with a similar rise in the wages of unskilled workers. Empirical evidence shows that wages once raised hardly decline, so the increased wages during reconstruction may have repercussions in the overall labour economy too.

Remittance in reconstruction

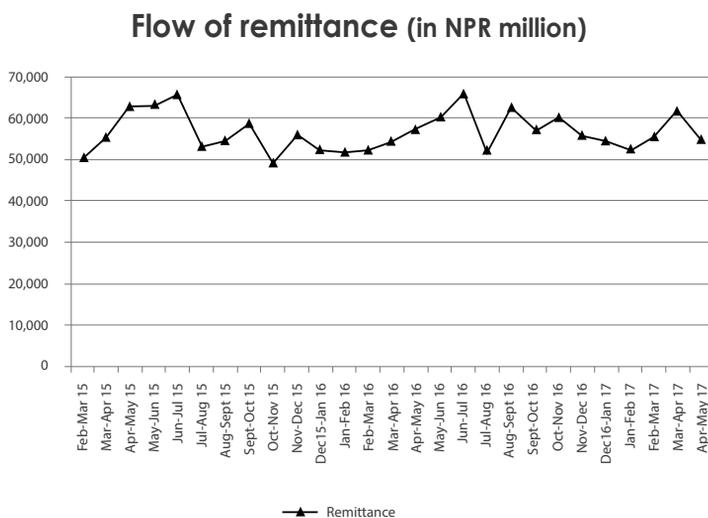
Given the scale of emigration, Nepal receives sizable amount of remittance. In 2015, Nepal had ranked 23rd among remittance-receiving countries in the world. In terms of remittance as the per-

centage of Gross Domestic Product (GDP), Nepal even ranked second in 2016. With remittance accounting for almost one-third of Nepal's GDP, its important role in the national economy is obvious. The dependency of national economy on foreign employment and volume of remitting money is presented in the Table 4.2.

The volume of remittances to Nepal increased from NPR 434.6 billion in FY 2011/12 to NPR 665.3 billion in FY 2015/16. In the subsequent fiscal year was NPR 695 billion, up 4.6 per cent. Remittance receipt now is equivalent to nearly one-third of Nepal's GDP. Five years back, it was one-fourth, thus indicating an upward trajectory. However, this trajectory is expected to decrease not only due to the earthquake, but also because of decreased demand for Nepali labour at the destination countries.

The post-quake increase can be observed to some extent in the months following the earthquake, that is Jetha (mid-May to

Figure 4.2



Source: Monthly Macroeconomic Report from NRB, various issues

mid-June) and Ashad (mid-June to mid-July). Then, in the consecutive months, remittance started to decline, according to official figures (see Figure 4.2) the swell in remittance could be attributed to migrant workers sending money to support their earthquake-affected families. In the immediate aftermath of the disaster, informal money transfer service providers, such as *hundi*, were incapacitated for a short period, while many formal transfer operators waived their service fees. This could have encouraged the workers to send money through formal banking channels. Moreover, many individuals from all over the world were transferring money to Nepal for earthquake relief activities. These reasons could have also inflated the remittance inflows.

The earthquake had damaged hundreds of thousands of public and private buildings and took the lives of people and animals in fourteen-affected districts, requiring substantial resources to rebuild. The government of Nepal declared a NPR 300,000 grant for those whose houses were damaged or destroyed entirely in the 14 districts. However, the grant is insufficient to construct a house and almost impossible for non-migrant worker households without alternative sources of income or credit facilities. The role of remittances in the affected fourteen districts becomes obvious here. During a small survey conducted by the author, returnee migrant workers in Kavrepalanchowk and Bhaktapur said that their first priority in spending their remittance money was to rebuild damaged and cracked houses.

About 56 per cent of Nepali households receive remittances—internal and external. The average income transfer in the form of remittance is NPR 80,436 per recipient household. The amount was highest in Kathmandu (NPR 89,647) and lowest in the crisis-hit districts (NPR 38,964). During the earthquake, Nepal had asked the migrant destination countries to pay Nepali workers' salaries in advance, and also provide them paid leave. This played a positive role in reconstruction of the earthquake-affected areas. However, these were not lasting measures, thus, was effective only in the immediate aftermath.

Internal Migration

Besides international emigration, there is sizable population moving within the country for better opportunities. The percentage of households that receive remittances from another district inside the country too has changed over time. It was 45 per cent in 1995/96, 23 per cent in 2003/04 and 20 per cent in 2010/11.

The earthquake made some of the settlements in the hills uninhabitable, prompting internal migration. While the earthquake-affected areas saw an increase in the number of returnee migrant workers who came back to rebuild their destroyed households, the disaster pushed many youth to migrate within the country to revive their lost livelihood, contributing to the volume of internal migration. Similarly, it increased the internal migration of children and elderly due to displacement. So, migration streams and counter streams were noted in the affected areas.

Box 4.1

Migration to India

Given the open border, there is a sizable number of Nepali people working in India. The history of emigration from Nepal to India started in late eighteenth century. Most Nepali workers there are seasonal migrants. Some work in the Indian Army as well. Most of them are concentrated in the northeast India as labourers, marginal farmers, dairymen and cattle grazers. Nepal's Central Bureau of Statistics (CBS) has revealed that the flow of migrants to India has been increasing. In 2001, a little less than 600,000 Nepali nationals were estimated to be living in India. According to 2011 Population Census, the figure stood at 722,000. However, the drivers and consequences of migration to that country have been changing over time.

Reconstruction has created a job market for those who used to go to India as seasonal migrants. At the same time, it was observed in the affected areas that the number of immigrants from India increased in reconstruction sites.

Between the two major pull and push factors driving migration, the Nepal quake was a push factor for people living in the 14 earthquake-affected districts. It displaced people due to explicit and perceived threats to their safety. The direct causes include damage and destruction to living quarters, the resultant landslides burying houses and the death of family members. Perceived and indirect causes of displacement occur when people are afraid and shift places to avoid the quake's impact observed in others' lives.

Reconstruction has even shifted the migration pattern. Due to local labour shortage, contractors are sourcing workers from Far and Mid-Western Hills, who would otherwise be seasonal migrants to India. Similarly, earlier, women labourers hardly ventured into skilled works, such as masonry or carpentry, but the labour crunch has prompted them to take up these jobs as well. These fetch higher earnings for them. Hence, reconstruction appears to have changed the labour composition in rural areas.

Labour paradox

Nepal is in the Stage Three of demographic transition, characterized by higher birth rate and lower death rate. With more than 40 per cent of the population considered as youth by the 2011 Census, Nepal has an opportunity to utilize this demographic dividend. Such an opportunity comes only once in a millennium for any country and, that too, for a very short time. According to the 2011 Census report, Nepal has a large economically-active population (57 per cent of the population). This population can drive economic development. Such a large working population can contribute to rapid growth, if there are appropriate plans and policies in the economic development arena to ensure their active participation.

Unfortunately, in the absence of such policies, the youth are leaving Nepal to ensure their livelihood. Whether it is the government, the major political parties or the civil society, no one has a strategy to retain and utilize them in Nepal's productive sectors. This economically-active population is soon going to turn into an elderly one, unable to contribute to the economic development.

The International Labour Organization estimates that, annually, about 500,000 new employment opportunities are required to absorb the working-age population. Such a number of job openings in Nepal is not present.

Moreover, given the scale of destruction and the ensuing reconstruction activities, Nepal actually needed a large number of skilled and unskilled manpower to fuel the rebuilding. The Post Disaster Needs Assessment (PDNA) report had identified that the main challenge for the government was meeting the demand for skilled construction workers. The same report estimated that the housing sector would need 17,500 masons. The increased demand was supposed to create new employment opportunities and it would also push wages up. Furthermore, the Post Disaster Recovery Framework (PDRF), prepared in 2016, also pointed out that housing reconstruction was likely to generate 322 million work-days of employment over the following five years.

About 500,000 private houses, 3000 government buildings and many development infrastructures collapsed during the disaster. Hundreds of thousands of public and private buildings need repair and maintenance. That vacancy can be filled by the rapidly growing number of Nepal's economically-active people. To turn that into reality, these people must be geared towards utilizing the employment opportunities—through skill training, creating awareness about job openings and so on. In the absence of required skills, the work will be mainly limited to low-paying unskilled tasks, such as in demolition of cracked buildings.

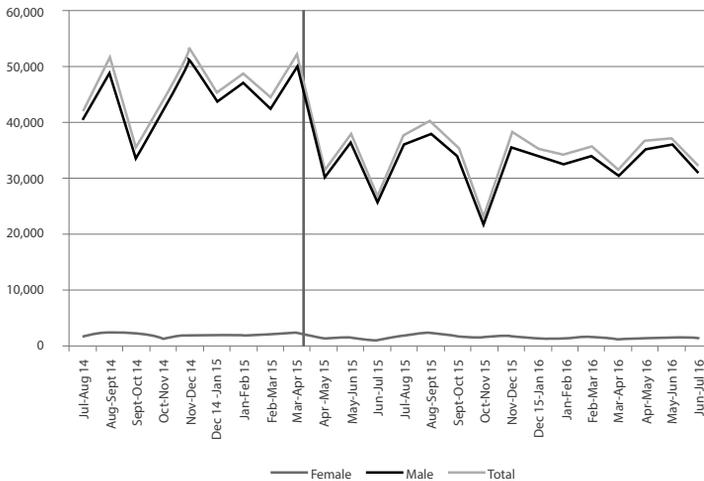
The earthquake of 2015 caused some potential migrants to cancel their plans, especially in the 14 earthquake-affected districts. Data show that the volume and flow of external migration has decreased after the devastating earthquake, whereas the number of Indian immigrants has increased to fill the construction job vacancies in the earthquake-affected districts, including in Kathmandu Valley. The number of both men and women receiving labour permits for foreign employment decreased drastically from 52,210 in mid-April, 2015 to 31,375 in mid-May 2015 and, again, to 26,600 in mid-July 2015 (Figure 4.3). The main reason cited for

the decline is that these potential migrants decided to stay home to support reconstruction and their families.

The number of Nepali people seeking jobs abroad has plummeted since the earthquake. In 2014-15, on an average, 1,400 individuals used to leave the country every day. By 2016-17, the number had dropped to 1,100. Further, a back of the envelope calculation, based on the demographic trend of Nepal and given the unemployment rate, also shows that there are 1.1 million youths not engaged in income generating activities or enrolled in educational institutions. Thus, it is paradoxical that reconstruction works have been delayed due to lack of labour. To fill the skills gap, about 51,000 masons have been provided with long-term and short-term trainings, according to NRA data. Many international organizations working

Figure 4.3

Number of labour permit obtained for foreign employment (Before, during and after the earthquake)



Source: Monthly reports published by DoFE, various issues

in Nepal are also active in imparting skills to aid the reconstruction. Despite these efforts, labour availability is still a major issue.

Reconstruction is not supposed to be limited to construction of the destroyed structures, but is also expected to create an army of skilled labour force. The new skills, learned by the workers, could prompt sustained job creation. This helps gainful employment long after the reconstruction is over.

Few simple tricks

The mismatch between the demand for and supply of labour is to blame for the shortage of labour in affected areas, in spite of rampant youth unemployment. The reconstruction activities were considered to be an opportunity to create gainful employment and skill development for the youth in the country. A slowdown of labour migration and the increased demand for labourers for reconstruction were expected to not only address this issue through greater use of domestic labour, but also expedite reconstruction. Things do not seem to have moved in that direction.

The government job portals, in the form of Employment Service Centres, do not appear to be effective in removing the reconstruction labour paradox. Thus, a more efficient mechanism should be in place to help coordinate job seekers and employers. Introducing a mechanism for guaranteed paid work for the members of the affected population, in reconstruction activities could have not only addressed the problem of labour shortage but could also have provided gainful employment for those affected. Such a provision could be implemented with the help of a binding contract between the NRA and the local person selected for the construction training and eventual participation in the rebuilding process guaranteeing a job for a certain number of months. This would ensure income for those trained and a supply of labour for the reconstruction process. The binding contract should be in place which could include a provision of penalty for the breach of the contract. Such a programme should try to include at least one member of each affected families of the area. This would not only provide a source

of income for the trained beneficiaries it would impart them with skills that would prepare them for similar employment opportunities at home or abroad. Cash for Work programmes implemented by humanitarian agencies and some non-governmental organizations have been successful in debry management in the immediate aftermath.

Additionally, the government could also exploit the skills of the returnee migrants who have worked and acquired skills in the construction jobs at destination countries, in building back better. ■

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