

Trends and Destinations of Foreign Labour Migration in Nepal

Chandra Prakash Acharya

Assistant Professor cum HoD

Central Department of Health and Population Education, Mid-West University

acharyachandra123@gmail.com

Abstract

Migration plays a crucial role in the interplay between population dynamics and development, particularly in the context of Nepal. This study aims to identify the trends and destinations of foreign labor migration from Nepal, highlighting its significance to the nation's economy. While recent data indicates a continuous increase in foreign employment patterns, there remains considerable uncertainty regarding the sustainability of these trends and their future levels. The study concluded that Nepal's rising emigration, particularly to Gulf States and Malaysia, has significantly reshaped its economy, transitioning from agriculture to remittance dependency, with remittances now contributing the third-largest share of GDP globally. Despite this, slow implementation of the 2012 Foreign Employment Policy has prompted the Ministry of Labour and Employment to devise a five-year strategic action plan focusing on decentralizing migration management, improving remittance systems through innovative technologies, and ensuring social security for vulnerable groups. Additionally, addressing labor shortages post the 2015 earthquake and offering competitive wages to reduce labor outflow are critical. The study highlights the overlooked links between migration and development, emphasizing the need to optimize remittance utilization, human capital, and social capital to drive Nepal's economic and social progress.

Key Words: Labour migration, Remittance, Impact, Household and policies.

Introduction

Labour migration refers to the movement of individuals from their home country to another country for employment purposes. Today, it is estimated that 86 million people are working in a country other than the one in which they were born. Despite efforts to protect migrant workers, many still face significant challenges, especially vulnerable groups like female domestic workers, entertainers, and lower-skilled laborers (UN, 2019). Scholars differ in their approaches to migration in relation to Nepal. Historical records show that between the 5th and 10th centuries, people speaking Tibeto-Burman languages arrived from the north, and between the 9th and 13th centuries, Indo-Aryan groups, particularly Brahmins and Kshatriyas, migrated from the south (Adhikary & Gurung, 2009).

The 1950 Nepal-India Treaty of Peace and Friendship allowed for the free movement of people between the two countries without the need for formalities such as passports and visas. During the 19th and 20th centuries, Nepalese migrants also spread to other countries, including Bhutan, Burma, Malaysia (then Malaya), Thailand, Bangladesh (then part of India), and Tibet. Nepalese emigrants to Tibet were primarily traders, while migration to Malaysia involved work in rubber, sugar, and palm plantations. In Thailand, many Nepalese worked in key marketplaces in Bangkok (Kansakar, 2005). Foreign employment has become the primary driver of international migration from Nepal in the 21st century. In today's interconnected world, migration has become a global reality, affecting nearly every region. Advances in modern transportation have made it easier, cheaper, and faster for people to move in search of employment, opportunities, education, and a better quality of life. At the same time, factors such as conflict, poverty, inequality, and the lack of sustainable livelihoods force many people to leave their homes in pursuit of a brighter future for themselves and their families abroad (United Nations, 2017).

More than 80 million international migrants currently reside in Asia, a figure that has grown

by 30 million since 2000. In 2017, Asia was the origin of 106 million migrants. Between 2000 and 2017, the number of international migrants originating and remaining in Asia increased by 62%. From the fiscal years 1993/94 to 2014/15, the Nepalese government issued more than 3.8 million permits for work abroad (excluding India), representing nearly 14% of the country's current population. According to the 2011 census, nearly 71% of the total absentee population (1,921,494 people) living outside the country (including those in India) left for private and institutional jobs abroad. This has led to a significant rise in remittances, from 58.6 billion Nepalese rupees (NPR) in 2003/04 to NPR 589.5 billion in 2014/15. Remittances contributed 10.9% of Nepal's gross domestic product (GDP) in 2003/04, increasing to 27.7% in 2014/15. The migration trend shows that countries in the Middle East, such as Malaysia, Qatar, the UAE, and Saudi Arabia, have become popular destinations for Nepalese workers (MoLE, 2016).

While existing literature extensively explores the historical patterns, drivers, and economic impacts of labor migration from Nepal, several research gaps persist. Studies have largely focused on the economic contributions of remittances to Nepal's GDP, yet there is limited understanding of the socio-cultural impacts of migration on families and communities left behind, especially concerning gender dynamics and the mental health of migrants' families. There is the increasing participation of Nepalese in Middle Eastern labor markets, there is insufficient analysis of the vulnerabilities faced by specific groups such as female domestic workers and low-skilled laborers. The effectiveness of policies, such as the 1950 Nepal-India Treaty and subsequent labor agreements, in safeguarding migrants' rights also remains underexplored. Remittances are recognized as a key driver of economic stability, gaps exist in studying their long-term sustainability and role in reducing poverty and inequality at the household level. Lastly, more research is needed on the integration of innovative financial tools and technologies to improve remittance systems and address challenges in migration management.

Objectives

This study aims to identify the trends and destinations of foreign labor migration in Nepal. An attempt has been made to analyze trends, push factors, major destinations, shifts in destination preferences, and the effectiveness of policies and regulations governing labor migration in Nepal.

Methodology

This article is developed using secondary sources from the International Labour Organization, the International Organization for Migration, and The Asia Foundation. The study has been utilized secondary data from official records, such as labor migration permits and household surveys, to identify trends in labor migration from Nepal, focusing on gender disparities and the male dominance in international migration and paid employment from 2009/10 to 2016/17. Household income data, categorized by remittance-receiving and migration status, It has been analyzed to evaluate its components, including total income, income sources, average household size, and per-member income, to assess the economic impact of migration.

Delimitations

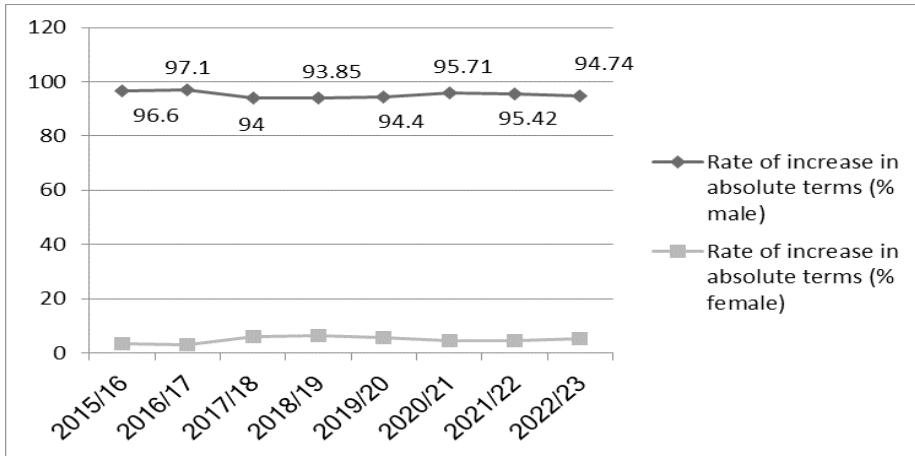
This article is restricted to the official data available from various levels of government and non-government institutions. By utilizing data from the past eight years, the report focuses solely on current trends. Relying on labor permits issued by the Department of Foreign Employment as the primary indicator limits the assessment to the nature, scale, and magnitude of labor migrants engaged in foreign employment. Additionally, a few technical considerations were necessary for presenting the overview data on labor migration. The Department of Foreign Employment's online database provides real-time data that has been used for this analysis.

Results and Discussion

Trends of Labor Migration

The government of Nepal officially permits Nepali nationals to seek employment in 110 countries. However, a significant proportion of migrants are concentrated in the Gulf Cooperation Council (GCC) countries namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates as well as in Malaysia. The primary push factor driving the increased volume of labor migration is the lack of employment opportunities within Nepal.

Figure No.1:



Source: UN, 2022

Figure 1 illustrates a steady increase in issued labor permits from 2009/10 to 2013/14; however, the numbers have declined from 2014/15 to 2016/17. Overall, the total number of workers migrating abroad has been on the rise. Two key factors contribute to the growing trend of Nepali workers seeking employment overseas: pull factors and push factors.

Push Factors of Migration in Nepal

The primary push factors driving labor migration in Nepal are rooted in domestic socio-economic challenges. High unemployment rates and underemployment, particularly in rural areas, are significant contributors. The agricultural sector, which employs a majority of the population, is characterized by low productivity and seasonal work, leaving many without year-round employment. Poverty levels remain high, with 17.4% of the population living below the national poverty line in 2022 (World Bank). This lack of sustainable livelihood options compels many to seek opportunities abroad.

Other factors include low wages compared to international standards and inadequate infrastructure for industrial growth. Political instability and weak governance exacerbate these issues, leading to uncertainty and limited development in job-generating sectors. Additionally, the scarcity of essential services such as healthcare, education, and social security creates an environment where migration is viewed as a pathway to better living conditions.

Pull factors attract Nepali workers to specific destinations due to favorable economic and employment opportunities. The high demand for low-skilled and semi-skilled labor in countries like Malaysia, Qatar, UAE, and Saudi Arabia offers lucrative employment for Nepali workers. Competitive wages in these nations often significantly higher than what can be earned domestically are a strong motivator. For example, a construction worker in Qatar earns an average monthly wage of USD 300–500, compared to a mere USD 50–100 in Nepal for similar work.

Moreover, government-to-government agreements, such as Nepal's Employment Permit System (EPS) with South Korea, provide secure and regulated employment opportunities. These arrangements ensure better wages and working conditions, making destinations like South Korea attractive despite the smaller number of migrants. The prospects of remittances, which contribute around 24% to Nepal's GDP (NRB, 2023), further drive the migration trend, as families view it as a way to improve household incomes.

Below is a visual representation of remittances' contribution to GDP and labor permits issued by destination countries over the past decade.

Remittances' Contribution to Nepal's GDP (2014–2023)

Year	Contribution (%)
2014	25.0
2017	27.3
2020	23.5
2023	24.0

Labor Permits Issued by Key Destinations (2022)

Country	Labor Permits (%)
Malaysia	33.3
Qatar	19.0
Saudi Arabia	18.9
UAE	9.8
South Korea	1.3

The data illustrates that remittances remain a critical economic driver for Nepal, reflecting the reliance on labor migration. Malaysia and GCC countries dominate as key destinations due to their consistent demand for labor and competitive wages. South Korea, though accounting for a smaller share, represents a model for regulated migration with better working conditions.

Nepal’s dependence on migration highlights the pressing need to address push factors through domestic job creation and economic reforms. Simultaneously, leveraging pull factors by negotiating favorable agreements can improve the overall migration experience for workers.

Major Destinations of Nepali Emigrants

In recent years, Gulf Cooperation Council (GCC) countries such as Qatar, Saudi Arabia, and the United Arab Emirates, along with Malaysia, have continued to dominate as the primary destinations for Nepali labor migrants. According to the Department of Foreign Employment (DoFE), between 2008/09 and 2022, these destinations accounted for nearly 85% of all labor permits issued. Specifically, Malaysia accounted for 33.3% of permits, followed by Qatar (19%), Saudi Arabia (18.9%), and the UAE (9.8%) (DoFE, 2023). These countries consistently demand semi-skilled and low-skilled labor for industries like construction, hospitality, and manufacturing.

Meanwhile, destinations such as South Korea, governed by the Employment Permit System (EPS) agreement, have become increasingly attractive to Nepali migrants. The EPS provides competitive wages and ensures better working conditions, making it a desirable option despite its relatively smaller share of permits. Similarly, there is a noticeable rise in migration to Australia, Japan, and the United States, primarily for education and high-skilled jobs. This type of migration often involves self-financed initiatives and is perceived as a long-term investment for higher living standards (Nepal Rastra Bank, 2023).

Shift in Destination Preferences

Evidence suggests a gradual shift in Nepali emigrants’ choice of destinations. While traditional destinations like Malaysia and the Gulf continue to dominate, high-income nations such as South Korea, Japan, and Australia are attracting a growing number of migrants. The share of remittances from non-traditional destinations increased from 2% in 2010 to 10% in 2022 (Nepal Rastra Bank, 2023). The rising awareness of the risks associated with Gulf countries such as exploitation, low wages, and inadequate living conditions has contributed to this shift.

The COVID-19 pandemic further accelerated this trend, as stricter travel restrictions and job losses in the Gulf region prompted workers to explore alternative destinations. Countries like South Korea and Japan, which resumed recruitment through government agreements, became particularly appealing for their safer environments and regulated employment systems. Additionally, educational migration to Australia surged during this period, fueled by attractive post-study work opportunities and pathways to permanent residency (UN-DESA, 2022).

Policy and Regulation

The Government of Nepal has implemented several policies to regulate and manage foreign labor migration effectively. Key policies include the Foreign Employment Act 2007 and the Foreign Employment Rules 2008, which establish the legal framework for the recruitment, deployment, and welfare of migrant workers. These policies mandate licensing requirements for recruitment agencies, pre-departure orientation for workers, and the establishment of a welfare fund supported by contributions from migrants and agencies. The National Labour Migration Policy 2014 further emphasizes the promotion of safe migration practices and the diversification of destination countries. Despite these measures, enforcement of these regulations remains weak, leading to challenges in ensuring compliance (DoFE, 2023).

Recruitment challenges have been a significant concern in Nepal's labor migration sector. High recruitment fees and unethical practices by intermediaries have placed a financial burden on workers. Studies show that many Nepali migrants incur debts to pay for their migration, which increases their vulnerability to exploitation in destination countries. Additionally, the limited capacity of the government to monitor recruitment agencies has allowed malpractice to persist. While initiatives such as the "free visa, free ticket" policy introduced in 2015 aim to reduce costs for migrants, its implementation has been inconsistent, and many workers are still charged exorbitant fees (ILO, 2021).

To enhance migrant protection, Nepal has taken steps to address issues such as exploitation, human trafficking, and poor working conditions. The government has established Nepali embassies in key destination countries to provide support to workers, including legal aid and shelter for those facing difficulties. Furthermore, the Foreign Employment Welfare Fund provides compensation for injuries, deaths, and repatriation of stranded workers. However, the lack of bilateral agreements with many destination countries limits the enforcement of workers' rights. Existing agreements with nations like South Korea under the Employment Permit System (EPS) have been effective in ensuring better wages and conditions, serving as a model for further diplomatic efforts (World Bank, 2022).

Conclusion

Foreign labor migration has become an integral aspect of Nepal's socio-economic fabric, with significant implications for individuals and the national economy. Over the years, international migration has seen steady growth, with more than 3.8 million Nepali workers receiving permits to work abroad from 1993/94 to 2014/15. This trend has contributed substantially to the national economy through remittances, which rose from NPR 58.6 billion in 2003/04 to NPR 589.5 billion in 2014/15, accounting for approximately 27.7% of Nepal's GDP during that period (DoFE, 2023). The persistent socio-economic push factors such as unemployment, underemployment, and low agricultural productivity compel many Nepalis to seek better opportunities abroad, particularly in Gulf Cooperation Council.

Despite the dominance of traditional destinations like Malaysia and the Gulf, recent years have witnessed a gradual shift in preferences. High-income countries such as South Korea, Australia, and Japan have emerged as alternative destinations due to better working conditions, competitive wages, and opportunities for skill development. Additionally, educational migration to developed nations has become a significant trend, with many viewing it as an investment for future stability and higher living standards. The COVID-19 pandemic further accelerated this shift by exposing the vulnerabilities associated with Gulf destinations and highlighting the benefits of regulated employment systems like the Employment Permit System (EPS) with South Korea.

While the Government of Nepal has introduced policies to regulate labor migration and protect workers, challenges remain in implementation and enforcement. Issues such as high recruitment costs, unethical practices, and limited government capacity to monitor agencies have hindered progress. Enhancing bilateral agreements with destination countries, strengthening pre-departure training, and improving the welfare fund system are critical to ensuring the safety and well-being of Nepali migrant workers. By addressing these challenges and leveraging opportunities, Nepal can make migration safer and more rewarding for its citizens while maximizing its economic benefits.

REFERENCES

- Central Bureau of Statistics (CBS). (2011). *National population and housing census 2011* (pp. 211–237). Central Bureau of Statistics, Government of Nepal.
- Department of Foreign Employment (DoFE). (2023). *Annual labor migration report*.
- International Labour Organization (ILO). (2015a). *Labour market trends analysis and labour migration from South Asia to Gulf Cooperation Council countries, India and Malaysia*.
- International Labour Organization (ILO). (2015b). *International migration report 2017: Highlights (ST/ESA/SER.A/404)*.
- International Labour Organization (ILO). (2021). *Fair recruitment initiative in Nepal*.
- Internal Displacement Monitoring Centre (IDMC). (2019). *Global report on internal displacement*. Retrieved from <https://www.internal-displacement.org/sites/>
- Ministry of Labour and Employment. (2015). *Labour migration for employment: A status report for Nepal, 2014/2015*.
- Nepal Rastra Bank (NRB). (2023). *Economic impact of labor migration in Nepal*.
- Pradhan, A., et al. (2011). *A review of the evidence: Suicide among women in Nepal*. Ministry of Health and Population, Government of Nepal.
- Sijapati, B., & Limbu, A. (2012). *Governing labour migration in Nepal: An analysis of existing policies and institutional mechanisms*. Centre for the Study of Labour and Mobility.
- United Nations (UN). (2014). *The least developed countries report 2014: Growth with structural transformation: A post-2015 development agenda*. United Nations Conference on Trade and Development Secretariat.
- United Nations (UN). (2017). *International migration report 2017: Highlights*. United Nations.
- United Nations Department of Economic and Social Affairs (UN-DESA). (2022). *International migration highlights*.
- World Bank. (2011). *Large-scale migration and remittance in Nepal: Issues, challenges, and opportunities*.
- World Bank (WB). (2019). *Migration and remittances: Recent developments and outlook (Migration and development brief No. 28)*. Retrieved from <https://www.worldbank.org/en/topic/labormarkets/brief/migration-and-remittances>
- World Bank. (2022a). *Poverty and equity brief for Nepal*.
- World Bank. (2022b). *Improving labour migration governance in Nepal*.