
IMPACT OF INDIAN LABOUR MIGRATION IN RUPANDEHI

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ABSTRACT

This study examines the economic impacts of increasing Indian labor migration to Rupandehi, focusing on workforce diversity, skill transfer, economic growth, industry development, and social implications. Using a comprehensive research methodology involving literature review, surveys, interviews, and comparative analysis, the study aims to identify positive and negative effects. The sample comprises 110 respondents, including construction employers, businessmen dealing in jewelry, small businesses, vehicle maintenance workshop, educational experts, healthcare professionals, and local authorities. Analysis reveals potential benefits such as workforce diversity and skill transfer, contributing to economic growth and industry development. However, challenges include labor market displacement, income compression, and pressure on public services, social tensions, dependency issues, and exploitative labor practices. Policymakers are urged to address these issues, emphasizing fair labor laws, social integration, and the protection of workers' rights for sustainable and inclusive growth. The preference for Indian labor by some Nepalese employers is attributed to factors like wage differentials, availability, skills, language, cultural similarities, historical relationships, open border policies, regulatory considerations, and industry dynamics. Notable qualities of Indian workers, such as punctuality and apolitical behavior, also contribute to their preference in certain industries.

Key Words: *Indian labor migration, economic impact, workforce diversity, skill transfer, social integration*

INTRODUCTION

Migration is the term used to describe the movement of individuals or groups of people between different locations. This migration may be due to a number of causes, including improved living conditions, financial opportunities, and a desire to avoid conflict or persecution, or other social and personal issues. It may also be temporary in nature.

Migration is the movement of people from one location to another, usually involving a change in the place of residence. Numerous elements, including societal reasons, political situations, environmental conditions, economic opportunities, and personal preferences, may be the moving forces behind this factor. The term "migration of labor" refers to people who move primarily for work or to search for better career opportunities from one area or nation to another. Labor migration plays a crucial role in global economies, as it contributes to the supply of workers in sectors experiencing labor shortages and fills skill gaps in various industries (ILO, 2015).

The desire for better living conditions, greater incomes, and work opportunities often pushes people to migrate across national borders due to economic differences. From developing to developed countries, a large number of people migrate in search of greater opportunities for employment and income. Due to globalization, labor migration has become easier since economies have become more interconnected. Workers are migrating to these countries in search of work as a result of globalization's increased job outsourcing to nations with cheaper labor prices (ILO, 2020).

The New Economics of Migration Stark and Bloom (1985) elaborate on the role of relative position in society plays a significant role in household migration decisions. A person may decide whether to migrate or not depending on the relative deprivation. The theory states that if a person is relatively more deprived, he or she can have more incentive to choose migrants compared to a relatively deprived person. Not only can the migration behavior of individuals be expected to differ under their perceived relative deprivation, but it can also be expected to differ according to their skill levels.

The Neo-classical theory of labour migration has long been centered on the individual viewpoint of the labour movement. Within this framework, Neoclassicists have identified both pull and push factors that influence migration. According to the Pull-Push theory of migration proposed by Lee (1966), crucial elements influencing the migration decisions of individuals include the costs and benefits associated with migration, as well as the distance to the intended destination. The emphasis lies on the individual's rational assessment of these factors. Taking a different perspective, the historical-structural approach to labour migration advocates for a more comprehensive examination of the phenomenon, emphasizing the importance of considering structural changes as significant determinants of labour migration (Abreu, 2012).

The term "migration of labor" particularly describes the movement of individuals seeking employment or better job prospects from one area or nation to another. Economic factors

frequently drive this kind of migration, as people move in looking for better pay, job opportunities, or working conditions. Labor migration can occur on an internal level, within a nation, or on an international level, including movement across borders.

The term "Indian labor migration in Nepal" describes the flow of people from India to Nepal in pursuit of jobs and other financial opportunities. This is a long-standing phenomenon that has been shaped by a number of variables, such as cultural links, labor shortages in specific industries, and economic differences between the two nations.

Workers may migrate for a variety of reasons. Skilled migration occurs when people move to meet demand in certain areas; unskilled or low-skilled migration occurs when people look for work in industries where there may be a labor shortage locally. Labor migration affects economies, cultures, and individuals in a variety of ways. Its effects are complicated and can affect both the origin and destination regions.

Economic differences between Nepal and the countries of destination have an impact on migration trends, driving people to look for better job opportunities outside. People frequently travel in search of better living conditions and financial opportunities, economic factors have a significant influence on the patterns of migration (Adhikari, 2014).

Studies show that labor migration has social and demographic consequences on sending regions in addition to economic ones. According to Sharma and Gurung (2017), migration has caused changes in family structures, with women heading more and more families as males go overseas in search of work.

An important field of research is the effect of Indian labor migration on sending regions in Nepal, like the Rupandehi District. Pokharel and Subedi's (2021) recent study throws light on the complex effects of Indian labor migration, such as changes in employment trends, income distribution, and social dynamics in the communities that send migrants.

Labor migration sometimes fills significant skills gaps in the labor market, especially in areas where both skilled and unskilled labor are scarce. Through their involvement in several industries, migrant workers assist economic growth by promoting productivity and development. Migration of labor makes it easier for knowledge, skills, and expertise to be transferred between nations. The experiences and viewpoints that migrant workers bring to their new countries foster creativity, cross-cultural learning, and the growth of human capital in both sending and receiving countries. Globalization and labor migration are closely related because labor mobility makes the cross-border movement of people,

products, and ideas easier. It increases the interconnection and interdependence of the world economy by acting as a stimulant for commerce, international cooperation, and economic development (IOM, 2018).

The aim of this study is to examine the potential impacts on Nepal's economy of a rising number of Indian labor migrants. Taking into account a number of variables, including workforce diversity, skill transfer, economic growth, industry development, labor market dynamics, income levels, public services, social tensions, dependency issues, labor practices, regulatory frameworks, cultural identity, and the hiring preferences of Nepalese employers for Indian workers, the study aims to identify both the positive and negative effects.

RESEARCH METHODOLOGY

The research methodology for this study involves a comprehensive review of existing research, studies, and literature concerning the economic effects of cross-border labor migrations, with a specific emphasis on the relationship between Nepal and India. Qualitative information will be gathered through surveys and interviews conducted with key stakeholders, including employers, workers, government representatives, and specialists in labor economics. A comparative evaluation will be undertaken to analyze the benefits and drawbacks identified in the literature, comparing the current state of affairs in Nepal with the economic impact of Indian labor, considering variations across different sectors. Additionally, in-depth interviews and surveys with Nepalese employers will be conducted to gain insights into the factors influencing their preference for hiring Indian workers. This will include an exploration of wage differentials, availability, skills, language, cultural similarities, historical relationships, open border policies, regulatory considerations, and industry dynamics. Furthermore, the research will delve into the social implications of the growing presence of Indian labor in Nepal, focusing on potential tensions, cultural identity issues, and the necessity for social cohesion efforts.

To gather the required information, a purposive sampling technique was employed, whereby a total of 110 respondents were selected from various demographic groups within the Rupandehi district.

Groups	No of Respondents
Construction Employers	25
Businessmen dealing in gold, silver, and jewelry	25
Vehicle maintenance workshop	20

Small and Local Business	15
Educational Experts	12
Healthcare Professional	8
Local Authorities and Policymaker	5
Total	110

RESULTS & DISCUSSION

More Indian labor entering Nepal may have both beneficial and detrimental effects on the country's economy. It's crucial to remember that the outcomes can change depending on the sector, the area, and particular conditions. These are a few possible advantages and disadvantages for the economy.

Advantages for the Economy

- 1. Diversity in the Workforce:** The arrival of Indian workers can contribute to a diverse range of perspectives, experiences, and skill sets within the workforce. In a variety of businesses, this diversity can boost productivity and creativity.
- 2. Transfer of Skills:** The entry of Indian laborers may result in transferring knowledge and skills to the local workforce if they have specific skills or experience. This has the potential to enhance Nepal's human capital development.
- 3. Economic Growth:** Having more workers in the economy might boost output and economic activity, which would raise GDP growth. This increase could prove particularly significant in industries with a labor shortage.
- 4. Industry Development:** By adopting essential mechanisms in industries where there is a labor shortage locally, the using of Indian workers can promote industry development. More investment and business opportunities could result from this.
- 5. Easy to Hire:** Indian labor may be more readily available and flexible in terms of working hours and circumstances. Employers in some industries, particularly those with seasonal or fluctuating demand, may find it helpful to have a workforce that can quickly adapt to changing job requirements.
- 6. Punctual at Work:** Indian laborers demonstrate an impressive dedication to regular attendance and punctuality. Indian workers are renowned for their dependability and rarely take unscheduled leaves, in contrast to some other workforces. Because of their

commitment to their work, employees provide an environment that is favorable to businesses and promotes efficiency and production. The ease with which Indian laborers accept overtime or holiday work is one noteworthy feature that demonstrates their readiness to go above and beyond to ensure the success of their initiatives.

Disadvantages for the Economy

- 1. Labor Market Displacement:** Local workers may be displaced by the flow of Indian labor, particularly when Indian workers are ready to work at lower wages. This may lead to more people competing for the same employment, which could decrease wages.
- 2. Income Compression:** Local and migrant workers' income levels may be adversely impacted by wage compression, which may arise when Indian laborers are willing to work at lower wages.
- 3. Pressure on Public Services:** A sudden increase in the population due to the entry of Indian labor can strain public services such as healthcare, education, and infrastructure. Local governments may face challenges in providing adequate services to the growing population.
- 4. Social Tensions:** Increased competition for jobs and resources can lead to social tensions between local and migrant communities. This can have broader societal implications and may require social cohesion efforts.
- 5. Dependency Difficulties:** Reliance too much on foreign labor can lead to dependency difficulties, which expose some businesses to changes in immigration laws or the national economy.
- 6. Exploitative Labor Practices:** The likelihood of exploitative labor practices is increased in the informal sector when adequate regulatory frameworks are lacking. Without sufficient legal protections, migrant workers—including those from India—may be exposed to unfavorable working conditions, long hours, and low pay.
- 7. Informality and Lack of Regulation:** Much of the time, the informal sector functions without following official legal guidelines. Inadequate regulations could result in poor working conditions, inadequate safety precautions, and restricted access to social security for both local and foreign laborers.

- 8. Loss of Cultural Identity:** Traditional customs and cultural identity within local communities may be lost as a result of the increasing number of foreign workers in the informal economy. This can have social and cultural implications for the affected regions.

Policymakers must address these issues by putting in place sensible labor laws, making sure those local and migrant workers are treated fairly, and encouraging social integration. Sustainable and inclusive growth requires striking a balance between the economic advantages of a diversified labor force and the defense of workers' rights.

Reasons for Hiring Indian Worker over Nepalese Workers

There are a number of reasons why certain firms in Nepal favor hiring Indian workers over Nepalese workers. It's crucial to remember that different Nepalese employers have different tastes, and that particular situations and factors can influence a person's selection. Indian labor may be preferred by specific companies for several reasons, including:

- 1. Wage Differentials:** Compared to their Nepalese workers, Indian laborers might be prepared to accept lower pay. This wage differential can be a significant factor for employers seeking to reduce labor costs and maximize profits.
- 2. Availability and Flexibility:** When it comes to working hours and conditions, Indian labor could be more easily accessible and adaptable. A workforce that can readily adjust to changing job requirements may prove useful for employers in some industries, especially those with seasonal or shifting demand.
- 3. Skills and Knowledge:** Indian laborers may occasionally possess certain skills or knowledge that are in high demand in particular industries. For positions requiring a certain level of technical expertise or experience, employers might favor hiring Indian workers.
- 4. Similarities in Language and Culture:** There are language and cultural similarities between Nepal and India that can help with integration and communication at work. Managing staff with similar cultural norms and language may be less difficult for employers.
- 5. Historical Relationships:** Hiring decisions may be influenced by past business and cultural connections between specific Nepalese businesses and Indian labor sources.

Hiring from India may be more convenient for organizations due to established networks and relationships.

6. **Open Border Policy:** People can travel about quite easily between India and Nepal due to their open borders. This geographical closeness presents an opportunity for employers to access the Indian labor market.
7. **Regulatory Considerations:** Employers may view using Indian labor as a means of managing or getting around some of the regulations that come with hiring workers from Nepal. This may be especially important in industries with more formal labor laws.
8. **Industry Dynamics:** Preference for Indian labor may result from the nature of some industries, such as construction, agriculture, or services. Employers may hire labor from beyond the border based on established procedures or past trends.
9. **Punctual in the Work:** Indian workers exhibit a remarkable commitment to punctuality and regular attendance. Unlike some other workforces, Indian employees are known for their reliability, seldom taking unplanned leaves. This dedication to their professional responsibilities creates a conducive environment for employers, fostering productivity and efficiency in the workplace. One notable aspect is the ease with which Indian workers embrace overtime or holiday work, showcasing their willingness to go the extra mile for the success of their projects.
10. **Not Doing Politics:** In contrast to the work culture observed among Nepalese workers, Indian professionals tend to steer clear of engaging in political activities during work hours. The Indian workforce displays a commendable focus on their job responsibilities, with minimal interest in unnecessary political discussions. This inclination towards staying apolitical ensures that the workplace remains a space primarily dedicated to professional endeavors rather than being influenced by external political factors.

Reasons for hiring Indian worker over Nepalese workers can be presented with the help of following figure.

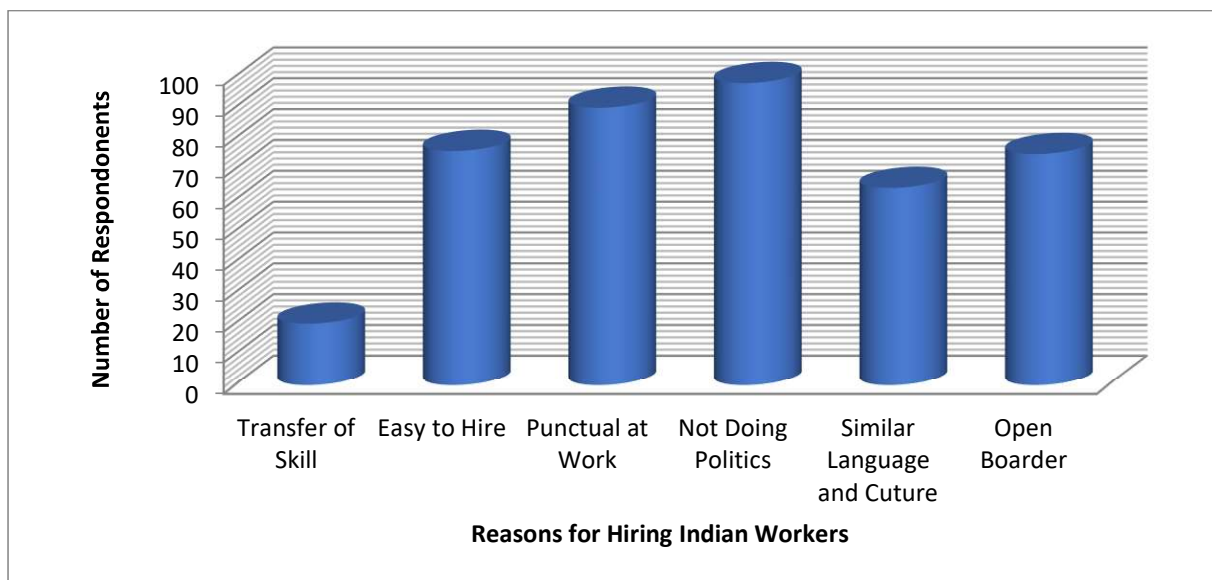


FIGURE 1. Reasons for Hiring Indian Worker

Figure 1 shows that Nepalese employers prefer Indian labor over Nepalese workers due to the various reasons but main reasons to easy to hire, punctual to work, not doing politics and open boarder with India. Indian workers' punctuality, reliability, and avoidance of political activities during work hours contribute to a professional work environment, making them an appealing choice for employers seeking efficiency and productivity.

CONCLUSION AND IMPLICATION

In conclusion, this study sheds light on the intricate dynamics of Indian labor migration in Nepal, with a specific focus on the Rupandehi District. The research explores the multifaceted impacts of this migration on Nepal's economy, encompassing workforce diversity, skill transfer, economic growth, industry development, and social implications. The analysis of advantages and disadvantages underscores the complexity of the situation, emphasizing the sectoral, regional, and contextual variations in outcomes. The findings suggest that while the influx of Indian labor may bring benefits such as diverse perspectives, skill transfer, and potential economic growth, it also poses challenges such as labor market displacement, income compression, pressure on public services, social tensions, and the risk of exploitative labor practices. The study underscores the importance of policymakers addressing these challenges through the implementation of

fair labor laws, social integration initiatives, and the protection of workers' rights to ensure sustainable and inclusive growth.

Policymakers should formulate and implement sensible labor laws that safeguard the rights of both local and migrant workers, ensuring fair wages and working conditions. To mitigate potential social tensions, efforts should be made to promote social cohesion between local and migrant communities. Initiatives that foster cultural understanding and mutual respect can contribute to a harmonious coexistence. Striking a balance between the economic advantages of a diversified labor force and the protection of workers' rights is crucial. Policies should aim for sustainable and inclusive growth that benefits all stakeholders.

The study emphasizes the need for robust regulatory frameworks, especially in the informal sector, to prevent exploitative labor practices. Legal protections should be in place to ensure the well-being of all workers. Industry dynamics play a role in the preference for Indian labor. Tailored strategies considering wage differentials, skills, language, and historical relationships can help optimize the benefits of cross-border labor migration. As the study notes the potential loss of cultural identity in local communities, efforts should be made to preserve and celebrate traditional customs, ensuring that cultural richness is maintained alongside economic development. The open border policy between India and Nepal presents opportunities for employers but also requires careful consideration of geopolitical factors. Policies should navigate the balance between economic cooperation and national interests. Employers' preferences for Indian labor based on qualities such as punctuality and apolitical behavior highlight the importance of workplace dynamics. Companies should foster inclusive environments that appreciate diverse work cultures.

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