



Internal migrant construction workers in Nepal: tackling exploitative labour practices to enhance migration's impact on poverty reduction

Summary

Migration for construction work to urban areas has increased rapidly in Nepal since 1990 mainly due to rapid urbanization accompanied by growth in housing and physical infrastructures. This has provided employment and income opportunities for rural-to-urban migrants. Research conducted by the Migrating out of Poverty Research Programme Consortium in Nepal on the impact of such migration, demonstrated that migration has a positive role in helping households of migrant construction workers to escape poverty. However, due to a lack of adequate safety and social protection policies, the long-term health condition of workers could be compromised, potentially undermining the gains. Accordingly, appropriate policies to protect the workers from unsafe working and living conditions and their full enforcement are urgently required if such migration is to enhance the gains made in improving the livelihoods of migrant workers and their

INTRODUCTION

Migration to urban areas for construction work has become one of the most prominent forms of internal migration in Nepal. As such rural to urban migration is one of the major forces behind rapid urbanisation, and it is estimated in 2011 that 34 per cent of migrants in the country move to urban areas. Even though only about 17 per cent of Nepal's population of 26 million live in urban areas, urban population growth has been rapid, exceeding 6 per cent annually since the 1970s. Urban areas have also become the engine of economic growth for the country, generating almost 62 per cent of the GDP in 2012, as compared to 28 per cent in 1975, and also reducing urban poverty from 22 per cent in 1995 to 15 per

cent in 2011. This demographic and economic shift to urban areas has led to rapid construction of residential and commercial houses as well as urban infrastructures.

The country's modern construction industry came into being in the mid-1960s and grew rapidly thereafter. The 2008 Labour Force Survey conducted by Nepal's Central Bureau of Statistics reveals that around 367,000 persons (15 years or above) were employed in construction sector in Nepal, which accounts for 3.1% (5.9% for male and 0.7% for female) of the total currently employed people. Between 2001-2011, construction and real estate business contributed about 15% of

Study Methodology

To understand the nature of the contribution to poverty alleviation made by migration for construction work and the policy gaps and constraints, a research study was conducted in 2013.

The study interviewed 150 construction workers in small private companies, national companies and larger international companies. Of these 150 migrant workers, 21 were female workers. The special circumstances of women workers were also investigated. The study focused on the working conditions of the construction workers but factors such as the role of social networks, skills development, and social protection programmes were also taken into account, as these can contribute to reducing poverty and vulnerability and improving the living and working conditions of migrant workers and their families. One company in each of the three categories – private, national and international - working in Kathmandu was selected for the study. A tracer study surveyed a total of 60 households in the villages of Dolalghat of Kavre district and Inurwa of Saptari district, which provided many of the construction workers in Kathmandu. For comparison purposes, in addition to migrant construction worker households, other households where people had migrated for waged work in other sectors, and non-migrant households of a similar socio-economic background in terms of land holding status and access to services including markets were also included. In order to analyse the impact of migration on migrants, the following indicators were examined: the opportunity to acquire skills, the opportunity to educate children at destination, housing or accommodation conditions, access to services, and accumulation of household assets like TVs and mobiles.

Survey Findings: Impact of Migration on Migrants and Their Families

The impact of migration was strongest on the indicators related to the financial benefits of remittances, i.e., income and purchase of assets for household and personal use. But, there was little impact – or even negative impact – in terms of skill acquisition, education of children at destination or housing conditions. At the destination, most migrants felt that housing condition, sanitation, food and security were either same or worse than in their origin (village). In the case of employment and income, they considered destination a better place: 71 per cent to 82 per cent of migrants in different types of construction companies considered their migration destination better in terms of ‘amount of employment available’, and ‘remuneration/earning’ than their origin community.

In terms of impact of migration on education of children in the village, two indicators were used: enrolment in private and government school and expenditure in education. About 75 per cent of construction migrants had their children in private school; whereas 68 per cent of other wage migrants households and 59 per cent of non-migrant households had their children in such school. The rest of the households enrolled their children in government school. The total expenditure on education made by migrant construction worker households was far more (Rs 9,256 per household) than that of other migrants (Rs 7,391) and non-migrants (Rs 1,858). However, the impacts of migration were found to be negative for children who accompanied parents to Kathmandu: Only a small minority of migrants brought children with them to destination, but among this group (13 children) the majority of them lacked access to schooling.



About 78 per cent of workers in the study were able to send remittances home in 2012. The average sum remitted by workers was Rs 31,123. A majority of workers (53 per cent) sent remittances through informal channels (20 per cent carried in cash via friends and relatives, 23 per cent delivered it themselves, and 10 per cent used Hundi – informal arrangements to send remittances). Those sending remittance by formal channels (47 per cent of workers), reported using banks, the post office, or other methods. Remittances were used, or had a positive impact on, the improvement of housing, purchasing consumer durables, education of the family members, and funding medical treatment of immediate and extended family members. Remittances also helped in raising the household consumption level.

The income and consumption expenditure of three groups of respondent households – those of migrant construction workers, other waged migrants and non-migrants – were found to be significantly different. The migrant construction worker households had higher income as compared to the other two groups mainly because of the high wage rate in construction sector. Similarly, construction migrant households had higher consumption expenditure (see Table 1). Migrant construction worker households were slightly above the poverty line, other migrant worker household marginally above the poverty line and non-migrant households slightly below the poverty line. As the major difference in the migrant (both construction work and others) was the remittance, the difference in position in relation to poverty line was caused by remittances.

Table 1: Annual household income and expenditure pattern in 2012

	Migrant construction worker households	Other waged migrant households	Non-migrant households
Total Income (Rs)	102,797	93,618	84,162
Total expenses (Rs)	93,723	89,466	82,857

Source: Migration RPC Survey, 2013; NB: poverty line calculated as 88,860 Rs (on a household basis)

The finding that migration and remittances have contributed to reduction in poverty is also generally true at the national context. For example, the three NLSSs (Nepal Living Standard Surveys) conducted at national scale reveal that there is consistent decline in poverty level (consumption poverty) in Nepal mainly due to remittances. The poverty rate in Nepal is about 25 per cent now, compared to 32 per cent in 2003-04 and 42 per cent in 1995.

Migrant Working Conditions: Major Gaps Between Policy and Practice

The study revealed that there are three main policies covering construction workers: the Labour Act (1992; amended 1998), the Construction Enterprises Act (1998) and Construction Enterprises Regulations (1999). Of these, the Labour Act has major implications as it guides other acts and regulations, while the latter two primarily deal with ensuring quality construction standards in the industry.

These legal documents have a number of positive elements to protect workers, but only when companies are recognized as part of the formal sector, i.e., employing more than ten workers. For example, it is mandatory for employers to protect the health and safety of the workers from smoke, dust, hazardous chemicals and fire. Other provisions include: regularized working hours (eight hours a day and 40 hours a week; and overtime for more than that); establishment of ‘welfare funds’; prohibition of dust and smoke in work environments; establishment of healthy rooms for children if company employs fifty or more female workers, and provisions of time for feeding children, toys for children, and a nurse; provision of welfare officer if workers number is more than 250; safety arrangements including personal protective equipment, accident insurance for all, and provision of temporary shelters and food if the work is outside the settled area; and a



minimum wage. Some attention to special requirements of women is also mentioned, like separate toilet for male and female workers.

However, the study found that workers were not protected in accordance to the requirements of existing policies. Hiring of workers is typically done informally so that it is not recorded and not recognized by the regulations; only 1 per cent workers were found to have written contract. Absence of written contracts increases the risks to the workers, as they may not get legal protection. Moreover, in most cases workers did not know about the legal provisions. Working environment at work sites and the living conditions of workers at destination was extremely poor. Problems of pollution and dust and other health risks were very high, but workers were not protected adequately, and there were health problems resulting from the dismal living and working conditions. Major causes of health risk identified were dust particles and pollution (63 per cent cases), followed by workplace accidents (35 per cent). Some of the workers developed health problem because of the unhealthy environment in work sites and living places – about 21 per cent developed coughs, 19 per cent reported back-pain, and 13 per cent reported exhaustion. In total, only about half (53 per cent of workers) said they got overtime payments when they exceeded normal working period in a day or week.

Even though policies have safety provisions for construction workers, only 57 per cent of workers said there were safety signs at their sites, and only 55 per cent workers said they had some kind of insurance. However, national companies, which are more guided by government norms as they get government-funded public works, did provide relatively more social protection for the workers in the form of insurance against hazards and accidents for their workers than private and foreign companies. For example, in national company, 92% workers had insurance. But, in international company, only 26% had such insurance, and this was so in

46% of workers in private company. In addition, trade unions have not effectively protected workers. In fact, ‘trade unions’ were more affiliated to political parties than actual welfare of workers and they have not been able to reach migrant construction workers. Furthermore, new legislation may be needed to address the modernization of the Nepalese construction sector, included the construction of high-rise and tunnels, which can add lethal risk for workers if safety provisions are not complied with.

Policy Recommendations

The poor implementation of the provisions of existing legislations in this area has impeded the poverty reducing impact of migration for construction work in Nepal. A new policy that accommodates the positive aspects of existing legislations/policies and addresses the emerging problems in the protection of construction workers is also required. Moreover, proper attention is needed for the full implementation of the policy. For ease of implementation and to increase the awareness of workers about these provisions and responsibilities, it is better to have a comprehensive policy or law, rather than having, as of now, different laws and regulations.

The Nepali government should consult with relevant stakeholders to develop a comprehensive legislation/policy to address the following issues, while at the same time ensuring that regulation does not become so burdensome that the demand for migrant labour in construction sector is significantly reduced:

1. Regulation of worker recruitment: registration of recruiters, and issuance of written contracts to all workers, outlining the terms of their employment.
2. Implementation of minimum standards: including regularized working hours (eight hours a day and 48 hours a week, with workers paid for any overtime), minimum wage, and provision for the needs of female workers, including separate toilets and child-care provision.



3. Worker safety: employers should provide insurance for workers against accidents and illness; ensure that workers have proper safety equipment; and that regular medical check-ups are provided for workers.

4. Workers' welfare: employers should ensure that workers have access to adequate living facilities; education for their children; and an employee welfare fund.

The consultation should also develop a mechanism for the adequate implementation of these policies, for monitoring their implementation, and for constituting a monitoring committee consisting of government workers and workers' representatives.

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