



International Conference on
**Migration, Remittances and Development
Nexus in South Asia**

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Migration, Remittances and Development Nexus in Bhutan

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Background

Why migration takes place?



Absence of local solutions

- basic facilities (46% due to lack of education facilities)
- better earnings (17% for better paying jobs)
- small landholdings (19%)
- poverty and improved livelihood
- employment opportunities (promising future)





Profile of migrants

USA
Europe
Mixed gender
Service sector – care giving, manual labor, odd jobs
Low skilled

Household Impacts



Low agricultural productivity – fallow land
 Rural land left to the ageing population
 Purchase of farm inputs and other durable household items
 Start a small enterprise – SME business
 Increases human capital (nutrition, education, health care)

Problems reported as a result of migration from households.

Problems faced by households due to migration	%
Farm labor shortage	47
People census complication	13
Old age destitutions	11
Hampering developmental activities	10
Societal break ups. e.g Divorce, etc.	9
Inheritance	4
Cultural dilution	2
Others	1
Total	100



Source: RUM, 2005, PPD, MoA

Survey opinions on the main negative effect of migration at geog levels.



Negative effects	Percent
Decrease in agriculture production	30
Crop depredation by wildlife	20
Slowing down of rural development	18
Loss of cultural values and weakening of family ties	15
Old age and destitution	7
People census complication	3
Loss of skilled labor	3
No negative effects	4

Source: RUM, 2005, PPD, MoA

Economic Impacts



Increased HH income
 Purchase of additional assets
 Reducing inequalities
 Increase foreign exchange earnings
 Social security improved

Estimates of remittances sent via formal channels.

Year	Bank of Bhutan						Bhutan National Bank		
	USD	CHF	GBP	EURO	JPY	DKK	USD	GBP	EURO
2008	51,530.5	-	-	754.4	-	-	2,616,599.6	-	-
2007	20,439.3	-	3,550.0	950.0	-	-	1,456,160.2	-	-
2006	19,144.7	4,000.0	7,770.0	-	-	-	1,415,854.9	-	-
2005	200,969.7	15,488.0	5,895.0	1,280.0	-	16,000	1,287,565.6	-	285
2004	337,257.6	52,864.4	5,225.5	12,262.4	-	-	967,321.3	3,000	-
2003	170,420.7	36,900.0	7,745.0	18,853.0	220,000	20,000	480,613.2	-	-



Source: RMA, RGOB

Survey opinions on the main positive effect of migration at geog levels.

Positive effects	Percent
Income through remittances	59
Low population and less pressure on natural environment	16
Influence on better health and sanitation	10
Greater inheritance percentage	7
Development of urban centers	6
No positive effects	2

Source: RUM, 2005, PPD, MoA

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- Key issues**
- High transaction cost
 - visa, documentation,
 - poorest of the poor cannot migrate
 - remittance transfer cost charged by the banks
 - Absence of a legal framework
 - abuse, death, political turmoil, lack of emergency repatriation mechanisms,
 - no formal legal recruitment authority,
 - lack of overseas workers union
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- Possible recommendations for SA in general**
- Promote competition in the remittance industry (lower remittance cost)
 - Protect migrate workers (SAARC migrates welfare fund)
 - South Asia Migration Commission laudable
 - Creating other related enabling policy environments for the SAARC region