Mountain Population and Employment

Discussion Paper Series

OFF-FARM EMPLOYMENT IN THE HILL AND MOUNTAIN REGIONS OF NEPAL

**Janardan Khatry-Chhetry
Bhimendra Katwal**

MPE Series No. 14

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the Agricultural Projects Services Centre, Kathmandu**

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**International Centre for Integrated Mountain Development (ICIMOD)
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PREFACE

The necessity of alternative employment opportunities outside traditional agriculture has become an important issue for the mountain and hill economy of Nepal. Off-farm activities are a significant source of employment and income for the rural poor, particularly for those with limited access to land. However, experiences show that there has been an increasing displacement of traditional off-farm activities and many of these continue to provide only distress employment. The rising population and labour force, pervasive underemployment and migration, and an increasing pressure of population on the fragile resource base make it imperative to examine and identify the critical issues and options in off-farm employment in the context of mountain specific conditions.

With this realisation, ICIMOD, with the support of the IDRC, Canada, initiated the study on Mountain Off-farm Employment and APROSC was entrusted with the responsibility to undertake this study for Nepal. The project document prepared by ICIMOD provided the basic guidelines and analytical framework for conducting the study. This report represents the first phase of the study and is basically an overview of the state of mountain off-farm employment in Nepal based on secondary sources of information.

This study has greatly benefitted from the valuable discussions and suggestions made by the participants at the two workshops held in Chengdu, China, from November 18 to December 2, 1990, and in Peshawar, Pakistan, from May 18 to June 5, 1991. The comments and suggestions provided by Dr. Deepak Bajracharya and Dr. Pitamber Sharma of ICIMOD were especially helpful.

I would also like to thank Messrs Maheshwar Yadav, Surendra Pratap Singh, Prakash Tiwari, Bhudar Ram Joshi, Prakash Karki, and Badri Narayan Shah for their assistance at different stages of the study and to Mr. Indra Bahadur Thapa and Ms. Tshering Sherpa for the secretarial work.

Special thanks are also due to Mr. Binod Bhattarai for his work on activity level analysis and to Dr. Govind Koirala for his invaluable help in finalising the study.

Finally I would like to express my appreciation for the sincere efforts made by Dr. Janardhan Khatry-Chhetry and Mr. Bhimendra Katwal as the principal researchers.

Tulsi Prasad Shrestha
Executive Director
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FOREWORD

The present discussion paper by Janardan Khatry-Chhetry and Bhimendra Katwal, entitled "Off-farm Employment in the Hill and Mountain Regions of Nepal" constitutes one of the three studies on the current state of off-farm employment in selected mountain regions in the Hindu-Kush Himalayas. The studies were initiated by ICIMOD in conjunction with the Programme on Population and Off-farm Employment. The general objective of the programme is to identify viable off-farm alternatives and promote practical approaches to employment generation, income enhancement, and sustainability of mountain environments.

The programme is based on the premise that the promotion of off-farm employment and income opportunities in mountain communities is imperative in order to counteract the gradual breakdown of stable relationships between population, economy, and environment. In the absence of adequate employment and income opportunities, rural mountain communities are continually faced with increasing poverty which leads to migration from the hills and rapid environmental deterioration. Comparative advantages provided by mountain conditions and resources must therefore be used as the basis for promoting off-farm opportunities. Further, a systemic perspective is essential to analyse the constraints as well as the potentialities of off-farm employment.

A number of diverse off-farm activities are presently undertaken by mountain households in the Hindu Kush-Himalayas. While many such activities can be labelled "distress employment" because they are not remunerative enough, there are also areas where considerable opportunities exist. Further, off-farm employment in the mountains has been a matter of considerable policy concern and a number of programmes have been implemented in recent decades.

In this context the major purpose of the present study is

- (i) to apply a comprehensive analytical framework to assess critical issues and options in off-farm employment;
- (ii) to determine data and information requirements and identify gaps to facilitate the promotion of off-farm employment;
- (iii) to develop qualitative and quantitative criteria of "success" and identify "constraints" in the promotion of prominent and potential off-farm activities, based on the examination of experiences from different countries;
- (iv) to synthesise experiences from different mountain regions of the Hindu-Kush Himalayas and develop institutional and organizational guidelines, as well as investment and implementation options, for the promotion of environmentally sound off-farm employment activities.

The present study is basically a review and assessment of the off-farm employment situation in the Hill and Mountain Regions of Nepal. This study sets the stage for a more in-depth and location-specific analysis of prominent/potential off-farm activities that will be carried out in the second phase of the study and will be published in this series.

This study was made possible by a grant from the International Development Research Centre (IDRC), Canada for which I am extremely grateful. ICIMOD was also fortunate to have working on this study professionals from various national institutions in China, Nepal, and Pakistan. Mutual consultations and a review of on-going and completed work were held at workshops in Chengdu, Sichuan Province, China, and Peshawar, NWFP, Pakistan. The methodological framework and the structure of the studies were mutually agreed upon by participating researchers. From ICIMOD's side the programme was coordinated and executed by Dr. Deepak Bajracharya (now with UNICEF) and Dr. Pitamber Sharma.

Readers might be interested to know that all of the three case studies mentioned above, including the present one, are brought out in the Discussion Paper Series of the Mountain Population and Employment Division. ICIMOD is hopeful that these studies will contribute to a better understanding of the problems and prospects of off-farm employment in the mountains.

E.F. Tacke
Director General

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