

The Gurkha Recruitment, Remittances and Development

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***Abstract**— Nepali's migration for foreign employment began with the Gurkha's recruitment in the British Army in the dawn of the nineteenth century. Since then, they have been sending remittances to the country as recruitment has been an aspect of bilateral relations between the two countries. After 1947, when India was liberated from the British colonial rule, the Gurkha's recruitment diversified to other countries including India and Singapore. This process is continued and tends to be so for some near future. Thus, the country is receiving a sustainable source of remittances from Gurkha working in different foreign armies. This fact is often ignored in the studies of remittances and their applications in Nepal. This article analyzes Gurkha's recruitment pattern in different national armies, the remittances they send, and the application and development function of the remittances. This article concludes that Gurkha's collective recruitment in the foreign armies involved social and financial forms of remittances. The social remittances significantly contributed to social modernization in the isolated villages, while the financial remittances spurred entrepreneurship development thereby contributing to regional development.*

***Keywords**— Gurkha, Recruitment, Remittances, Entrepreneurship, Development.*

I. BACKGROUND

In recent years, remittances have been a viable solution to balance Nepal's macroeconomic indicators. Remittances rescued the decade long Maoist waged war-torn economy (1996-2006) and saved the country to become a failed state (Sapkota, 2013; Shrestha 2015; Piya and Joshi, 2016; Thapa and Acharya, 2017). The number of workers working abroad increased to 940, 824 in 2006/07 from 1,926 in 1992/93. In 2019, the figure significantly increased to 43, 56, 415 (MoF, 2019). Nepal Government's sources in the Ministry of Finance show a simultaneous increment in remittances from Rs. 549.7 million in 1990/91 to Rs. 97,688.5 in 2005/06. In 2018, the country received 8.1 billion remittances. Such a surprisingly high increase in number was contributed by the Nepal government's new labor policy, which came into effect under the Foreign Employment Act 1985. The act encouraged the private sector to participate in the labor market and arranged distribution of passport to the potential labors from the district administration office. Government and private labor companies negotiated in the international labor market and exported labor as per the demand. These provisions were further liberated in the Foreign Employment

Act, 2007. Thus, the unemployed youths who were kicked off from agriculture from the rural sector sought employment abroad. Since then, as the data show, the number of potential migrant workers, as well as remittances flow, is considerably increasing. It has remarkably contributed to the country's gross domestic products. In 1990/91, remittance to GDP ratio was 0.5 percent that increased to about 14 percent in 2006/07. In 2018, remittances from more than 110 countries remained all-time high at \$8.1 billion that constituted 28 percentage of the country's GDP. Nepal is the third-largest country in terms of remittance to GDP ratio (Ministry of Finance, Various Issues).

Yet, in accounting remittances studies often ignore its sustainable sources being received by the country since the dawn of the nineteenth century. Remittances by Gurkha, the bravest of the brave, who joined the British Army in 1816, are generally underestimated in national accounting. This study highlights Gurkha recruitment trends, remittances, and the impact of foreign earning on the economy.

II. INTRODUCTION TO THE GURKHA

The Gurkha is a collective identity of Nepali people working in foreign armies. For long, they were known as *Lahure*, as their engagement with foreign armies began with the Sikh Army in Lahore, now in Pakistan. Since the nineties, their identity is evolved into Gurkha even inside the country.

There are several stories about their name. One view is that their name came from Guru Gorakhnath, a Hindu warrior-saint of the 8th century. Some Gurkha argued that the Guru gave them the curved bladed knife, popularly known as the *Khukuri*. Another observation is that they came from a place called Gorkha, which during the sixteenth and seventeenth centuries was ruled by different castes, including *Kshatriya*, of which King P.N. Shah unified the country.

In the course of modernization, Banskota (1994) stated that King P.N. Shah formed a unified national army, the Gurkha. It included people from *Khas-Magar, Gurung, and Kshatriya* castes. In the course of the British expansion and connection with British East India Company, the construction of a 'martial race' emerged, which also incorporated people from *Thakuri, Rai, Limbu, and Sunwar* castes. In the earliest instance, the 'specialness' of Gurkha soldiers was a part of the Sikh Army in Lahore, India. After the Sugauli Treaty with the British in 1816, they reconstructed the 'specialness' into 'martial race' and continued recruitment in their army. Initially, Gurkha of castes Brahmin, Kshatriya, Rajput, Thakuri were also enlisted. However, with the Sepoy Mutiny in 1857 by Indian forces, the British gradually controlled the recruitment of Thakuri, Rajput, and Brahmin from Nepal and focused on the hill tribes (Shrestha, 2015, Banskota, 1994). Until the date, *Magar, Gurung, Rai, and Limbu*, the four ethnic groups have been dominating the image, popular as 'True Gurkha', to this date¹. They are known for their martial background and soldierly qualities such as bravery, loyalty, height, and the group tradition of recruitment (Banskota, 1994)². They comprise 14 percent of the total population,

¹ The task of delineating ethnic composition of Gurkha Army is complex for several reasons. In fear of non-enlistment, the youths of ethnicities other than Magars and Gurungs changed their surname because the British Recruiting Officers used to favor these two ethnic groups. Lack of proper recording system, different recruitment stations in Nepal and India are other causes. Perhaps, it is more complicated due to similarities between Nepali Gurkha and Indian Gurkha in terms of ethnicity. This may be the reason that significant studies on the ethnic composition of the Gurkha are rare.

² In his study, Banskota (1994) accounted following ethnic distribution of Gurkha: Magars (38500), Gurungs (18700),

inhabiting in the eastern and western hill regions (CBS, 2012).

Table 1: Gurkha in Different British Frontiers

| Contexts | Number | % of the total population |
|------------------------------|---------|---------------------------|
| Sugauli Treaty (1816) | 4650 | - |
| First World War (1914-18) | 120000 | 3.5 |
| Second World War (1939-1945) | 250,280 | 3.9 |

Source: CNSUK, 2013; Banskota, 1994

Gurkha's abroad employment and economic connectivity began after the Sugauli Treaty, 1816 in the aftermath of the Anglo-Nepal War (1814-16), while it opened up contractual access in the British Army. Yet, the treaty did not mention recruitment policy, neither the pay nor the pension of the Gurkha (CNSUK, 2013). In the first phase, the British employed 4,650 Gurkha in its army (table 7.1). The Rana regime initially did not wish its fellow citizens to work in the British Army. After 1885 as Shamsher Rana ascended to the throne, the regime became flexible for recruitment in return to financial gain and political connections with the expanding British empire. Hence, Gurkha recruitment increased exponentially.

The increasing number of soldiers was also in need of the British to expand its colonial territory and to resolve military issues like the Sepoy Mutiny 1857 in India (Banskota, 1994; KC 2005). In the First World War, three and a half percent of the total population left the country; in the Second World War, it rose to four percent. This must have been a significant portion of male youth of eligible age as the country's population in 1939 was 6,283,649 (CNSUK, 2013). Data show that in 1954, total labor emigrants were 198,120 (Gurung, 2013). If this figure is matched with the Gurkha involved in the Second World War (table above), a majority of the emigrants can be estimated as Gurkha working in Indian and British Armies. This number could be a potential source of remittances at that time.

Kshatriya (17500), and Rai (13200). It shows that the 'true Gurkha' outnumber other groups.

III. METHODOLOGY

This study applied a descriptive approach to analyze the information obtained by interview and secondary sources. Purposively selected 50 people were interviewed with a pre-designed checklist, some of whom were approached by the snowball process. Among them, 20 (40%) were British, 18 (36%) Indian, 5 (10%) Singapore Gurkha, and 7 (14%) were family members e.g. wives, daughters, and close associates of the Gurkha. The majority of interviewees were engaged professionally in the education sector, social work, overseas trade, small businesses, and the financial sector. Two of them were living at home due to their old age. Four respondents were consulted by telephone. Others were interviewed in their office, home, and pension camps in Kathmandu. Interview time varied from a minimum of 10.30 minutes to 49.00 minutes. The information was recorded and transcribed.

Two key informants were also consulted and interviewed face to face. Secondary sources included published documents on Gurkha in the form of official reports, books,

Table 2: Gurkha in Various National Armies (2015)

| Nations | Gurkhas | | Total |
|--------------|---------------|----------------|-----------------|
| | In-service | Pensioners | |
| India | 55,000 | 150,000 | 205,000 |
| UK | 3,500 | 36,000 | 33,000 |
| Singapore | 2,500 | 15,000 | 17,500 |
| Total | 60,500 | 201,000 | 261, 500 |

Source: CNSUK, 2013; Gurkha Army Ex-Serviceman's Organization (GAESO, 2015), Gurung (2013)

These figures in the table are conservative (or provisional) for a few reasons. First, they are in round numbers, which indicates that the exact figure might differ. The retirees from India were getting a pension from Kathmandu as well as from some towns in India. For example, the official figure of Gurkha pensioners from India is 126,000. However, it represented those who were receiving the pension from Kathmandu. It excluded other 25000 Gurkha who was receiving the amount from some Indian banking system. These Gurkha did not transfer their civilian status from India to Nepal. Secondly, the informal recruiting process affected the figure of in-service Gurkha in the Indian Army. The figures for the United Kingdom and Singapore represent those who are currently serving in their armies, not those

and journal articles. Key informants also supported providing secondary sources.

IV. ANALYSIS AND INTERPRETATION

Current Gurkha Labor Force in Different Countries

After the Second World War, Britain, India, and Nepal signed a tripartite agreement (November 1947), which segregated Gurkha into the Indian Gurkha and British Gurkha. Since then, the Indian government continued recruitment in its army, police, and civil forces. British Gurkha serve in mainland Britain and some other special administrative units such as Hong Kong. In Singapore, they are in the police force since the middle of the sixties. Number of Gurkha serving in India is high compared to other countries.

Gurkha who has been living there receiving citizenship status.

The minimum age for recruitment in the army is eighteen years. The age range is 18-21 years. They complete their fifteen years of pensionable service in the age range of 33-36. In this study, the average service period of fifty interviewees was 15.43 years. Thus, they could still be active as a labor force.

For various reasons, the pension receiver Gurkha would go for the second career outside the country. These Gurkha were working in India, Britain, Hong Kong, Malaysia, Europe, America, and Gulf countries. As potential workers, Gurkha could serve the country's economy with double remittances.

The pension amount goes to Gurkha for life; afterward, it is transferred to their widows. It implied that Gurkha's employment was officially guaranteed, decent, and that they earn sustainable long-term remittances to contribute to the country's economy. It could influence an ethnic economy in terms of both social and financial remittances they send.

Remittances

Concerning the Gurkha, given to their job nature and years of employment abroad, two forms of remittances may be observed, namely, financial remittances and social remittances. Financial remittances include pension and monthly pay they receive in Nepal and in the country where they are working respectively. The experiences, knowledge, skill, and physical goods they bring back during the leave period or retirement constitute worth equivalent to social remittances.

Social remittances

Social remittances by Gurkha into Nepali villages seemed to be one of the major aspects of their role in social development. In 1815, they came in contact with the Western world and after the Sugauli Treaty 1816, a collective labor force from the country entered the global market. To a resident of an isolated land-locked country, the moment was of crucial significance to interact with the global political economy. The war between Nepal and Britain became a context of exchange of labor and social capital.

For 200 years, Gurkha has considerably contributed social remittances to the country. Interviewees argued that the popularization of Nepal's prestige, modernization of the Nepali Army, and initiation of a tradition of foreign employment were among their contributions. It also extends to the modernization of villages in the hills. In the social dynamics of 1950, Gurkha

added new values through English education, fashion, and technology.

Born in 1928 in a village of Panchathar district and deprived of formal education, Khadga Bahadur Limbu could speak and understand English after retirement. He said he had to learn the English language to communicate with British fellow soldiers and seniors officers. Illiterate in the villages, thus many Gurkha benefitted through informal education in the army. Nevertheless, lack of education at the time of enrollment left them behind in getting incentives such as promotion and allowances while in service.

Gurkha experienced the significance of education in a foreign land and got involved in the development of the education sector back in society. Data show that they served voluntarily in schools as a teacher. Some of them established new schools with new curricula. They prioritized education to their sons and daughters besides buying land and houses. One of the interviewees, a retired Gurkha served in India, conducted a survey in 1990 that showed that nearly seventy percent of technical labor forces such as a doctor, engineers, and nurses among others were either children or relatives of Gurkha.

Gurkha brought to Nepal new fashions such as coats, hats, goggles, and half-pants. These were new to their family and society. Firstly, they socialized these items through their family members. Over time, the entire society adopted. With them, hardware technologies such as radio, camera, cassette, watch, and torchlight entered into remote villages. This meant modernization of rural areas through building social and physical capital.

The Gurkha expressed their preferences on health, hygiene, and sanitation. Their kitchen and courtyards were as neat and clean as that of upper-class Brahmins. In terms of sanitation, their houses were the model for other ethnic and caste groups. One of the key-informants, non-Gurkha, mentioned that people could go to Gurkha owned hotels for dinner because they were hygienic.

In the early foreign expeditions to Nepal before 1950, Gurkha was in demand of Europeans and American international public health supervisors, geographers, and mine-explorers (Moore & Moore, 2005). They received wages as tour guides, security guards, administrative staff, and technical assistance that was barely available for the people of the same educational attainment.

The ex-Gurkha were organized by Nepali Congress Party in 1949 as the 'Nepali Liberation Army' to wage armed struggle against the Rana regime. The majority interviewee argued that their role in the democratization of the people in the villages was considerable. The reason they mentioned was that they served and experienced democracy and democratic values in two big democracies of the world, India, and Britain. Of the total interviewee, fifty-five percent were active in party politics besides their engagement in one and other forms of businesses.

The presence of social remittances was significant until 1950 when Nepal embarked into to open democratic society. Afterward, its relevance gradually retarded. The reason was

that during that period the Rana oligarchy isolated Nepali society to be open to the global changes in education, technology, and economy. Hence, Gurkha social remittances were new and dominating to the align societies, especially in the western and eastern hills where the majority Gurkha resided. Secondly, financial return in terms of monthly pay and pension to the Gurkha started after the tripartite agreement between Nepal, India, and Britain in 1947.

Financial Remittances

Gurkha did not receive regular pay and pension since its enlistment in the British Army back in 1815. They were given logistic support while in service and a fraction of travel expenses after retirement (Banskota, 1994; KC, 2005). With this money, they could buy clothes, household gadgets, groceries among others to their family members. This trend continued until the end of the Second World War.

However, Gurkha was paid as gratuity or travel expenses at the time of home return. Khadga B. Limbu (90) who was enlisted in 1949 recalled that initially he was paid Rs. 22 (\$0.22). In 1970, it increased to Rs. 300 (\$3) at current Dollar exchange.

For the first time in over a century of foreign employment, the tripartite agreement between Britain, India, and Nepal signed in 1947 mentioned that Gurkha should get wages and pension equivalent to the Indian Pay Code (IPC) (CNSUK, 2013). It meant that Gurkha serving in the British Army could get equal pay as Indian Gurkha. Normally, the policy benefitted the Indian Gurkha. Yet, it could not ensure justice to those serving in Britain because it was not equal to the salary being received by their British counterpart. In 1989, retired Gurkha officer class one status with 22 years' service used to receive a £41.50 per month pension whereas a British counterpart with the same length of service used to receive a monthly pension £439, a difference of 958% (P. 28). British government reviewed the policy in part in 2006 that allowed equal pay and pension effective from 2007 to all those Gurkha in-service and the pensioners. In India and Singapore, they were getting equal pay and pension as their domestic fellow soldiers.

Considering the conservative figures (table 7.2) and the minimum wages³ of the three countries India, the UK, and Singapore for the year 2015, total remittances as the wage is \$361 m. In terms of gross domestic product (GDP) and national average remittances in Nepal, it constituted 2 and

6.8 percent respectively. As the number of retired Gurkha was bigger in-service Gurkha, remittances in terms of pension were comparatively higher. The table below gives the pension figure received in Nepal by the Gurkha in all the three countries.

Table 3: Remittances Transfer in Terms of Pension

| Fiscal Year | Gurkha Pension (Rs. m) | Worker's Remittances (Rs. m) | Pension/Remittances (Ratio) |
|-------------|------------------------|------------------------------|-----------------------------|
| 2006/2007 | 12,937.0 | 107,417.6 | 0.12 |
| 2007/2008 | 18,789.9 | 139,421.5 | 0.135 |
| 2008/2009 | 17,755.4 | 194,215.5 | 0.091 |
| 2009/2010 | 25,850.7 | 231,725.3 | 0.11 |
| 2010/2011 | 28,993.4 | 253,551.6 | 0.11 |
| 2011/2012 | 28,343.6 | 359,554.4 | 0.078 |
| 2012/2013 | 35,326.7 | 434,581.7 | 0.081 |
| 2013/2014 | 41,373.1 | 543,294.1 | 0.076 |
| 2014/2015 | 42388.0 | 617,278.8 | 0.068 |
| 2015/2016 | 45513.5 | 665,064.1 | 0.068 |
| 2016/2017 | 45592.6 | 695,452.4 | 0.065 |
| 2017/2018 | 54,154.7 | 755,058.6 | 0.071 |

Source: Nepal Rastra Bank (2019); Author's calculation

The figures in Table 7.3 give remittances in terms of pension received by the Gurkha in Nepal. In absolute terms, it has increased nearly by three times over a decade. Yet, there is a six times increase in worker's remittances in the same period. The ratio of the two figures shows that until 2009/2010, the Gurkha pension was above 10 percent coverage over worker's total remittances. It maintained at the rate of seven percent in the fiscal year 2017/2018, when its contribution to the gross domestic product (GDP) was two percent. The advantage of Gurkha's pension to the national economy is that it is a guaranteed and long-term sustainable source in comparison to worker's fluctuating and short-term remittances.

As Table 7.2 shows, the numbers of Gurkha in-service, as well as pensioners in India, surpass the figures in other countries. Records in the Embassy of India, Kathmandu showed that in FY 2012/13, pension remittances from India were NRs. 221.7 m. The figure doubled to 447.3 m in

³ Minimum wage (NRs.)/Year (2015): India 480,000; UK and Singapore: 1971,662

2016/17. Bellamy (2011) found that the pension bill for the Indian Gurkha in Nepal was \$0.15 billion. This figure was equivalent to the country's security budget in 2010/11.

Keeping the wage and pension value constant at the rate of 2015⁴, total remittances by Gurkha came to be 15 percent of the national remittances. It was 3.7 percent of GDP of the same year. This was comparable with the contribution of sectors such as fishing, electricity and water, transport, and communication to GDP, which was 5.1%, 4.1%, and 4.8% respectively (Nepal Rastra Bank, 2018).

The analysis showed that Gurkha's foreign employment had a significant presence in the country's financial sector. It was a sustained and increasing flow if applied systematically that could have a substantial contribution in generating economic growth and augmenting development.

Utilization of Remittances and Entrepreneurship Development

Interview data showed that the utilization of remittances by Gurkha was evolving from household consumption to productive sectors as small businesses to real estates. The trends were such that they were contributing to an ethnic economy, an economy built up by the Gurkha group.

In terms of use, their priority was household asset formation. It was even higher for the first generation Gurkha (who served before 1950) because they were in remote villages with traditional household resources. They spent wages on ornaments, dowry, construction materials, and communication and entertainment tools such as radio and cassette players. Interviewees illustrated that use of watches and jewelry by Gurkha's female counterparts was a new fashion in the villages. This was also a part of increasing household consumption, which influenced the trade pattern of the infant economy during the Second World War. Thapa (1995) maintained that indigenous industries did not meet the Gurkha soldier's capacity of buying goods and hence the government had to permit foreign goods to come into the domestic markets. They also acted as an informal

⁴ For the Gurkha in UK & Singapore Army_Minimum Wage/year/Army = 2000,000 (Rs) (<http://jobsgk.in/recruitment/indian-army-basic-salary-5335/>)
 For the Gurkha in the Indian Army Minimum Wage/year/Army= 480,000 (Rs.) [<http://www.armedforces.co.uk/armypayscales.php#.WRyTcty1vIU>]

moneylenders in the villages. The finance mobilization was still a part of Gurkha's role.

Buying land was another form of investment. Data showed that specifically it began with the second generation Gurkha (who served between 1950 to 1980) and continued up to the new generation (after 1980). Land could be bought in villages and their birthplace. In some cases, buying land in the villages was a part of satisfying the dreams of their parents. Parents wanted their sons to be enlisted in the Gurkha Army, earn money, and buy productive land in the neighborhood. Nevertheless, most of the transactions took place outside, in the areas, which were convenient for living in terms of getting health services and education to their family members. Thus, a higher number of Gurkha migrated to the towns like Pokhara (the capital city of Gandaki province), Dharan (transit point of province no. 1), and later Butwal (business hub in the western region adjacent to India). The process was triggered by the opening up of pension camps in these towns in the sixties. It was also influenced by the co-ethnic pull factor that the migrant Gurkha could draw a fellow Gurkha in-service or retired in his place. The second generation also initiated start-up businesses such as teashops, motels, groceries in the neighborhood, and along the routes through which Gurkha traveled to and from their villages or the place where their newly bought land was located. These start-ups were established primarily focusing on the Gurkha communities as customers.

Table 4: Dynamics of Gurkha's Entrepreneurship

| Activities/Explanation | Description |
|--|---|
| Application of Resettlement Courses | Not Applicable to Majority |
| Thought of Doing Business while in Service | Yes (26) No (24) |
| Land as First Investment | Strong |
| Gurkha's Specialness in Businesses | Discipline, Introduction of New Technology, Exposure, Hard Work |
| Expenses on Philanthropy | Strong |
| Investment Type | Single, co-ethnic ventures, Shareholders |
| Issues in Businesses | Social integration, corporate/business culture |
| General Roles of Gurkha | Social, Financial, Political |

| | |
|---|--|
| Introduction of New Technology and Management | Noodles Metallic pack, Village Tourism, Electronic Vehicle |
| Successful Business | The financial sector, Manpower, Education |
| Collective Learning | Education, Hard Work, Technical Skill, Discipline |

Source: Segregated Interview Data (2017-18)

Gurkha's entrepreneurial patterns were influenced by the change in political-economic contexts after 1990. It can be argued that within the new liberal economic policy framework adopted by the country, Gurkha expanded their ethnic businesses in collectivity. At this time, they initiated some collective efforts in medium-sized enterprises such as the trade of consumer goods and investment in the transportation sector. One of the first such efforts was in the transportation sector. A unit of Gurkha initiated long-range bus services in Pokhara and Dharan. Buses could operate from both places to Kathmandu.

In some start-ups, Gurkha were the pioneers. One interviewee claimed that during the same period, he introduced *Safa Tempos*, electronic vehicles, in Kathmandu. He said that introduction of the new technology was but possible in cooperation with other shareholders. In production sectors, interviewees argued that retired British Gurkha initiated Nepal's first noodle industry, the Gandaki Noodles Pvt. Ltd. established in the 1980s.

Gurkha were also pioneers in starting collective village tourism in Nepal. In 1997, Captain Rudraman Gurung, an ex-British Army, initiated village tourism in Sirubari, Syanja district in the western hill. It was the first organized rural tourism in the country, which was famous for Gurung culture, local ethnic food and home-stay, and the participation of tourists in village activities. In Sirubari village, a group of 16 Belgian tourists visited as the first commercial visit in October 1997 (Thapa, 2010). The knowledge on collective village tourism was transferred to Ghale Gaun Lamjung district in the western hill, in 2002 by ex-British Army personnel. In Ghale Gaun, which is still famous for a homestay, 70 percent of houses are managed by ex-Gurkha. They also advertised Gurkha's specialness through cultural shows and naming items after them. A 'Gurkha Park' is founded to advertise and add values to village tourism.

In the education sector, a continuity of engagement from first-generation Gurkha was observed. These days, specifically after the nineties, volunteerism in the earlier days changed to present-day commercialism. Gurkha was involved in educational enterprises of all levels, primary to the higher degrees, as investors. They were principle lenders or shareholders. In most of the cases, Gurkha was in the management body of the schools and campuses. These ventures were scattered throughout the country, however, a dense presence was in the towns such as Dharan, Pokhara, Butwal, Dang, and Kathmandu, where the majority of Gurkha were living. Notably, few pensioners Gurkha were schoolteachers in public schools, who could receive monthly wage and pension after retirement. This way they could get a double financial return.

In the banking sector, Gurkha's involvement started after the nineties. They started with saving and credit cooperatives. Later in 2007, a development bank, named as Gurkha Development Bank, was also founded in Kathmandu. It opened up branches in other parts of the country. These days, cooperatives and finances run by Gurkha were mushrooming in the commercial towns. Besides, their investment was expanded from commercial agriculture, overseas employment agencies, modern departmental stores, and real-estate businesses to sectors such as hydropower and real estate.

An effort to Form a Collective Identity

Gurkha's business initiatives tend to form a distinct but collective 'Gurkha' brand. It was evident that they contacted their co-ethnic Gurkha members and held a discussion within before setting up the ventures. In several cases, such as transportation, trade-in consumer goods, and education, they formed a group to organize investment in their dream enterprises. In other cases, they involved co-ethnic non-Gurkha members.

During the fieldwork and interview, an emerging 'Gurkha' brand was observed in small businesses and the financial sector. Forty percent of entrepreneurs owned businesses with a name Gurkha, such as British Gurkha College, Gurkha Finance, Gurkha Saving, and Cooperative Ltd., Gurkha Jewelers, Gurkha Khukuri, Gurkha Trading, Gurkha Training Center. The title was a reflection of emotion that it was their 'brand' in and outside the service. Notably, non-Gurkha were also attracted to the brand name. The owner of a small cafe in Kalanki, Kathmandu named it 'Gurkha Cafe' because he liked the Gurkha title, as it was globally famous.

Desire to develop a separate identity was materialized in 2007 when a group of fifteen Gurkha formed the 'Gurkha Business Association'. Its statute stated that the prime aim of the association was 'to develop a collective trademark for the businesses either run or promoted by Gurkha entrepreneurs in and outside the country'. The general objectives were to unite and protect the existing businesses, encourage new ventures, contribute to the national economy, and expand the Gurkha owned enterprises. However, according to Padam Neupane, who initiated and served as secretary, the organization did not continue for two reasons. One, Gurkha suffered from a lack of business culture. They received neither training nor experience of entrepreneurship. The other cause was that concerned state apparatus were indifferent to their initiatives and financial potential and treated them as 'external agents'.

Role of the Resettlement Course

There was a tradition of a resettlement training course designed to train Gurkha at the time of retirement. Seventy percent of the total interviewee received the training in Nepal after retirement, while the other was trained abroad. The course included topics such as agriculture, plumbing, construction, small businesses, and shipping among others. These days, it was updated with topics including civil laws, and business code. The strategy of the formation of the resettlement course was to make aware and train Gurkha of its society, politics, and economy. It was needed because they left the society at an early age and came back after at least a decade and a half. The course aimed to integrate Gurkha to the society, make Gurkha known to the legal things as well as to encourage them to initiate investment in businesses.

Yet, it was found that only twelve percent were doing small business that too was not an inspiration for the training course. For most of the Gurkha, the course was not helpful. The reason was that besides civil laws and business codes, the topics were not contextual and out of their interest and experiences. Therefore, they invested in the emerging sectors such as Manpower Company, banking, and cooperatives, and the businesses of their interest such as education. Notably, nearly seventy percent of the retired Gurkha could go back to abroad for a second career mostly as security guards.

Success and Failure

Success and failure of the Gurkha initiated businesses depending upon their experiences, use, and composition of resources. They experienced failures in transportation,

domestic trading of consumption goods, and commercial bank among others. The causes of failures were that they were less known to the business and social codes. Their one and a half-decade of foreign employment in the army meant that it took time for them to know new societal dynamics in their homeland. The interviewee said that they faced adjustment problems in their society. Their neighbors knew them as 'Gurkha or Lahure', meaning that they had enough money and sufficient sophistication. They experienced that neither their friends nor the financial administration trusted them as entrepreneurs or investors. They argued that in doing business they were swindled by their non-Gurkha partners, government officials, and helpers. Being in a foreign army, they could barely have the business culture but discipline, loyalty, hard work, and exposure.

Notably, the use of human resources, not excluding their socio-cultural resources could make certain businesses successful. These sectors were education, tourism, and labor business. They believed that education was an integral component of individual success. It was based on their reflection of the experiences they endured during the service. These days enlistment in a foreign army needed higher education, while before, a high school grader could get entrance if he met certain physical standards (Shrestha, 2015). The low grader could not get promotions and they had to retire after the completion of fifteen years of pensionable service.

Out of the total, eighty-eight percent of interviewees said that they somehow dreamt of serving in the education sector. Success in this sector was also based on the discipline they learned during the army service. Interviewees, who were running colleges as director, principal, or coordinator, said that parents trusted them for their discipline and use of new technologies in teaching and learning. They used whiteboard, marker, g. overhead projector which was new in schools in the period of their initiation, and maintain both indoor and outdoor hygiene.

In the tourism sector, the use of indigenous resources such as dance, food, technology, and participatory tradition were the causes of success. However, village tourism was not advertised both in domestic as well as in the international market highlighting that it was managed by Gurkha.

Their success in the labor business depended on that they knew the international destinations. The companies abroad receiving labor could trust them because they were 'warrior Gurkha'. Their family members, co-ethnic, and inter-ethnic

people could believe them. It meant that this sector could employ their learned experiences in collectivity.

Development Function

Development is a function of income, consumption, and learning and reflection process. Since the time of enlistment in the foreign army, Gurkha received some sort of social and financial return. Data show that the average per month income of a pensioner was Rs. 54, 500. This figure was above the average wage of Nepali officials in 2019. It meant that their consumption rate could be higher. It could affect a Gurkha's health and education. Its cumulative impact could also trickle down to their family members. Shrestha (2015) found that the introduction of education requirements for enlistment in the British Army significantly improved the educational level of Gurkha communities. It was beneficial

for both recruiters as well as losers as the later could get decent job opportunities at the local market with higher wages. The research also concludes that investment in education could affect overall human capital, especially health, nutrition, and education, of their family members including their wives and children, and that could further influence their preferences of marriage, fertility, and gender equality. This implies that Gurkha earning in terms of social and financial remittances could have a positive correlation to their indicators on social and economic well-being.

Notably, data showed that the regions where Gurkha was living in the majority had a higher level of human development indices, including life expectancy, literacy, and per-capita consumption. Table 7.5 below illustrates that Gurkha's remittances would have a developmental impact in the western and eastern regions of the country, where their population is in the majority.

Table 5: Social and Economic Indicators in Eastern and Western Development Region

| Regions | True Gurkha population (%)* | HDI* | Per capita income, PPP (US\$)* | Life expectancy* | Literacy* | Per capita consumption (NRs. by Development region)** | Female-headed Households** (by Development region) | Women's Body Mass Index (Mean BMI)*** |
|------------------|-----------------------------|-------|--------------------------------|------------------|-----------|---|--|---------------------------------------|
| Eastern Hill | 41 | 0.511 | 1107 | 68.87 | 65.33 | 12994 | 7.66 | 21.5 |
| Western Hill | 31 | 0.498 | 1100 | 69.77 | 68.55 | 13824 | 19.39 | 21.9 |
| National Average | 14 | 0.49 | 1160 | 68.80 | 59.57 | 11928 | 9.55 | 21.4 |

Sources: *Nepal Human Development Report 2014 ** Household Consumption Survey of Rural Nepal 2000/2001 *** Nepal Demographic and Health Survey Report, 2011

The data indicated that Gurkha populated regional indicators such as human development index; per capita consumption, literacy, and life expectancy were either equal to or above the national average. It reveals that the regions with the majority Gurkha population have higher human capital formation through the investment in education, consumption, and health. It also implied that Gurkha's remittances could influence their female counterpart's social function. In the western hill, a closer to double the national average female-headed households was observed. It shows that women's empowerment was higher in the region. This explanation is

supported by Thapa (1995) who concluded that districts having Gurkha's majority population surpassed the national average human development index. Therefore, Gurkha's remittances could have a developmental function in the regions where they are living in the majority.

V. CONCLUSION

This article showed that Gurkha has significantly contributed to Nepal's regional and local economy through remittances. The recruitment of the Gurkha in the foreign army began in 1816 with the Sugauli Treaty between Nepal and the United

Kingdom. Later, they have been recruited in the national armies of India and Singapore in varying numbers. The trend continues till the date. Hence, the remittances by the Gurkha parallels the period they were first recruited, at the dawn of the nineteenth century. Yet, its effect was seen later, after the 1980s, when Gurkha began migrating from their place of origin in the villages to the regions with modern facilities. The trends in the latter days when Nepali youth of various castes have been migrating abroad for the job seem to be influenced by the effect of Gurkha's demonstration to their neighborhood ethnic communities.

Remittances by the Gurkha show two forms. The first kind is social remittances, which is a part of their collective learning while serving in the foreign army. It played a substantial role in the social and cultural modernization of the hill's communities since the time Gurkha was recruited in the British Army. The second type is the financial remittances that had a lesser impact at the beginning. With its incremental flow in the latter days, especially after the 1980s, a large portion of this earning was spent in consumption. The consumption function, nevertheless, had a substantial impact on the development of regional market centers such as Dharan in the east, Pokhara, and Butwal in the west of Nepal. Today, financial remittance has been expanding its impact even to the national economy. In terms of gross domestic product (GDP) and worker's remittances in 2015, Gurkha's remittances constituted 2 and 6.8 percent respectively.

At the local level, Gurkha has applied the financial remittance to initiate small and medium start-ups. The enterprises initiated by Gurkha are evolving from small-scale teashop to contemporary real estate businesses. Some start-ups such as noodles industries, village tourism, *safa tempo* were first introduced by the Gurkha. This trend is giving rise to an ethnic economy in the country. However, there are cases of both success and failure. Those initiatives that congruent Gurkha's ethnic tradition seems to have succeeded and is sustainable.

The overall contribution of remittances by Gurkha shows that they have to expand development function in the regions where they are living in the majority. This implies that Gurkha's remittances could be a significant part of the regional economy and development.

Finally, the research author felt a need to plan a detailed survey of enterprises owned by Gurkha ex-servicemen. This is left to future research.

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