

BACKGROUND

The Government of India welcomed His Holiness the XIV Dalai Lama when he sought asylum in India in 1959. India then welcomed more than 80,000 refugees and provided land in various States where these refugees could settle in formal settlements. In addition, Tibetan refugees fled to Nepal and Bhutan, and various settlements were established for them there.

Currently, more than 100,000 Tibetan refugees live in India and Nepal, mostly in 39 settlements, the largest concentration of Tibetan people living outside of Tibet. The settlements aim to provide shelter and livelihood for the people who live there and also to preserve Tibetan culture and national identity. Recent trends, however, indicate that more and more refugees are moving from the settlements to urban clusters in the cities of India and Nepal. This trend is particularly pronounced among young Tibetans with higher levels of education. As a result, the population in the settlements is in significant decline, with a declining number of young families and working age adults.

In addition, since the late 1990s, more and more Tibetans have migrated to other countries. Currently the Tibetan diaspora includes more than 30 countries, with large concentrations in North America, Western Europe, and Australia. The CTA believes that in the relatively near term there will be as many Tibetans living around the world as in the refugee settlements. These Tibetans living overseas have access to better education and more financial and other resources than the refugee communities in India, Nepal and Bhutan.

The migration of Tibetan refugees from the agricultural settlements to the cities of India and Nepal and to overseas countries constitutes the most significant economic development and social challenge for the refugee community. This migration represents the potential loss of a “critical mass” and concentration of population in exile with the related prospect of diminishing the community’s ability to preserve Tibetan culture and maintain Tibetan national identity.

OVERVIEW OF TIBETAN REFUGEE ECONOMY

The Tibetan Settlements

From an economic perspective, life in most major Tibetan refugee settlements is organized around agriculture. The 12 largest agricultural settlements in India have approximately 17,853 acres in the aggregate. This theme will concentrate on these settlements in India as they have the largest number of refugees and the most significant economic development opportunities among the settlements in India, Nepal, and Bhutan.

In the settlements in India, agriculture and sweater selling are the two most common livelihoods. Approximately 46% of the population practices farming and 49% engage in the seasonal business of sweater selling. In most of the agriculture based settlements, a typical household diversifies its income sources, farming during the summer and the monsoon and traveling out of the settlement to sell sweaters to Indian customers in the winter.

While agriculture is a primary livelihood in the settlements, it generates only around 8% of the income generated by the settlement populations. By contrast, sweater selling and other small businesses generate approximately 41% of household income.

Employment and Income Generation in the Refugee Community

As a general matter, workforce participation for Tibetan men in the refugee community is about 48% and about 47% for women. Only about 39% of the total workforce of ages 15-64 is employed, and unemployment rates are significantly higher (around 70% according to some estimates) for Tibetan youth.

Small farmers constitute about 8% of the total workforce while about 16% of the total workforce engages in sweater selling. Overall, about 40% of the workforce engages in seasonal occupations, including farming and sweater selling.

About 25% of the refugee population has salaried positions (including with the CTA and the Cooperative Societies in the settlements) and less than 10% are engaged in small business. Most of the small businesses are focused on roadside shops; miscellaneous shops for garments, handicrafts, religious objects, and household goods; restaurants; hotels and hospitality; and tourism. For most of the small and medium-sized businesses in the community, access to growth capital and business development services is extremely limited.

Importantly, youth interest in agriculture is declining with only about 28% of youth indicating any interest in pursuing farming as a livelihood. Similarly, youth interest in sweater selling is declining rapidly and Indian youth are now replacing Tibetan youth in many sweater selling functions. About 40% of Tibetan youth pursue higher education across India while a majority drop out of school each year, thus limiting their employment and job prospects.

Despite this high drop-out rate, more and more young Tibetans with higher levels of education are finding work in Indian and Nepalese cities where their skills and education can be utilized or are seeking to migrate abroad. In the Indian cities, most Tibetans are employed in the service industry (e.g. working in restaurants and hotels, beauty salons and spas, business processing and call centers, and airline and transportation services), although many Tibetan youth are working in professional environments or seeking to establish their own businesses as entrepreneurs.

While the Tibetan refugee community has been successful in many ways, about 25-30% of the exile population remains near the poverty threshold.

Financial Services and Remittances

The Tibetan refugee community has a substantial demand for financial services. CTA estimates that the Tibetan community holds nearly USD 80 million in household savings. Most of this is held in basic savings accounts. Furthermore, CTA estimates that demand for credit in the community adds up to as much as USD 93 million, including demand for growth capital for small businesses. At the same time, adoption of financial products and services such as business insurance, asset insurance, and life insurance is low even though these products are critical for managing economic risks, particularly for those in seasonal occupations.

Another important economic factor for the refugee community is remittances received from Tibetans living abroad. These remittances flow directly to families living inside and outside of the settlements and are derived from the higher earnings of the Tibetans living and working overseas. Remittances from Tibetans living abroad also constitute a significant source of income for residents in the settlements, amounting to around USD 10 million in 2015.



Economic Challenges and Opportunities Facing the Refugee Community

The Tibetan refugee community faces multiple and significant economic development challenges and opportunities. The principle task now before the CTA and the Tibetan refugee community within the “Fifty” of the Five-Fifty Vision is how to address and manage the challenges while also taking advantage of the opportunities so that the economic foundation and activities of the community as a whole are stabilized, strengthened, and made sustainable over the long term.

Five critical economic development challenges and opportunities are identified for special consideration during the Forum:

1. Addressing Migration and Youth-Related Issues

The most important economic development and social challenge facing the refugee community is migration. As many as 30% of the total refugee population living in India recently indicated an intention to migrate. Majority of these people intend to leave the country, often seeking to reunite with family members and friends already living abroad. If this trend toward migration continues on its current trajectory, the agricultural settlements are likely to be depopulated very quickly, leaving behind only the elderly, the infirm, and people with limited education and skills. In this event, the settlements are likely to lose their “critical mass” as concentrated Tibetan populations, and the resulting fragmentation and dispersion of the community is likely to present a substantial threat to the preservation of Tibetan culture and national identity.

The trend toward migration is driven in large part by the emerging generation of well-educated, highly mobile, and globally integrated Tibetan youth. This population may be highly educated and trained, but it has limited opportunities for gainful employment within the Tibetan settlements. A recent estimate suggested that the total absorption capacity of the 1500 most recent Tibetan student graduates within the settlements is under 10%. Another study indicated that the main source of dissatisfaction with life in the settlements was the “lack of livelihood opportunities.” This study suggested that the most common reasons for migration from the settlements include seeking higher income, better career options, “greater dignity of labor attached to all types of work abroad,” and “urban lifestyle.”

Thus, many young Tibetans move to Indian or Nepalese cities or seek to emigrate to countries in the West where they can find better employment and better utilize their education and skills. They are also often “pulled” to Western countries to reunite with families and friends already settled there. With the youth unemployment rate within the community remaining extremely high (some estimates are as high as over 60%), the challenge that the community faces in seeking to retain, inspire, and absorb its young population is considerable.

To counteract the “pull” of migration, CTA must act quickly and play a leadership role in the identification and establishment of new employment and income generating opportunities in the refugee community. CTA will need to develop a cohesive and long-term strategy for skill development and the promotion of entrepreneurship and SMEs (as defined below) among the youth. This strategy needs to be aligned with the skills and aspirations of the young people. It should also be market-led and diversified so that new avenues for income-generation and business creation and ownership become available. Vocational education and training should be mainstreamed to address the needs of the high percentage of Tibetan youth who drop out of school. Programs will need to be introduced to provide career development services, market-linkages, and financial support for better educated youth as they seek to use their education and skills in the settlements, Indian and Nepalese cities, and even abroad.



Another step that CTA may wish to consider is consolidating the various agricultural settlements into fewer but larger population centers. With more Tibetans living in fewer places, economic and livelihood opportunities are likely to be greater, “lifestyle” attractiveness enhanced, and efforts to preserve Tibetan culture and national identity more successful. These factors could contribute to reducing migration and improving the prospects for preserving Tibetan culture and national identity by creating more interesting and stimulating living environments in fewer, more densely populated settlements.

2. Shifting the Agricultural Model in the Settlements

Agricultural activities in the settlements are not fully optimized and potential is not fully realized: land use is sparse and primarily restricted to the monsoon season; water availability for irrigation and other uses is frequently a significant constraint; land degradation is a significant issue due to mono-cropping and use of chemical fertilizers; farmers are aging and labor and modern mechanization are generally lacking; agricultural potential is frequently not realized because much of the agricultural land is unprotected due to lack of fencing; and “backward” market linkages for procuring inputs like seed, fertilizers, and raising nurseries and “forward” linkages for crop aggregation, value addition, and marketing are not fully exploited.

Further, the agricultural settlements have not adopted integrated and holistic farming practices to maximize farm yields and optimize the usage of resources such as water and soil. Prospects for crop diversification, mixed cropping, shifting to organic farming, agro-forestry, and horticulture have been explored but have not resulted in significant adaptation of “best in class” farming practices that could substantially improve the incomes of the farmers and the community more broadly.

Agriculture, however, also presents the community with significant opportunities. The settlements in the aggregate have large parcels of land developed through decades of hard work. Very few organizations and entities in India can provide access to such large parcels of land for agriculture business. In addition, the community is highly organized and is largely integrated through the CTA. This presents a unique situation in India where land ownership and use is highly fragmented, decentralized, and politicized.

Within this context, CTA and the settlements have the opportunity of shifting their agricultural model from “small holding, low-tech” to a more collective “large holding, high tech” model. This would entail forging small holding farmers into community agriculture projects under a suitable management and governance structure. It would seek to organize around clusters of camps or at settlement level and would bring the advantages of community-based collective irrigation, fencing, improved and shared mechanization, choice of crops, marketing, and value chain development. Further, it would promote and facilitate collaborative partnerships with private sector agricultural companies, exporters, and investors.

In short, CTA and the community could seek to transform Tibetan agriculture to an “agribusiness” model, managing the entire business from input supply to marketing and sales. This new orientation would include a shift into higher margin crops and value-addition activities. These more sophisticated activities would require all the capacities and organization needed to develop and manage such an enterprise. As a result, they would hold excellent prospects for motivating and utilizing the skills of Tibetan youth with both higher and lower educational levels. Further, this approach would provide significant opportunities to invite private sector companies and other groups (including Tibetans living abroad) to work and invest in the settlements and to provide training and employment opportunities that would be attractive to younger and future generations of settlement residents.



Shifting to a new approach to agriculture in the settlements, however, will require CTA to develop a long-term orientation toward agricultural activities, clarity of purpose and vision with respect to the agricultural model to be pursued, and the political and management will and skill to develop and implement a unified, holistic, and integrated “agribusiness” program. Such an approach will require close collaboration with the Government of India, new investment from public and private sources, and the identification and selection of appropriate private sector partners.

The essence of this shift to an “agribusiness” model will be to focus on redefining and consolidating “land use” for the agricultural settlements as a whole and for individual settlements. The Cooperative Societies currently functioning in the agricultural settlements could play an important role in this new model. As a result, their participation should be solicited as the new model is developed, and further analysis should be undertaken regarding how these societies might need to be strengthened and supported.

3. Building Tibetan Financial Institutions and Services

Sustainable economic development requires a variety of stable financial institutions which provide the financial products and services required for a diverse, balanced, and healthy economy. These institutions include retail and commercial banks, credit unions and cooperative societies, savings and loan associations, insurance companies, money transfer and remittance companies, and investment banks and asset managers, among others. Together these institutions help a community to accumulate, allocate, invest, and manage financial assets efficiently and prudently and with a view to supporting the overall economic welfare of the society.

Retail and Commercial banks offer savings and credit products to consumers and to businesses. These financial institutions help the community to save and recycle savings into business and other productive social activities. Credit Unions and Cooperative Societies, by comparison, provide a broad range of financial products and services to their members, but not to the wider community. Savings and Loan Associations have historically channelled consumer savings into mortgage loans for housing, along with other types of business and personal loans. Insurance Companies help individuals and businesses to manage a wide variety of risks, including health, property and casualty, crop, mortgage, and various business risks. Money Transfer and Remittance Companies assist individuals to send and receive funds from one country to another or within a country. Investment Banks help individuals, businesses and governments raise capital through the issuance of securities, while Asset Managers assist individuals and business to invest and manage their financial assets wisely.

A mature and thriving economy needs each of the products and services that these financial institutions provide. From the perspective of the Tibetan refugee community, the lack of credible financial institutions of this type continues to be an important gap and vulnerability. As the refugee community has become increasingly economically successful over the sixty years of its exile, it has accumulated enough assets and demand for credit, savings, and other financial products and services to establish its own financial institutions. This would be an important next step in assuring the community's resilience in the coming years.

Efforts are currently underway through the CTA to establish a Non-Bank Financial Corporation under the laws of India and over time perhaps to establish a Small Finance Bank (SFB). These efforts would result in the establishment of a new financial institution for the community. This undertaking should be encouraged and supported so that a broad range of financial products and services (including saving, credit, insurance, remittances, and guarantees) can be offered. Issues around specific products and services to be provided, lending practices, governance, and



meeting capital requirements will need to be carefully considered. Products and services that provide credit support and growth capital to SMEs (as discussed below), sweater sellers, tourism enterprises, and larger businesses within the community should be considered as high, near-term priorities.

The Cooperative Societies currently functioning in the agricultural settlements are important providers of financial products and services to the farmers and members of the settlement communities. These Societies have specialized financial roles and functions that support the overall economic development of the refugee community. Thus, the products and services that they provide in the agricultural settlements should be carefully reviewed and considered as the community seeks to build a variety of stable financial institutions and services.

4. Supporting Small and Medium-sized Businesses and Encouraging Entrepreneurship

Strengthening the small and medium-sized enterprises (SMEs) in the community and encouraging entrepreneurship can catalyze economic growth. This can provide a robust platform for new and potentially more exciting jobs and income generating opportunities.

In the refugee community, about 10% of the population is involved with business and trading activities with an SME. These SMEs provide products, goods, and services generally at small scale and with limited opportunities for growth. Income from these enterprises is generally used to support families and for personal survival.

Within the refugee community, SMEs generally have limited or no access to the financial services, business development services, or capacity building resources that they need to support their growth and expansion. Further, recent community surveys indicate a relatively high preference for business ownership among the youth as opposed to the previous generation. While this preference should be promoted and encouraged, it requires appropriate support as youth too frequently demonstrate a lack of the relevant skills, motivation and strategies required to pursue entrepreneurship.

There are significant opportunities to support the community's SMEs and encourage entrepreneurship. These businesses require a broad range of financial products and services (as discussed above), including savings, credit, insurance, asset management, remittances, and growth capital. In addition, a broad range of business development services will be required to support these businesses, including assistance with basic financial literacy; providing proper identity and business documentation to establish bank accounts and obtain loans; developing business plans and strategy; and general business management including marketing, sales, human resources, accounting and taxes (particularly with respect to the newly adopted Goods and Service Tax).

Enlisting the participation of already successful Tibetan entrepreneurs and business owners in programs encouraging entrepreneurship and helping SMEs to grow may have excellent prospects for contributing to the overall economic development of the community.

5. Role of Tibetans Living Overseas

Tibetan communities outside Tibet have become increasingly dispersed and scattered. In the early days of the Tibetan exile and through the 1990s, most of the Tibetan people who fled from Tibet became refugees in India, Nepal, or Bhutan. Since the late 1990s, however, more and more Tibetans have migrated to other countries.

Tibetans living overseas have access to better education and more financial and other resources than the refugee communities in India, Nepal and Bhutan. The overseas Tibetan communities provide a significant and unusual economic development opportunity due to their earnings, skills, experience, commitment to the community and the preservation of Tibetan culture. They also present excellent prospects for bringing new investment capital, management skill, and global perspective and experience to the NBFC and other new financial institutions; to SMEs, larger enterprises developed by Tibetan business people; and to youth seeking to establish their own businesses in the community.

How best to utilize this resource presents a challenge and an opportunity that the community has yet to explore deeply or leverage fully. Inviting and involving Tibetans living overseas to participate actively in economic development activities should hold considerable prospects for making a positive and meaningful contribution to economic development of the refugee community, particularly in activities around strengthening the agricultural settlements; initiating and helping to build and manage new financial institutions; supporting SMEs and entrepreneurship through mentorship and providing growth capital; and providing employment, training, skill building, and role models for Tibetan youth.

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QUESTIONS AND ISSUES TO BE CONSIDERED FOR ECONOMIC DEVELOPMENT OF TIBETAN COMMUNITY THEME

Question 1: How can the issues of migration and youth employment be addressed so that the population of the refugee community can be sustained and stabilized?

1. What steps can be taken to make life in the agricultural settlements and more generally in India, Nepal, and Bhutan more attractive for Tibetan families and youth? Is lack of appropriate and challenging employment and income generating opportunities the most important determinant for migration or are other social factors as or more important? If so, how might these social factors be addressed while seeking to improve employment and income generating opportunities? What might be done to improve the "lifestyle" aspects of life in the settlements and more generally in India, Nepal, and Bhutan?
2. Is shifting to an "agribusiness" model likely to provide employment and economic opportunities that will be attractive to Tibetan youth? If not, what alternatives should be explored?
3. Is it likely that expanded support for SMEs, entrepreneurship and vocational training will successfully encourage significant numbers of youth to remain in the community rather than



seeking to migrate? If not, what alternatives might there be to attract and incentivize more young people to stay in the settlements and more generally in India, Nepal, and Bhutan?

Question 2: What steps should be taken to strengthen the agricultural settlements in India?

1. Would shifting the agricultural settlements to an “agribusiness” model be practical? If so, how might it be designed and implemented? If not, what alternatives might there be to put the agricultural settlements on a more sound and sustainable economic footing?
2. If an “agribusiness” model is to be pursued, who should lead this effort and how should the agricultural settlement communities be involved? What role should the CTA play? What resources would be required to seriously develop such a model and how can these resources be obtained? How might financial resources and private sector partners be identified to assist in this planning process and in the longer-term development of an “agribusiness?”
3. Are there easier, short-term solutions that can be developed for many of the agricultural challenges, including irrigation, mono-cropping, land degradation, lack of mechanization and fencing, and “forward” and “backward” linkages? If so, what might these solutions be and how and by whom could they be implemented? How might CTA encourage and support the development of these solutions?

Question 3: How can CTA build the sustainable financial institutions required to provide a broad range of financial products and services to the refugee community?

1. What types of financial institutions should CTA seek to establish to provide the financial products and services that the refugee community now requires? Will an NBFC provide a good solid foundation for expanding credit services to the community, and would a SFB be a logical and useful next step? Might different institutions be required in India, Nepal, and overseas?
2. How can CTA attract and mobilize for community economic development purposes household savings that are already accumulated in the refugee community, in India, Nepal and Bhutan and among the Tibetans living abroad? What type of savings and lending institutions would be most beneficial for the community? How can CTA attract remittance flows from Tibetans living abroad and provide some community benefits from these flows?
3. How can CTA establish a financial institution that will provide growth and equity capital equity for SMEs, entrepreneurs, and other scalable businesses in the community? What type of financial institution might this be? Would a Tibetan Private Equity or Venture Capital Fund be appropriate and feasible? How can Foreign Direct Investment (“FDI”) or investments from International Development Agencies (“IDAs”) be attracted to provide growth and equity capital for these businesses?
4. How can CTA attract FDI or IDAs to invest in the financial institutions it will develop? How might private capital be attracted, particularly from successful Tibetans living abroad? Would a public-private partnership model (“PPP”) be feasible for these institutions. If so, how might such a PPP function and be governed?
5. Should CTA seek to sponsor or own new “futuristic” enterprises and businesses? What might these be and how might CTA sponsor or own them? What private sector, public sector, or PPP models might be utilized?



Question 4: How can small and medium-sized businesses and entrepreneurship be best encouraged and supported in the refugee community?

1. What types of encouragement and support do SMEs and Tibetan entrepreneurs require to support their business activities? What specific financial and business development services are most needed at this time and what specific services will be required in the future?
2. What specific credit and other support might be provided to sweater sellers? Would it be feasible to explore the developing an integrated approach to the sweater selling business, including the design and manufacturing of sweaters? If so, who should lead this exploration, and what should be the role of CTA?
3. What should be the priority products and services that the NBFC and eventually the SFB should seek to provide to SMEs and entrepreneurs? How might the community attract additional investment capital for SMEs and entrepreneurs? Might the overseas Tibetan community provide such capital? If so, how might that capital be attracted?
4. How might remittances that flow into the refugee communities in India and Nepal be utilized more effectively to encourage and support SMEs and entrepreneurial activities in the community?
5. How can the Tibetan Chamber of Commerce and highly successful Tibetan business owners become involved in supporting and encouraging SMEs and Tibetan entrepreneurs? What specific services, advice, and support might they provide?

Question 5: How can the Tibetans living overseas be brought into community economic development programs and activities?

1. What opportunities and incentives could be provided to bring more Tibetans living overseas into the economic development programs and activities in the settlements and in India?
2. Are there specific aspects of community economic development that might be of particular interest to Tibetans living overseas? These might include providing investment capital and management advice for the NBFC, SFB or other new financial institutions; providing growth capital, credit, business development services, or mentoring for SMEs and entrepreneurs; helping to develop and implement a successful “agribusiness” model for the agricultural settlements; and assisting to develop relevant workforce development and vocational training for Tibetan youth.
3. Who might lead an effort to bring Tibetans living overseas into the economic develop activities of the community? How might this be done, and what resources might be required? What should be the role of the CTA, the Offices of Tibet and the Tibetan Associations?