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2025 Trafficking in Persons Report: Nepal

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NEPAL (Tier 2 Watch List)

The Government of Nepal does not fully meet the minimum standards for the elimination of trafficking. Despite making significant efforts to do so, it did not demonstrate overall increasing efforts compared with the previous reporting period. Therefore, Nepal remained on Tier 2 Watch List for the second consecutive year. Significant efforts included increasing investigations, prosecutions, and convictions of trafficking crimes. The government trained law enforcement officials on trafficking and conducted a joint training session with Indian counterparts on cross-border trafficking. However, for the 10th consecutive year, the government did not adopt draft amendments to criminalize all forms of labor and sex trafficking. Serious concerns of official complicity in trafficking crimes remained. The government did not finalize pending SOPs for victim identification and referral to services for the sixth consecutive year. Officials did not consistently refer victims to care, and identification of and protection for male victims and victims of transnational labor trafficking and bonded labor remained inadequate. Government efforts to oversee recruitment agencies, hold fraudulent labor recruiters accountable, and protect Nepali migrant workers abroad remained insufficient. The government continued to approve set recruitment fees and related expenses with few measures to protect Nepali migrant workers against exploitation.

PRIORITIZED RECOMMENDATIONS:

Amend the Human Trafficking and Transportation (Control) Act (HTTCA) to criminalize all forms of sex trafficking and labor trafficking, in line with the 2000 UN TIP Protocol.

Increase investigations and prosecutions, including of allegedly complicit officials, and seek adequate penalties for convicted traffickers, which should involve significant prison terms.

Constitute Local Coordination Committees on Human Trafficking (LCCHTs) in all localities.

Establish uniform SOPs for law enforcement to investigate human trafficking cases, including referrals between agencies.

Adopt and implement SOPs for victim identification and referral to care and train front-line responders on their use.

Increase the availability and quality of protection services, including shelter and repatriation, for all trafficking victims, especially men and boys and workers exploited abroad.

Adopt and implement a comprehensive national action plan and dedicate resources to its implementation.

Consistently enforce strong regulations and oversight of labor recruitment companies, including by eliminating recruitment fees charged to migrant workers, fully implementing and monitoring the low-cost recruitment policy, and holding fraudulent labor recruiters criminally accountable.

Proactively identify trafficking victims by screening for trafficking indicators among vulnerable populations, including children and bonded labor survivors, and refer all victims to appropriate services.

Train prosecutors and judges on restitution in criminal cases and victim compensation for trafficking survivors through civil proceedings.

Significantly increase monitoring of children's homes and orphanages and hold accountable those that do not meet the government's minimum standards of care.

Increase efforts to issue national identity documents to former bonded labor communities, internationally recognized refugees, and asylum-seekers to allow them to work, attend school, and access social services.

Engage destination country governments to create rights-based, enforceable agreements that protect Nepali workers from human trafficking.

PROSECUTION

The government increased anti-trafficking law enforcement efforts.

The 2007 HTTCA criminalized some forms of sex trafficking and labor trafficking. The HTTCA's definition of trafficking was inconsistent with the international definition of trafficking. It limited the definition of human trafficking to the purchase or selling of a person and to causing another person to go into "prostitution"; did not include a demonstration of force, fraud, or coercion as an essential element of the base offense; and did not explicitly address forced labor. The law separately defined "human transportation" as the taking of a person from their home or place of residence through force, fraud, or coercion for the purpose of "prostitution" or keeping a person as a slave or bonded laborer. The HTTCA prescribed penalties ranging from five to 20 years' imprisonment and a fine, which were sufficiently stringent and, with respect to sex trafficking, commensurate with those prescribed for other grave crimes, such as rape. The 2017 Labor Act, which is enforced by specialized labor courts, criminalized forced labor and prescribed penalties of up to two years' imprisonment, a fine of up to 500,000 Nepali rupees (NPR) (\$3,760), or both. Additionally, the 2002 Bonded Labor (Prohibition) Act abolished bonded labor and prescribed civil penalties of a fine between 15,000 NPR and 25,000 NPR (\$110-\$190). The 2000 Child Labor Act criminalized forced child labor and prescribed penalties of up to one year's imprisonment, a fine of 50,000 NPR (\$380), or both. None of these laws prescribed sufficiently stringent penalties. The 2007 Foreign Employment Act (FEA) criminalized fraudulent and deceptive labor recruitment of Nepali workers for employment abroad and was often utilized in labor trafficking cases in lieu of the HTTCA. For the 10th consecutive year, the government continued to work on revisions to the HTTCA. Although Nepal acceded to the UN TIP Protocol in 2020, the government had not modified its existing laws to more closely align with the definition of trafficking under the UN TIP Protocol. The Ministry of Women, Children, and Senior Citizens (MoWCSC) drafted and registered in parliament a policy to address gaps in coordination between local and provincial governments and better align anti-trafficking legislation with the UN TIP Protocol; the policy remained pending at the end of the reporting period.

The Nepal Police and Office of the Attorney General continued to lead anti-trafficking law enforcement efforts, increasing investigations, prosecutions, and convictions. During the Nepali fiscal year from July 16, 2023, to July 15, 2024, the police conducted 392 investigations involving 818 suspects in 177 sex trafficking cases and 215 forced labor cases. The Nepal Police continued investigating 361 trafficking cases involving 794 suspects. This compared with

131 investigations involving 321 suspects in the previous fiscal year. Police also registered 17 child trafficking cases. The government initiated prosecution against 807 suspects in 386 cases, including 308 sex trafficking suspects and 499 forced labor suspects, and continued prosecuting 1,601 suspects from previous reporting periods. This compared with initiating prosecution of 356 suspects in 175 cases in the previous reporting period. Courts convicted 406 traffickers, including 231 for sex trafficking and 175 for forced labor; however, the government did not report the sentences prescribed to convicted traffickers. This compared with convicting 176 traffickers in the previous reporting period. Similar to previous years, government data may have included crimes outside the international definition of trafficking. The government neither reported on bonded labor case data nor efforts to investigate or prosecute bonded labor crimes. Nepal Police reported cooperating on investigations of trafficking-related crimes with counterparts in India, Malaysia, and INTERPOL. However, observers reported more coordination with foreign governments was needed.

The Nepal Police and its Anti-Human Trafficking Bureau (AHTB), a specialized police unit dedicated to anti-trafficking, investigated trafficking crimes. The Nepal Police Women's Cells had female officers in all 77 districts to investigate crimes against women and girls, including trafficking, but not all district offices had fully operational units. While investigative capacity was improving, Nepali law enforcement lacked sufficient resources and training to adequately detect trafficking crimes. Some police and prosecutors misclassified trafficking crimes as non-trafficking offenses such as rape, fraud, or labor exploitation. Law enforcement continued to rely on victim testimony and regularly dropped cases or acquitted defendants due to a lack of evidence, as victims often chose not to participate in court proceedings against perpetrators who were friends or relatives and given social stigma, threats or bribes from traffickers to drop cases, and a lack of available victim-witness assistance. Observers reported limited coordination between anti-trafficking agencies, especially in remote areas, hindered law enforcement efforts. Traffickers often operated in other countries beyond the reach of law enforcement. The government continued to misidentify the majority of transnational labor trafficking cases as solely administrative labor violations and resolved most cases administratively through the Ministry of Labor, Employment, and Social Security in lieu of pursuing criminal investigations, resulting in inadequate sentences for perpetrators. Many district courts continued to not comply with the 2013 Supreme Court directive to adopt a "fast-track" system to complete trafficking cases within 90 days; the government previously reported most trafficking cases took one year to be heard in district courts.

In partnership with NGOs, the government continued to fund and conduct human trafficking trainings for law enforcement and prosecutors, including on investigation techniques and

legal procedures. Despite these efforts, most police lacked specialized training and resources to interact with trafficking survivors using a victim-centered and trauma-informed approach. The AHTB continued using a training manual on investigating trafficking crimes, and the National Judiciary Academy had SOPs on investigation and prosecution of trafficking cases; however, implementation of the SOPs varied. The government hosted a joint training of border officials from Nepal and India on anti-trafficking collaboration.

Corruption and official complicity in trafficking crimes remained significant concerns, inhibiting law enforcement action. The government did not report the status of cases involving allegedly complicit officials previously investigated or charged with trafficking crimes, and some officials previously accused of human trafficking remained in office. The government investigated a trafficking network involving immigration officials who allegedly forged documents to send individuals abroad under false pretenses; the case was pending before the court by the end of the reporting period. The government investigated a parliamentarian for alleged child labor violations, including potential trafficking crimes; the case remained pending at the end of the reporting period. Observers reported the government did not hold complicit officials accountable and dropped criminal charges for allegedly complicit officials, which weakened deterrence of the crime. Traffickers reportedly bribed government officials to include false information in Nepali passports and provide fraudulent documents to prospective labor migrants or foreign employment agents. In addition, some government officials, including parliamentarians, maintained close ties to foreign employment agencies, resulting in potential conflicts of interest. Operators of unregistered children's homes, which sometimes exploited children in forced begging, were often politically connected and often evaded prosecution.

PROTECTION

The government decreased efforts to identify and protect trafficking victims.

The government identified 203 trafficking victims, including 175 sex trafficking survivors and 28 labor trafficking survivors. This compared with 766 potential victims identified in the previous reporting period. Given the government's tendency to conflate trafficking with other crimes, the figure from the previous reporting period may have included victims of crimes not involving forced labor or sex trafficking. While a combination of government and civil society organizations often provided victim care, the government did not report the amount of funding it allocated for victim services, compared with 8,250,310 NPR (\$62,010) allocated during the previous fiscal year.

The government had a national minimum standard for the care of trafficking survivors, which defined basic services and procedures to refer victims to shelters and had a shelter operation guideline on providing integrated services for trafficking victims. The government conducted some training for front-line officials on victim identification. The government's procedures for victim identification and referral to services were insufficient and applied in an inconsistent and ad hoc basis, impeding proactive identification and referral efforts. The government did not adopt or approve several pending SOPs prepared by various ministries, including the MoWCSC, to formalize procedures to guide referrals to shelter services, for the sixth consecutive year. The AHTB had internal guidelines on victim identification, including treatment of victims, and typically referred trafficking victims to government-established, one-stop crisis management centers or civil society organizations, both of which could provide shelter and medical and legal services. Government services included counseling, health care, food, legal services, shelter, and vocational training; however, observers noted overall care was insufficient. The MoWCSC continued to establish child rights committees (CRCs), creating an additional 149 committees and appointing 122 additional child welfare officers (CWOs) in *Gaun palikas* (rural municipalities) to increase intragovernmental coordination. More than half of Nepal's 753 *Gaun palikas* have a CWO or CRC as part of a 2018 law mandating their creation in all municipalities to protect children from abuse, including child trafficking. Observers noted the CRC and CWO members often required additional training and depended on civil society partners for support. The government struggled to provide access to services to vulnerable communities, particularly in rural areas and communities with bonded labor survivors. Despite the emancipation of the Haruwa-Charuwa from agricultural bonded labor in 2022, the government did not implement social services outlined in federal guidelines. Observers continued to report cases of bonded labor, lack of worker protections, and insufficient reintegration programs for Haruwa-Charuwa communities.

The MoWCSC provided funding to 10 shelter homes for victims of violence against women and girls and human trafficking, although civil society organizations led operations of most shelters and covered administrative and staff costs. The government also operated two long-term shelters that could assist trafficking victims, offering counselling, health services, legal support, and employment programs. The MoWCSC could refer trafficking victims to services and shelters, and the National Child Rights Council (NCRC) referred children to shelters. The government did not report how many individuals it referred to care and provided services to in these shelters, compared with 2,733 individuals, which included potential trafficking victims, in the previous reporting period. In addition, MoWCSC supported 22 short-term service centers, a long-term shelter for women, and 123 community centers where trafficking victims could receive services. There were no dedicated shelters for child trafficking victims, and

children were placed in 10 government-funded shelters or long-term homes. Although most shelters served women and children, the government reported male trafficking victims were eligible for placement in government-funded shelters or hotels, and the National Committee for Controlling Human Trafficking (NCCHT) could reallocate funds if male victims sought services. Observers reported shelters lacked SOPs, and accommodations for individuals with disabilities remained inadequate. The government sometimes imposed restrictions on the movement of trafficking victims residing at shelters and did not allow survivors to enter or leave shelters at will due to security concerns. The NCCHT monitored the 10 shelters and required its partner civil society organizations to periodically submit details of their operations; similarly, district anti-trafficking committees were required to conduct at least one monitoring visit to government-funded shelters every six months. The National Child Rights Council, which monitored childcare homes remotely and with the assistance of civil society organizations, did not report removing children from exploitation in abusive and unregistered children's homes or closing childcare homes. The government, which maintained an SOP for operating childcare homes, sought to reduce the overall number of children's institutions; however, many positions to monitor children's homes remained unfilled, hindering overall efforts.

The government had some victim-witness assistance available to support victims participating in investigations and prosecutions, but it lacked a formal victim-witness assistance program. The government could provide a daily allowance, shelter, transportation, and police security if needed; however, the government did not report how many victims received assistance. In civil suits, most victims remained unaware of the HTTCA provision granting the right to private representation. The Department of Foreign Employment (DoFE) and police utilized a 2020 MOU that allowed labor trafficking victims to file complaints at local police stations, rather than traveling to Kathmandu, to increase victim participation in cases. Some victims could provide testimony via video or written statement; however, most courts did not have facilities for video conferences. Weak confidentiality protections, social stigma, and threats from perpetrators deterred some victims from participating in criminal justice proceedings. Notably, resource limitations and inconsistent implementation of the law impeded authorities' provision of a victim's right to police protection and legal services. In addition, the HTTCA authorized the judiciary to fine victims who failed to appear in court and hold victims criminally liable for providing testimony contradicting their previous statements. Due to a lack of formal identification procedures, authorities did not take effective measures to prevent inappropriate penalization of potential victims solely for unlawful acts committed as a direct result of being trafficked. Authorities lacked effective processes for consistently screening vulnerable populations for trafficking indicators, including migrants. The government provided ✓

shelter to foreign victims, but officials did not have legal alternatives to the deportation of foreign victims.

Victims could obtain restitution from traffickers through criminal proceedings; the government could also provide back wages from an HTTCA rehabilitation fund if the government was unable to collect fines imposed on traffickers. However, the government lacked the personnel and training to adequately assist victims in accessing HTTCA funds and did not report whether any victims received compensation. DoFE settled most labor complaints of migrant workers administratively and did not refer violators to the Foreign Employment Tribunal for civil penalties nor to police for criminal investigation. Many trafficking victims, especially men, preferred to submit claims for compensation through the 2007 FEA in lieu of lengthy criminal prosecutions under the HTTCA due to the stigma associated with trafficking, significantly higher potential for compensation through the 2007 FEA than HTTCA, and lack of time and funding to access the centralized institutions charged with providing redress.

The 2007 FEA required the government appoint labor attachés in countries with more than 5,000 registered Nepali migrant workers to address claims of abuse or exploitation and facilitate worker repatriation. The government continued to have seven labor attachés and five labor counselors deployed in eight countries with a high volume of migrant workers. However, the number of labor attachés remained insufficient to the worker population, and limited resources prevented assigning attachés to all required countries. While some embassies could provide temporary shelter and repatriate trafficking victims, officials acknowledged inadequate staffing, coordination, and resources to meet the high demand for services created delays in assistance; most shelters provided space only for women; and the quality of the government-run shelters abroad was inadequate. Nepali embassies in most Gulf countries, Malaysia, and the Republic of Korea (ROK) could each provide emergency shelter for approximately 25 female migrant workers, including trafficking victims.

The Foreign Employment Welfare Board (FEWB), which is responsible for protecting migrant workers and maintains a welfare fund to support labor migrants registered with the DoFE, collected fees from registered migrant workers prior to departure for a welfare fund to provide repatriation and one year of financial support to families of injured or deceased workers, which could include trafficking victims. Although the government medically certified migrants prior to departure, observers reported working conditions such as severe weather exposure contributed to organ failure and deaths of migrant workers. MoWCSC funded some Nepali embassies to repatriate Nepali trafficking victims; however, the welfare fund was not

available to repatriate unregistered workers. Nepal lacked formal agreements with neighboring countries, including India, to repatriate trafficking victims, often resulting in excessively long repatriation processes. DoFE maintained an online portal that allowed migrant workers, or someone on the worker's behalf, to file a request for repatriation assistance; the government did not report the percentage of successful repatriations.

PREVENTION

The government maintained inadequate efforts to prevent human trafficking. The NCCHT, headed by the MoWCSC, met quarterly and continued to lead interagency anti-trafficking efforts. Observers continued to note the need for improved coordination between the NCCHT, the District Coordination Committees on Human Trafficking, and LCCHTs as anti-trafficking efforts faltered due to uncertainty over responsibilities across all levels of the government. LCCHTs were not mandated by law and did not receive national-level funding, thereby limiting sub-national anti-trafficking efforts, and no new LCCHTs were formed. Additionally, an office within the National Human Rights Commission focused on trafficking of women and children. The MoWCSC prepared a 10-year NAP, which remained pending formal approval for the third consecutive year. The government did not report the amount of funding for prevention efforts, compared with 9,131,000 NPR (\$68,630) in the previous reporting period. Observers reported the government's efforts to reintegrate former bonded labor communities — such as providing official identification documents, sustainable livelihoods, and access to adequate healthcare and education — were severely inadequate, increasing vulnerability to trafficking. The government, in collaboration with an international partner, continued using a central trafficking database to address information gaps. The government continued to conduct public awareness campaigns, sometimes in partnership with civil society organizations. The government provided awareness-raising materials in Nepali. The government operated hotlines for victims of crime, including human trafficking, and the Metropolitan Police Crime Division in Kathmandu continued to operate an anti-trafficking hotline. The Department of Labor (DOL) operated a hotline to report labor violations, including forced labor; a previous hotline for child labor concerns was no longer active by the end of the reporting period. The FEWB also operated a hotline to receive complaints concerning migrant workers, including human trafficking incidents.

The DoFE, which regulates and monitors recruitment agencies and pre-departure orientation centers, maintained offices in all seven provinces to increase prospective migrant workers' access to foreign employment-related services. The FEWB also operated approximately 72

migrant resource and information centers at the district level, which provided information on authorized recruitment agencies, maximum fees the agencies could charge workers, and information on the risks and challenges of working abroad. The FEWB continued to provide a two-day pre-departure orientation for migrant workers; however, the course was not mandatory, and the quality varied. The government struggled to implement and monitor regulations for foreign employment, and the government's labor migration policies remained lengthy, costly, and sometimes discriminatory against women. The government maintained strict pre-conditions for female migrants that destination countries could often not fulfill, thereby restricting female migration, particularly for foreign domestic work in the Middle East, and increasing the likelihood of illegal immigration and trafficking risks. The FEWB had responsibility for monitoring and reporting labor violations, but the agency could not conduct enforcement operations and referred cases to the DoFE and the Foreign Employment Tribunal, often resulting in adjudication of migrant labor complaints.

The DoFE continued regular monitoring and inspection of recruitment agencies and pre-departure orientation centers for migrant workers; however, officials did not report if the government identified or referred any civil or criminal cases of fraudulent recruitment agents or agencies. The government required employment agencies to obtain an operating license by paying fees based on the number of migrant workers sent abroad. The government maintained strict pre-conditions for female migrant domestic workers; among the 972 manpower agencies currently licensed in Nepal, only 15 had authorization to recruit female domestic workers. Observers reported government monitoring of employment agencies was ineffective to address non-compliance; agencies regularly charged migrant workers fees higher than the 10,000 NPR (\$75) government-set limit. While the government's 2015 labor migration guidelines included a policy requiring foreign employers to pay visa and transportation costs for Nepali migrant workers bound for Malaysia and the Gulf and restricted agency-charged recruitment fees to 10,000 NPR (\$75), the government did not strictly monitor recruitment agencies, and employment agencies continued to charge Nepali workers for visas, airplane tickets, and service fees above the official cap. The government maintained 12 bilateral labor agreements or MOUs with destination countries in an effort to control costs and increase protections for migrant workers; however, many top destination countries remained without bilateral agreements.

DOL maintained primary responsibility for enforcing labor laws and continued to fund and conduct inspections focused specifically on child labor. However, labor inspectors often lacked sufficient training, and DOL did not report referring any employers for criminal investigation or issuing any administrative penalties. DOL did not report how many child laborers it

identified or removed from exploitative conditions, and it typically only removed children whom employers physically or sexually abused. While the informal sector employed a majority of workers in the country, including nearly all child laborers, labor inspectors did not regularly inspect the informal sector for violations, including forced labor, and did not undertake many unannounced inspections. In response to a previously established target by the government to declare at least 25 municipalities child labor-free, the NCRC reported 24 municipalities were child labor-free during the reporting period. DOL operated an online platform to grant foreign workers labor permits and licenses to work in Nepal. The government did not monitor its domestic or global supply chains for forced labor.

The government did not make efforts to reduce the demand for commercial sex acts. The government had special committees led by chief district officers to monitor the adult entertainment sector (AES); however, committees remained highly dependent on individual officers and did not have a comprehensive regulatory framework for monitoring such establishments. Existing laws did not permit labor inspectors to monitor AES establishments for labor violations, which allowed some establishments to use children and adult trafficking victims with impunity. Observers estimated only half of AES establishments had valid registration. The government did not make efforts to prevent extraterritorial commercial child sexual exploitation and abuse despite previous concerns. The government provided training on labor issues to its diplomatic personnel, and peacekeepers from Nepal reportedly received training that included human trafficking prior to deployment overseas.

TRAFFICKING PROFILE:

Trafficking affects all communities. This section summarizes government and civil society reporting on nature and scope of trafficking over the past five years. Human traffickers exploit domestic and foreign victims in Nepal, and traffickers exploit Nepali victims abroad. Men, women, and children are subjected to forced labor and sex trafficking, including child trafficking, debt bondage, and the worst forms of child labor. Observers report caste-based discrimination, child sexual abuse, violence against women and girls, and the absence of economic opportunities increase the vulnerability of many Nepalis, particularly women and girls, to trafficking. Traffickers continue to target young, uneducated Nepalis from traditionally vulnerable castes and ethnic minority communities with limited economic opportunities and then lure victims with promises of work or education. Foreign workers are particularly vulnerable to forced labor and sex trafficking. Traffickers increasingly use social media and mobile technologies to lure and deceive victims, often with false employment promises.

Natural disasters, drought, and desertification displace communities and increase vulnerabilities to trafficking.

Labor traffickers exploit Nepali men, women, and children in Nepal, India, the Middle East, and Southeast and East Asia in AES, begging, construction, domestic work, factories, mines, and other industries. The government estimates approximately 1.5 million Nepalis work in the Middle East, with most men in construction in Qatar, Saudi Arabia, and the UAE. In 2023, the Government of Nepal estimated more than 800,000 Nepalis left the country on work permits. Many migrant workers are not well informed about their rights or applicable labor laws, and ongoing reports indicate employers retain worker passports and sometimes withhold pay for months at a time. Many Nepalis lack access to the formal banking sector and take out high-interest loans through a “meter byaj” system, resulting in debts. Nepalis work under oppressive conditions, which include forced labor, sometimes resulting in death. In the Gulf states, exploitative working conditions in severe weather often lead to health complications, including organ failure, resulting in Nepali families taking loans and more debts for dialysis or other procedures. Traffickers target unregistered migrant workers, including the large number of young Nepali women who transit India, or men and women who rely on unregistered recruitment agents. Many prospective migrants from poor, often low-caste communities, including Haruwa-Charuwa adults and children, cross Nepal’s border with India in search of employment. Traffickers lure women with the promise of domestic work or work in the entertainment sector in Malaysia, the Middle East, and Sub-Saharan Africa. Traffickers also bring Nepali victims to Australia and Europe on tourist, student, marriage, and work visas. Some recruitment agencies and agents engage in fraudulent recruitment practices and impose fees and falsify job advertisements to facilitate forced labor. Some Nepali migrants reported indicators of fraudulent recruitment while traveling to Russia to enlist as foreign fighters in the Russia-Ukraine war; observers estimate 4,000 Nepalis have enlisted, and more than 300 have died. Traffickers exploit some foreign migrants who transit Nepal en route to the Middle East, including Bangladeshis and Sri Lankans who use falsified Nepali travel documents. The lack of a birth registration system in Nepal further contributed to the production of fraudulent identification documents. Traffickers bribe some Indian officials to fly Nepali migrant workers to third countries without proper documentation, which increases the workers’ vulnerability to trafficking. Traffickers fraudulently recruit Nepali victims with job offers and coerce them into online scam operations, including in Southeast Asia and the Philippines.

Within Nepal, many people searching for work travel from rural to urban areas where they are vulnerable to trafficking. Traffickers use forced labor and debt-based bondage to exploit

adults and children in agriculture, brick kilns, domestic work, and the stone-breaking industry. Many bonded labor victims in brick kilns are members of underprivileged groups and migrate with their families from rural areas to work. The Haruwa-Charuwa, the Haliya, and the Kamaiya communities, most of whom are Dalits, are disproportionately affected by bonded labor, especially in agriculture and cattle grazing. Observers report the lack of official identification documents, sustainable livelihoods, and access to adequate education and healthcare increases these communities' vulnerability to trafficking. High-interest loans, landlessness, limited livelihood opportunities, and inadequate government policies contribute to intergenerational bonded labor. Households frequently take on high-interest loans for healthcare expenses, funeral costs, and other necessities while earning low wages, resulting in debts passed from one generation to the next. Thousands of children work in brick kilns, including carrying loads, preparing bricks, and performing other tasks at kilns for extended periods. Traffickers subject Nepali and Indian children to forced labor in agriculture, brick kilns, carpet weaving, domestic work, the embroidered textile (*Zari*) industry, and stone quarrying. A 2021 study estimated 1.1 million children are exploited in child labor with 87 percent of cases occurring in the agriculture sector; approximately 74 percent of children engaged in the informal sector work in hazardous conditions. Traffickers use children to transport drugs across the India-Nepal border. Indian nationals work in construction and seasonal occupations where trafficking victims have previously been identified. Some Nepali brick kilns employ Indian migrant workers, including children, who take out large advances requiring working over subsequent seasons. A large proportion of licensed foreign workers in Nepal come from China, and Chinese workers previously faced risks of forced labor on infrastructure projects contracted to Chinese companies.

Sex traffickers exploit Nepali women and girls in Nepal, India, Malaysia, the Middle East, and, to a lesser extent, other Asian countries and Sub-Saharan Africa. Traffickers use employment or online romance scams to recruit Nepali women and children to India and then exploit them in sex trafficking. Traffickers subject Nepali girls and boys to sex trafficking on the streets or in the AES, including dance bars, massage parlors, and brothels. A study in 2024 found that a majority of workers in the AES were sex trafficking victims, with nearly half of the victims being children. A 2021 study on commercial sexual exploitation of children found that children who were homeless were highly vulnerable to trafficking. Child marriages remain prevalent, and girls in early and forced marriages, especially in the southern Terai region bordering India among Dalit and Madhesi communities, are vulnerable to sex traffickers.

Under false promises of education and work opportunities, some orphanages and children's homes take local children from economically disadvantaged families for the purpose of

attracting and profiting from charitable donations; some of these children are at risk of trafficking. Approximately one-third of registered orphanages do not meet the government's minimum standards, and some children's home operators force children to beg or keep children destitute to attract donations. Observers estimate nearly 11,000 children remain in Nepal's approximately 418 registered children's homes and "orphanages" despite approximately 80 percent having at least one living parent.

The government recognized Bhutanese and Tibetans as refugees but regarded refugees and asylum-seekers of other nationalities as undocumented migrants, even when recognized as refugees by international organizations. The government provided registered Bhutanese refugees an identification card and provided cards to children 16 years and older, requiring renewal every five years; however, the government has not processed renewals since June 2024. The government has not issued new refugee cards for Tibetan refugees since 1995 or recognized any Tibetans who arrived after 1989, leaving most of the government-estimated 12,540 Tibetan refugees in the country undocumented, which prevents them from legally working, studying, traveling, and accessing public services. According to some estimates, approximately 3.1 million individuals — 12.5 percent of Nepal's population — lack citizenship documentation, rendering them de facto stateless. Some women are also unable to obtain citizenship due to policies requiring formal attestation from a male family member. Lack of documentation precludes the participation of all these groups in the formal economy and increases their vulnerability to traffickers.

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