**Savings Groups: Case Study of *Dhukuti* in the New York Nepali-Speaking Community**

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Development practitioners scramble to come up with million dollar ideas about how to alleviate poverty. The trend, dictated by large multilateral organizations, is going towards projects that “disrupt” the existing systems. This notion forces us to come up with big picture ideas while missing the minute details. Billions of dollars have been spent on ideas that seem to “disrupt” and work well first few years, but then they fail after a while due to scalability, replicability and feasibility. What if the answers already there existing in a small scale within the system. That is what I found within a rapidly growing new immigrant community in Queens, NY.

Queens is has 2.3 Million residents, almost half of which are foreign born[[1]](#footnote-1). Most of the immigrants in Queens arrive to the country as low-skilled laborers. Yet, they find ways to thrive and increase their economic prospects due to ethnic enclaves[[2]](#footnote-2). Many Queens immigrants find themselves in the closest regional ethnic enclave to their home country. For South Asians, it’s Jackson Heights, Queens. For Southeast Asians, it is Woodside, Queens. For Latinos, it’s Corona. For West Indies, it is eastern Queens. For Koreans and Chinese, it’s northern Queens.

I identify as a Nepali-speaking community member, who is an ethnic Tibetan. I spent more than half my life living in Nepal. Currently, I live in NY district 14, which has a large Nepali-speaking community. According to the 2010 US Census, New York City has the largest concentration of Nepalese people in the US. I studied the Nepali-speaking community in Jackson Heights more closely to understand what factors lead to better economic prospects; the usual suspects of language barrier and cultural sensitivity came up. But I found more than that. I found the informal savings groups within the Nepali-speaking community here.

The Nepali-speaking community in New York is one of the newest immigrant population from South Asia. My definition of Nepali-speaking people includes not only people of Nepalese ethnicity, but also Bhutanese, Tibetan and Burmese people, who have a connection to Nepal. Majority of the Nepali-speaking community members were born in Nepal. This paper explores informal savings groups – *dhukuti*, which means “rotating grain collection” in ancient times and now means “storage box” in Nepali, in the New York City Nepali-speaking community. *Dhukuti* groups shed light into how new Americans are taking matters into their own hands to get closer to the American dream.

Here is the snapshot of the Nepali-speaking community in New York City[[3]](#footnote-3) as of 2010, collected by Adhikaar[[4]](#footnote-4):

1. 85% of community in New York City immigrated less than a decade ago.
2. Over 90% of the community is in the prime working years between ages 18 – 55.
3. More than two-thirds of the respondents reported annual household income of $30,000 or less.
4. Two-thirds of the respondents and their family faced challenges in accessing social services and health care.
5. Since the community very young, survey pool showed very few community members were US citizens, 30% were permanent residents (green card holders), and 38% were on different visa statuses.
6. 57% of survey respondent had high school degrees, 13% had no formal education. The survey also revealed, Nepali-speaking women had lower education than the general population; 46% of women had high school degrees and 23% of women had no formal education.

It is difficult to get the actual number of Nepali-speaking people in New York, as many have overstayed their visa period. In the 2010 US Census, there are 59,490, Nepalese in the country, and 5,681 in New York.[[5]](#footnote-5) I think these numbers do not accurately capture the community as 76,000 Bhutanese refugees from Nepal were resettled in the US between 2008 and 2014[[6]](#footnote-6). My rough estimate is that there is at least 20,000 Nepali-speaking in New York. The community has grown exponentially in the last decade as refugees fled from the decade-civil war in Nepal and Bhutanese refugees resettled from refugee camps in Nepal. Nonetheless, Adhikaar’s community snapshot numbers are the closest we can capture the community.

I have been living in Queens, New York, since 2003. In the early years, there weren’t many Nepali-speaking people in New York and I had never even heard of *dhukuti* groups here. *Dhukuti* was something that people were “playing” in Nepal, since my earliest memory. In Nepali language participating in *dhukuti* groups is mentioned as “*Khela*” (खेल), which literally means, “play”. The language usage of “*Khela*” implies an activity that is played for fun. In my observation, *Dhukuti* started taking off in the New York community around late 2000s, 2008ish. I realize it took a couple of years for the community members to settle in America before they could resume *dhukuti* in their new country. Once people got settled in and proved they could survive here, from then on, it seemed like everyone and his or her grandmother was “playing” it. They used language of “playing”, “*Khela*”, because every *dhukuti* meeting was used as a celebration.

Typically, groups of 20 members gather, in the beginning of every month, at a designated member’s house or at a restaurant, and they just drink, eat well and dance at the expense of whoever’s turn it is that month. The *dhukuti* is a version of Rotating Savings and Credit Association (ROSCA). *Dhukuti* members chip in a certain standard amount every month and whosever’s turn it is that month gets to take the aggregate sum back home. In New York, the standard *dhukuti* saving amount is $1000 every month, since majority of the population have similar incomes. The group members rotate turns in the beginning of every month. $1000 is a substantial amount for the most recent immigrants; therefore, most *dhukuti* members have been in NY for a few years before joining or starting one. I have not come across groups that have less than $1000 amount, yet. I will discuss this further below in the case study.

The person who has gathered and organized the *dhukuti* members takes the first turn in receiving the saving amount from each member. The organizer of the group usually has the greatest need for immediate cash; and, therefore, willing to lose money in interest payments later. At the end of every gathering, there is a bid for who is willing to pay the next highest interest rate. The highest interest rate bidder receives the next gathering’s savings and throws a party for the group. Interest rates will be discussed in the case study of Group 1. Every *dhukuti* meeting had a party in the beginning of every month as a celebration of the funds saved from the previous month.

For the purposes of my observation of *dhukuti* in the New York City Nepali-speaking community, I gathered my research information mainly from observations and informal interviews of four different types of *dhukuti* groups:

1. Traditional form of *dhukuti* group
2. Young and upcoming form of *dhukuti* group
3. Women’s *dhukuti* group with social objective
4. Community group with incorporated *dhukuti* component

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|  | Group 1 | Group 2 | Group 3 | Group 4 |
| **Type of group** | Most common and traditional type of *dhukuti* group.  This group is representative of most *dhukuti* groups in the New York Nepali-speaking community. | Young and upcoming type of *dhukuti* group.  This group is a small but rapidly growing representative of *dhukuti* groups. | Women’s group with a social objective.  This group is minority among *dhukuti* groups. It is growing within small ethnic groups. | A community group with a savings component. This group is common and is mostly already established. |
| **Number of members** | 21 | 25 | 60+ | 250 families |
| **Gender breakdown of members** | 14 men, 7 women | 11 men, 14 women | Intentionally, all women | Even male and female distribution |
| **Average Age of members** | 45 | 26 | 35 | 32 |
| **Average Income of members** | Less than 30,000 a year | Less than 30,000 a year | Less than 30,000 a year | Less than 30,000 a year |
| **Membership connection** | They are all either related to each other or are family friends with more than 2-3 decades of connection. | They are mostly friends with family connections and some are relatives. | They are all from the same village in Nepal. | They are all from the same village in Nepal. |
| **Amount collected every month** | $1000 | $1000 | $5 (collects $60 per member per year) | $8.33 (collects $100 per year) |
| **Average years of members’ education** | 7+ | 12+ | 10+ | 9+ |
| **Members motive behind saving** | Saving for family purposes, such as buying first home, buying first car, starting a new business. | Saving to send remittances to Nepal, tuition payment, paying off a previous debt, and paying for family emergencies. | Social fund created to help village families in need. | Social fund for member families in need. |
| **Activity period of the group** | This particular group has been around since early 2013 | This particular group has been around since 2014 | Since 2007 | Since 2005 |
| **Average years in the US of members** | 10 | 7 | 8 | 10 |
| **Group accounting** | The organizer of the group book keeps. | The organizers of the group book keeps. | A designated person handles the bookkeeping. | There is a democratically elected committee for 2-year terms, |
| **Group Accountability** | Each other person has two other persons as their guarantor in the group. The organizer is the guarantor for everyone | Each other persons has two other person as their guarantor in the group. The organizers are the guarantors for everyone. | No formal rules about payment. Unspoken social pressure | No formal rules about payment. Unspoken social pressure |
| **Determining turns** | Highest interest rate bidder | Highest interest rate bidder | N/A | N/A |
| **Where are the funds kept?** | The turn member is responsible for wherever he/she wishes to keep the cash. | The turn member is responsible for wherever he/she wishes to keep the cash. | In an individual’s bank account | 501 (c) 3 non-profit organization’s bank account |
| **Member’s view on the group’s risk** | Very secure and tight-knit group.  Very small chance of runaways. | Secure and tight-knit group. Small chance of runaways. | Possible but very little chance of negligence by group members. | Possible but very little chance of negligence by group members. |

**Group 1** – The most common type of *dhukuti* group found in the Queens Nepali-speaking community. This was the earliest type of *dhukuti* to show up in the Nepali-speaking Queens community. Majority of the participants in this *dhukuti* group are men between ages 40 - 55. They are mainly older men because they are the ones with the social capital and financial access. (However, this trend seems to be changing quickly as I will discuss in Group 2). Social capital is an enormous part of *dhukuti*, as the whole informal set up of this savings groups has no legal binding and is based solely upon trust. It is not that the women lack social capital; however, women have social capital with other women, who have lower financial access compared to men. Most social capital is in the form of family friends and relatives.

Social capital is also why *dhukuti* took off in New York only after the late 2000s; because by then there was a robust Nepali-speaking population settled in New York. This simply would not have been possible when the community was newer and smaller earlier in the decade. This limits the most recent community members, but they have taken matters into their own and formed groups like Group 2, I will discuss later.

This particular group I studied was put together in March 2013. Everyone was related to at least one other person in the group. They had just finished their rounds. I attended the last meeting on November 2014. They have had 21 successful rounds within the 21 months. The ones who had their turns in the first 6 months directly invested their turn money towards immediate investment like buying their first home. The later turn members used the money towards their children’s college fund and their business fund.

The way they determined their turns were based on interest rates. After each turn, the people who went earlier have to add $5 extra to the pot every month, so they end up paying $1005 after they have had their turn. While the ones who have not gone yet continue pay $1000. The table below further explains how the funds were managed:

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| **Turn** | **Amount spent** | **Amount earned** | **Funds used towards** |
| 1st | $21,000 + $100 | $21,000 | Immediate use of buying house |
| 2nd | $21,000 + $95 | $21,005 | Buying apartment |
| 3rd | $21,000 + $90 | $21,010 | Buying house |
| 4th | $21,000 + $85 | $21,015 | Buying house |
| 5th | $21,000 + $80 | $21,020 | Buying house |
| 6th | $21,000 + $75 | $21,025 | Buying apartment |
| 7th | $21,000 + $70 | $21,030 | Savings for car |
| 8th | $21,000 + $65 | $21,035 | Savings towards a future home |
| 9th | $21,000 + $60 | $21,040 | Savings to visit home country |
| 10th | $21,000 + $55 | $21,045 | Savings to visit home country |
| 11th | $21,000 + $50 | $21,050 | Savings for children education |
| 12th | $21,000 + $45 | $21,055 | Savings to send home country |
| 13th | $21,000 + $40 | $21,060 | Savings for children education |
| 14th | $21,000 + $35 | $21,065 | Savings for children education |
| 15th | $21,000 + $30 | $21,070 | Savings for children education |
| 16th | $21,000 + $25 | $21,075 | Savings for children education |
| 17th | $21,000 + $20 | $21,080 | Emergency savings |
| 18th | $21,000 + $15 | $21,085 | Savings for future business |
| 19th | $21,000 + $10 | $21,090 | Savings for future business |
| 20th | $21,000 + $5 | $21,095 | Savings for future business |
| 21st | $21,000 | $21,100 | Savings for future business |

All the participants had their family in New York. They had first arrived in the US individually, in the early 2000s. And then brought their family members from Nepal to the US through the family reunification process within 3-5 years. They had started participating in *dhukuti* groups right around the time their family joined them in the US. They said this was because they had to expand their financial scope and planning for their family.

Worst-case scenario, one person from the member runs away from the group with the group’s funds. What happens then? In this particular group, each person is assigned as a guarantor for two other people. All of this is agreed upon in the initial meeting, month 0. The organizer of the group is the back-up guarantor for every member of the group. This way the risk of one person running away is minimized. In my experience speaking with *dhukuti* members, many mention horror stories of some person running away with the group’s fund. When I ask for more details, none of them actually know which group or who it has happened to in New York. They know of people it has happened to in Nepal[[7]](#footnote-7) and Bhutan, but none in New York. None of them have experienced this personally and it seems to largely be a community horror rumor spread as a cautionary tale. Many *dhukuti* groups have set up extra measures such as the guarantor system to prevent runaways. However there is risks and rewards and for that I performed a SWOT analysis with the group:

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| **Strengths**   * **Connection**: It is an excellent way of staying connected with family members in New York. One member mentioned “it is hard to see each other regularly in New York due to different work schedules, but *dhukuti* forces us to get together at least monthly. * **“It’s like being back in Nepal”** -one member said. You eat your traditional meal and speak your native language in these gatherings. Many groups hold their monthly meetings/celebrations either at home or at Himalayan Yak Restaurant in Jackson Heights, Queens, it serves traditional Himalayan food and live traditional and contemporary Nepali performances. * **Meaning:** mutual accountability, social capital. All the members have spent most of their lives in Nepal, when they immigrated to the US, they had to leave behind almost everyone in their social network. *Dhukuti* is a good way to reinforce the older connections brought from Nepal, and makes new ones in NY. * **Power:** many members work in low skill hard labor jobs. They don’t have much power and ownership in what they do most of the time at work. However, when you are in *Dhukuti* setting, you have complete power in how you manage your savings. | **Weaknesses**   * **Not building credit**: while members are building credit amongst each other, members are not necessarily building their credit score in the formal financial sector. * **Heavily reliant on others**: *dhukuti* requires others to be part of your group, if you do not have access to other people in your area, then you are stuck. Whereas, participating in the formal financial sector does not require social capital. * **Geographical access**: if you live in Queens and in other places with other Nepali-speaking people, then it is convenient to participate in *dhukuti*. However, if you lived elsewhere, it would not be possible. * **Exclusion**: the ones who cannot afford $1000 every month, is excluded. Almost all *dhukuti* groups (for direct personal use) are $1000 a month, there are no groups that offer less money. * **Money storage**: everything is dealt in cash, so where to store the money? It is illegal to have more than $10,000 cash on hand without an official explanation. Robberies are possible. One cannot simply deposit all the cash in their bank account within a short time period, it would raise suspicion from the IRS. |
| **Opportunities**   * **Financial Inclusion:** Many, who immediately need the funds, are using the money to directly finance their first-time homes, this way they can increase their down payment and gain access to bank loans and mortgages. * **“American Dream”:** Many members mentioned that *dhukuti* helps them with money for financing their start-up businesses or homes. They mentioned, working long hours cannot possibly make “American Dream” a reality, it has be combined with investments in children’s education, real estate or businesses. | **Threats**   * **No legal binding or authority:** If anything goes wrong, people cannot turn to legal actions because no legal contracts were signed. * “**What if social capital alone is not enough?” :** *dhukuti* is heavily reliant on social capital, some maybe willing to face the social repercussions. |

**Group 2 – Young People’s Groups**

*Dhukuti* groups of young people are rapidly growing mainly because of the increase in young people migration in the Nepali-speaking community of NY. Most live alone in New York, far from their families in Nepal. They have the financial responsibility to provide for their families back home. Most of them are young women in late 20s and early 30s because they have been sent here to earn for the family. Many of these young women work as babysitters for private families and housekeepers for hotels. In our community, there is a common notion of women saving more than men; this appears to be true in this group, as majority are young women.

Close family friend and relative connections tie the group together. Many have known each other for at least two decades and most have grown up together, too. When I visited them in November 2014, they were on their tenth round. They had started in February 2014.

This group has two organizers, who are both guarantors for the group in a worst-case scenario. Similar to group 1, this group has each member be a guarantor of two other people so that the risk is minimized.

The interest rate system and the returns work in the same way as group 1’s. Only difference between group 1 and 2 is that since group 2 is younger, they send the money back to Nepal and save the remaining as investment for education or future business plans. Many young women expressed interest in spending that money in studying to become a nurse, a teacher or start-up day care center. The young men wanted to purchase taxi leases or start food carts. They mentioned that since most of them were still not yet US permanent residents or citizens, they have to use this cash to start their businesses. They had similar Strengths, Weaknesses, Opportunities and Threats analysis as group 1’s.

**Group 3 – Women’s Social Savings Group: Case Study of Upper Mustang Women in New York**

In the Himalayan foothills part of northern Nepal, many of the families make their living with men working as mountaineering guides to tourists. Especially near the Everest region, many Sherpa men are mountaineer porters to support their parents, children and wives. It is a very high-risk job. With the high rates of fallen Sherpa guides, many die in falls and avalanches; so many widows and children are left with little to no financial support. There is no such thing as life insurance for the mountain guides and no help from local government. So informal women’s groups in cities like Kathmandu and New York have adapted *dhukuti* to support families with urgent financial need.

The New York based women from Upper Mustang (which is a remote region in northwestern Nepal) organized the women’s social savings group I studied. The way it works is – every month members give $5 to the bookkeeper. The bookkeeper notes down the monthly contributions. Several women in the group collect the monthly funds and they pass it on to the bookkeeper. Another person is assigned to keep the bookkeeper accountable. They make sure that the person checking on the bookkeeper and the bookkeeper is not related or close friends. Usually the person assigned as the one keeping the bookkeeper in check is usually the eldest or person with the most social capital. They add the money in a bank account, which is not officially registered under the organization, but instead registered under two individuals as a joint account. Currently, there is more than 50,000 USD in that account.

There are no formal rules on how the payments should be paid and there are no formal repercussions for late or missed payments. Any woman, regardless of her age or status, as long as she is from the same village, can join this particular women savings group. The bookkeeper mentioned that most of the members tend to give their monthly contributions as advances before the collection period. Many also tend to give a whole year’s fee in advance, instead of going through the hassle of $5 every month. Since most of the members will never be able to use the money for themselves, there is no immediate financial incentive to be part of this *dhukuti* group. However, if any of the members experience any unfortunate event, then the money is immediately available for help.

This type of *dhukuti* group does not gather monthly for a celebration. Instead, they come together during their traditional New Year and celebrate then. When I asked the members how they felt about contributing to this fund, one mentioned, “this is our life insurance, health insurance, unemployment compensation, pension, everything.” Most of the women worked as domestic help or salon workers. They earned their living through cash based under-the-table jobs. Most of the jobs do not have contracts or legal binding; therefore, it was necessary for the women to create their own safety net.

The women also mentioned that they felt a stronger sense of community in the group. That they felt like they had a greater voice in this group than they had in other *dhukuti* groups they were already part of. The women also enjoyed the fact that they all either knew each other or knew of each other back in Nepal. They also felt that the $5 per month was very doable and allowed them to each social capital as well. The members use each other as a network to find jobs and training classes. They also share information with each other about information on their children’s education and extra-curricular activity. Most members live in western Queens.

**Group 4 – Community Organization *Kyidug***

Aside from this women savings groups, there are other savings group that are attached to larger community organizations. Each remote region that has a distinct ethnicity has its version of community in New York. Many of these community organizations were not created immediately after arrival in New York; it took at least a couple of years to set up. These community organizations are commonly called *Kyidug* (the term of Tibeto-Burman language origins, it is widely used in Nepali-speaking communities), which literally means “for happy and suffering times”. It means that the *kyidug* will be there for its members in times of prosperity and suffering. There is a *dhukuti* savings component of all Nepali-speaking *kyidug* in New York.

Members contribute a range of $50-100 every year. Most of the *kyidug* are registered as 501 c 3 in the US. They filed their 501 c 3 status under the category of “Arts, Culture, and Humanities (Cultural, Ethnic Awareness) with the IRS. They put the collected sum in the *kyidug*’s bank account. During the traditional New Year, all members of *kyidug* gather for a free grand party with open bar paid for by the *kyidug.* The celebration is always well organized and many look forward to it all year round. All *kyidug* members attend the party. Half way through the party, the *kyidug* collects a certain amount from each family. Family members do not pay individually; one payment covers the whole family. The kyidug’s accountant records each family member. The *kyidug* has a committee that is democratically elected by the *kyidug* members for 2-year terms.

The *kyidug* committee usually has 7-10 members. They determine which family is going through “happy or sad” events. When a member is hospitalized, the *kyidug* pays a visit and gives some amount of the collected money. When a member passes away, the *kyidug* provides funeral preparations and financial help. The *kyidug* also loans some amount with no interest to families in need. A quarter or half of the *kyidug*’s fund goes towards supporting education and cultural programs. Recently there have been some talks on investing *kyidug*’s reserves in social enterprises that will generate revenue.

Only 1 *kyidug* in New York has a community house. Currently, the other *kyidug* are pooling in their savings in *dhukuti* groups so that their *kyidug* can also build a community house. The vision of the community house is to provide a space for member’s advancement through training classes, cultural preservation and program development.

**Conclusion**

*Dhukuti* has become part of the Nepali-speaking community in NY’s social fabric. Everyone knows at least 2 or 3 people participating in a *dhukuti* group. In order to get on the American dream ladder, the community members think *dhukuti* is necessary to propel that growth. *Dhukuti* is an enabler and that is why people are willing to take high risk of runaways, because ones it works out everyone comes out as winners.

No donor or external help were involved with facilitating the growth of *dhukuti* in NY and in Nepal. Members have come up with their own ways to innovate and secure *dhukuti*. Many have lived through decades of economic instability in Nepal, these experiences have driven people to edge and produce creative ways to save and grow outside the formal system. So even when the Nepal-speaking people are in here in New York, the financial capital of the world, they are bringing in *dhukuti* practices to grow. There are now Nepali run travel agencies, day cares, churches, temples, restaurants, food carts, tax firms, law firms, taxi companies, newspapers, remittance banking, grocery stores, import/export shipment companies, printing companies, design firm, clothing stores, fast food processors, etc. This rapid rise has been since late 2000s; *dhukuti* has enabled most of these businesses.

1. US Census Bureau (2010) [↑](#footnote-ref-1)
2. Pioneered by, Portes, Alejandro and Kenneth Wilson (1980). “Immigrant Enclaves: An Analysis of the Labor Market Expereines of Cubans in Miami.” *American Journal of Sociology*. 86. No. 2: 295 -319. [↑](#footnote-ref-2)
3. Adhikaar (2010), Snapshots of the Nepali-Speaking Community in New York: Demographics and Challenges. [↑](#footnote-ref-3)
4. Adhikaar अधिकार, means “rights” in Nepali. Adhikaar is a Queens based non-profit organization working with Nepali-speaking community to promote human rights and social justice for all. [↑](#footnote-ref-4)
5. US Census Bureau 2010 [↑](#footnote-ref-5)
6. Aljazeera (2014); http://america.aljazeera.com/watch/shows/america-tonight/articles/2014/6/19/bhutanese-refugeessuicide.html [↑](#footnote-ref-6)
7. There is a popular fictional Nepali movie about Dhukuti (2014). The movie follows the troubles of a young man who has financial problems and resorts to running away with his group’s money. [↑](#footnote-ref-7)