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# Socio-economic Impact of Remittances in Bangladesh

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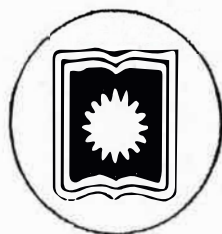
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# **SOCIO-ECONOMIC IMPACT OF REMITTANCES IN BANGLADESH**



**By**  
**Mohd. Abdus Salam**

**A Dissertation**

**Submitted to the Institute of Bangladesh Studies, Rajshahi University  
in Partial Fulfilment of the Requirements for the Degree of**

*Doctor of Philosophy*

*in*

*Economics*

**Institute of Bangladesh Studies  
Rajshahi University  
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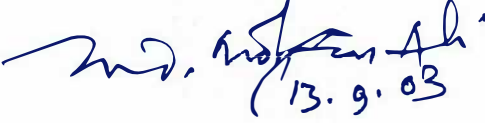
**September, 2003**



## CERTIFICATE

The dissertation entitled, “**Socio-economic Impact of Remittances in Bangladesh**” by Mohd. Abdus Salam, submitted to the Institute of Bangladesh Studies, University of Rajshahi, Bangladesh for partial fulfilment of the requirements for the degree of **Doctor of Philosophy** in Economics. The dissertation is original and written by the researcher. The dissertation is prepared under my supervision and guidance. It is the candidate’s own achievement. It is not a conjoint work.

I also certify that I have gone through the draft and final version of the dissertation and approve it for submission.



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## DECLARATION

I do hereby declare that the dissertation entitled, “**Socio-economic Impact of Remittances in Bangladesh**” submitted to the Institute of Bangladesh Studies, Rajshahi University, Bangladesh for the degree of Doctor of Philosophy in Economics, is an original work of mine. No part of it, in any form, has been submitted to any university or institute for any degree, diploma or for other similar purposes.

Mohd. Abdus Salam  
13.9.2003  
(Mohd. Abdus Salam)

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Rajshahi  
13 September 2003

**Mohd. Abdus Salam**

## Acronyms and Abbreviations

ADB	:	Asian Development Bank
ADDMO	:	Assistant Director District Manpower Office
AIDS	:	Acquired Immune Deficiency Syndrome
AMC	:	Asian Migrant Centre
ARTEP	:	Asian Regional Team for Employment
ATM	:	Automatic Teller Machine
BAIRA	:	Bangladesh Association of International Recruiting Agencies
BASIC	:	Bangladesh Small Industries and Cottage
BB	:	Bangladesh Bank
BBS	:	Bangladesh Bureau of Statistics
BD	:	Bahrain Dinar / Brunai Dinar
BIBM	:	Bangladesh Institute of Bank Management
BIDS	:	Bangladesh Institute of Development Studies
BM	:	Black Market
BMC	:	Bangladesh Migrant Centre
BMET	:	Bureau of Manpower Employment and Training
BOESL	:	Bangladesh Overseas Employment and Services Limited
BOI	:	Board of Investment
BRAC	:	Bangladesh Rural Advancement Committee
CD	:	Canadian Dollar
CIS	:	Commonwealth of Independent States
CM	:	Current Migrant
Crore	:	Ten million
DD	:	Demand Draft
DI	:	Direct Import
DM	:	Deutsech Mark
DV-1	:	Diversified Visa
ERD	:	Economic Relations Division
et al	:	(Latin et alii/alia) and other people or things
Euro	:	Euro Currency
FFM	:	Formal Financial Market
GCC	:	Gulf Cooperation Council
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
GOB	:	Government of Bangladesh
HSC	:	Higher Secondary Certificate



IBBL	:	Islami Bank Bangladesh Limited
IBS	:	Institute of Bangladesh Studies
IFM	:	Informal Financial Market
ILO	:	International Labour Organization
INSTRAW	:	(United Nations) International Training and Research Institute for the Advancement of Women
IRCA	:	Immigration Reform and Control Act
KSA	:	Kingdom of Saudi Arabia
L/C	:	Letter of Credit
Lakh	:	One tenth of a million
LDCs	:	Least Developed Countries
M. Phil	:	Master of Philosophy
MELA	:	Micro Enterprise Lending and Assistance
MEWOE	:	Ministry of Expatriates Welfare and Overseas Employment
MFA	:	Ministry of Foreign Affairs
MFIs	:	Micro Finance Institutions
MLT	:	Medium and Long Term
MP	:	Member of Parliament
MT	:	Mail Transfer
NCBs	:	Nationalised Commercial Banks
NFCD	:	Non-Resident Foreign Currency Deposit
NGO	:	Non-Governmental Organisation
NIEs	:	Newly Industrialised Economies
NITA	:	Non-resident Investor's Taka Account
OCWs	:	Overseas Contract Workers
OECD	:	Organization for Economic Cooperation and Development
OLS	:	Ordinary Least Squares
OR	:	Oman Riyal
PCBs	:	Private Commercial Banks
POLOs	:	Philippines Overseas Labour Officers
QR	:	Qatar Riyal
RM	:	Returned Migrant
RMG	:	Ready Made Garments
RMMRU	:	Refugee and Migratory Movements Research Unit
RU	:	Rajshahi University
SHISHUK	:	Shikkha Shashthya Unnayan Kendra
SPSS	:	Statistical Package for Social Science
SR	:	Saudi Riyal

SRO	:	Statutory Rules Order
SSC	:	Secondary School Certificate
TC	:	Travellers Cheque
TT	:	Telegraphic Transfer
TTC	:	Technical Training Centre
TV	:	Television
UAE	:	United Arab Emirate
UK	:	United Kingdom
UN	:	United Nations
UNDP	:	United Nations Development Programme
UNGA	:	United Nations General Assembly
UNO	:	Upazila Nirbahi Officer
UP	:	Union Parisad
UPC	:	Union Parisad Chairman
US\$	:	United States Dollar
USA	:	United States of America
VCP	:	Video Cassette Player
VCR	:	Video Cassette Recorder
WARBE	:	Welfare Association of Repatriated Bangladeshi Employees
WES	:	Wage Earners' Scheme
WEWF	:	Wage Earners' Welfare Fund



## Abstract

*Outflow of Bangladeshi labour generated significant financial inflow to the country in the form of remittances. Remittances are crucial for economy of Bangladesh. It constitutes more than one-fourth of the foreign exchange earning. In 1998-99, remittances contributed 22 percent in financing imports.*

*The field work for this study was conducted in three areas, Kushtia, Noakhali and Sylhet. In these three areas 210 respondents were interviewed.*

*The migrants on an average are staying overseas for more than five years. 71 percent of them were less than 35 years of age. 6.19 percent of the remittance sending persons were illiterate, and about 43.33 percent of them had an educational background from Class 1 to Secondary School Certificate. It finds that a good number of migrant workers had education up to Higher Secondary and Bachelor degree levels. About 17 percent of remittance senders were students when they went abroad. 26 percent of them were unemployed at the time of migration. During their migration period a large segment of them was working as construction labourer, another group worked as agricultural labourers.*

*The study traces the socio-economic background of the migrant workers and establishes the fact that this group of people does not belong to the category of the poorest of the poor. The major destinations of the migrants were the Middle East, followed by South East and East Asian countries. UAE, Saudi Arabia, Kuwait and Malaysia constituted important destinations of these migrants. It was further seen that most of them migrated at a young age.*

*On an average, the interviewee households annually received about Tk.163800 - Tk. 217200 as remittances. It was found that on an average each migrant remitted 63.28 - 68.65 percent of his income abroad. Again remittances constituted major portion of the total income of the migrants' households.*

*Transfer of remittances took place through different methods. 63.46% of the total volume of remittances has been channelled through official sources, around 21.45% through hundi, 7.11% through friends and relatives, and about 7.21 percent of the total*

were hand carried by migrant workers themselves when they visited home. Others include sell of work visas.

Remittance senders also brought in items while they came on holidays or sent through friends. If the amount is added with the total remittances in value terms its percentage share stands at 10%.

Under official transaction, the time required for receiving cash after depositing the draft in the bank was 10-12 days. For hundi, the average time per transaction following receipt of information was less than a day.

Problems faced by the returnees were documented and found that most of the returnees did not have any concrete idea about their rehabilitation plan. The bulk of the remittances of the returnee migrants was used by their families in their absence and very little amount was left for their economic rehabilitation. Only a small portion of the remittance was used in productive purposes. Returnee migrants also faced enormous pressure to part with resources that they still commanded. A section of them managed to engage in economic activities on their own initiatives, without any institutional support. However, a good number of them were still unemployed. Some were left with no choice but to explore options for fresh migration. For their effective reintegration the returnees underscored the need for business support and creation of enabling environment so that they could invest.

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## Chapter One

### Introduction

International migration has become one of the most dynamic aspects of Bangladesh. Every year a huge number of Bangladeshis are going abroad. Diversified and complex factors underline this increasing trend of international migration. The wide and widening gap in living standards between Bangladesh and other countries, adverse socio-political situation within the country, improvements in transport and communication, a greater integration of national economies with the global system through the ensuing process of globalisation, a greater flows of information, trade and investment and above all, emergence of institutional facilities redeeming the difficulties and costs of international migration are among the major underlining factors.

During the last two decades Bangladesh experienced a significant outflow of workers to other countries, especially the oil rich Middle East countries. These countries absorbed about 85 percent of the migrant workers from Bangladesh (BMET, 2003).

The outflow of workers generated significant financial inflows in the form of remittances in Bangladesh. Even though the flow of remittances was very modest in the initial years, but now it has become 2.5 billions of US dollars per year (Bangladesh Bank, 2002).

Workers' remittances to Bangladesh now constitute the single largest source of foreign exchange earnings<sup>1</sup> and play a vital role in alleviating the foreign exchange constraint and supporting the balance of payments, enabling imports of capital goods and raw materials for industrial development. Moreover, it also increased the supply of savings and investment for capital formation and development. At the micro level, remittances have resulted in improved living standards of workers' families and helped in improving the income distribution in favour of poorer and less skilled workers (Murshid *et al.*, 2000).

---

<sup>1</sup> Though in 2001-2002 fiscal year export earnings from readymade garments was 3124.56 million US\$ against workers' remittances 2501.13 million US\$ but the raw materials and machines of readymade garments are imported from foreign countries. Values of it would be minimum 20% of its total export value. So, maximum net foreign exchange earnings from readymade garments stands at 2499.65 million US\$, which is less than the amount of remittances of that period (Calculated from data of Bangladesh Economic Survey, 2003).

Despite the importance of the subject, there remains an inadequate understanding of a number of issues related to the flows and uses of remittances. There has been little work on the impact of remittances both at micro and macro levels. Factors preventing or constraining enhance flow of remittances through recorded or official channels and its productive use have not been materialised. Actually, many things are still unclear and unsolved about the remittance related issues.

The thrust of this study is to examine remittance behaviour and its socio-economic impact in Bangladesh, as well as to review and recommend measures to ensure productive uses of remittances and its enhance flow through official channels.

### **1.1 Importance of the Topic**

Workers' remittances play a very important role in mitigating the balance of payments constraint of Bangladesh. In spite of this direct effect, it indirectly contributes to other macro-economic variables. An attempt has been made to compare the remittances with some major macro-economic indicators of Bangladesh. Table 1.1 shows relative importance of remittances in comparison to other important macro-economic variables, such as, gross domestic product, annual development budget, foreign exchange earnings, merchandise export receipts, import payments, trade balance, current account balance, foreign aid and annual debt service payments from 1977-78 to 1997-98.

**Remittances and GDP :** The contribution of remittances in the GDP was marginally more than 1 percent in 1977-78. It was quite normal in view of the fact that the ripples of migration to the Middle Eastern countries reached the shore of Bangladesh at that period. The share gradually increased to 5.2 percent in 1982-83. For the rest of 1980s until the early 1990s the ratio hovered below 4 percent. Of late the ratio has escalated to above 4 percent. The current stagnation in the flow of remittances may be attributed to the slow growth of the outflow of workers for employment abroad. It is also true that the total volume of remittances is not channelled through the official channels. At present, a significant part of the remittances is being channelled through various unofficial channels (Murshid, *et al.*, 2000).

**Table 1.1 : Workers' Remittances as a percentage of Selected Macroeconomic Indicators of Bangladesh**

Year	GDP	Government Revenue	Annual Development Budget	Total Foreign Exchange Earnings	Merchandise Exports	Import payments	Trade Balance	Current Account Balance	Foreign Aid disbursed	MLT Debt Service
1977-78	1.1	11.9	12.8	14.5	20.6	8.4	14.2	12.3	12.2	63.7
1978-79	1.1	11.8	11.6	13.8	20.0	8.1	13.6	11.6	12.0	71.7
1979-80	2.0	22.2	16.5	20.2	34.3	10.5	15.6	18.1	20.3	43.4
1980-81	2.7	19.2	19.2	27.8	53.4	14.9	20.8	26.8	24.3	22.5
1981-82	3.3	32.3	30.4	32.1	65.9	16.0	21.2	26.1	33.3	22.2
1982-83	5.2	55.3	49.3	40.3	89.9	26.7	38.0	43.8	52.4	22.0
1983-84	4.3	53.3	43.4	35.4	73.5	25.5	38.9	59.0	47.0	21.5
1984-85	2.8	32.3	32.5	26.5	47.0	16.6	25.6	32.4	34.6	38.7
1985-86	3.7	40.2	40.5	34.0	67.8	23.5	35.9	52.5	42.5	33.1
1986-87	4.1	45.6	47.3	33.7	64.8	26.6	45.0	62.1	43.7	33.4
1987-88	3.9	43.8	49.5	32.3	59.9	24.7	42.0	63.7	44.9	39.2
1988-89	3.8	42.7	53.7	30.7	59.7	22.8	37.0	55.8	46.2	38.1
1989-90	3.5	37.4	40.7	27.4	449.9	21.2	34.0	48.1	42.0	39.7
1990-91	3.4	34.2	44.5	26.4	44.5	22.0	43.6	77.9	44.1	41.5
1991-92	3.7	34.0	45.2	24.6	42.5	24.5	57.7	140.2	52.6	39.7
1992-93	3.8	32.7	55.2	23.4	44.7	22.7	54.7	362.4	55.2	40.5
1993-94	4.2	35.4	48.4	25.3	49.7	26.0	65.7	1222.5	69.8	37.2
1994-95	4.1	34.0	46.9	21.9	39.8	20.6	51.0	181.2	69.2	38.9
1995-96	4.2	35.3	54.6	22.7	39.3	19.3	43.7	103.8	92.9	34.9
1996-97	4.9	40.2	62.5	24.3	41.4	22.5	59.0	302.4	109.0	28.7
1997-98	4.2	34.6	58.9	19.1	30.6	19.0	60.8	565.2	114.3	31.0
Average	3.5	34.7	41.1	26.5	49.5	20.1	39.0	165.1	50.6	37.2

Source : Calculated from Bangladesh Economic Survey (Various issues, 1990-1998).



**Remittances and Government Revenue :** It appears from the Table 1.1 that the relative importance of the remittances as compared to government revenue earnings has been significant. Starting with a value of 11.9 percent in 1977-78, the ratio of remittances to government revenues kept on increasing steadily when it was 55.3 percent in 1982-83. Even though it declined slightly in the subsequent years, remittances remained more than one third of the government revenue during the period under consideration.

**Remittances and Development Budget :** In 1977-78 remittances could cover up to 12.8 percent of annual development budget of Bangladesh. The share remained below 20 percent in the late 1970s. From the early 1980 the share of remittances to annual development budget shows a marked increase to more than 40 percent. Recently this source contributes more than 50 percent of the development budget of the country. For the total period remittances could, however, finance around 40 percent of the development budget.

**Remittances and Foreign Exchange Earnings :** The major sources of foreign exchange earnings in Bangladesh are merchandised export receipts, workers' remittances and invisible receipts. It can be observed from the Table 1.1 remittances constituted 14.5 percent of total foreign exchange earnings in 1977-78. The contribution of remittances gradually increased to 40.4 percent in 1982-83. The share of foreign exchange to total foreign exchange earnings started to decline since then. In 1997-98 remittances contributed less than 20 percent of foreign exchange earnings. One of the reasons for the declining share of remittances to total foreign exchange earnings is the continuous boom of the exports of RMG over the same period.

**Remittances and Import Payments :** Remittances play an important role in paying up the import bills of Bangladesh. Initially, its contribution to total import payments was less than 10 percent. As mentioned earlier, this low ratio might be attributed to the initial small inflow of remittances in the 1970s. The share gradually increased up to 26.7 percent in 1982-83. Since then for the last several years or so it has been fluctuating around 25 percent. Recently, the share has decreased to less than 20 percent of the total import bill of the country.

**Remittances and Trade Balance (Deficit) :** Bangladesh has a chronic history of deficits in her balance of trade. The deficit in trade balance has been widening all the way around. In 1979-80 exports could meet only 31.8 percent of import bill. The share gradually increased up to more than 50 percent in the 1990s. It slightly declined in 1995-96 when the ratio turned out to be 56 percent. As Table 1.1 shows workers' remittances are currently meeting more than about two-thirds of the trade deficits.

**Remittances and Current Account Balance (Deficit) :** The contribution of workers' remittances in mitigating the deficit in the current account balance has been increasing considerably overtime. In the late 1970s remittances could meet less than 20 percent of the current account deficits. The share increased gradually in recent years. From 1991-92 it has exceeded the current account balance. In fact the share increased up to more than 100 percent in 1993-94. For the period under consideration, remittances exceeded to about 65 percent of the current account deficits.

**Remittances and Debt Service Payments :** Workers' remittances remained a major source of annual debt service payments for medium and long-term (MLT) loans in the late 1970s. In the 1980s and the 1990s the ratio of remittances to annual debt service payments hovered around 30-40 percent. For the period under consideration the total debt service burden could absorb three-fourth of remittances. In the absence of the increased flow of remittances over time the country could find it difficult to service her MLT loans and would face serious balance of payments crises.

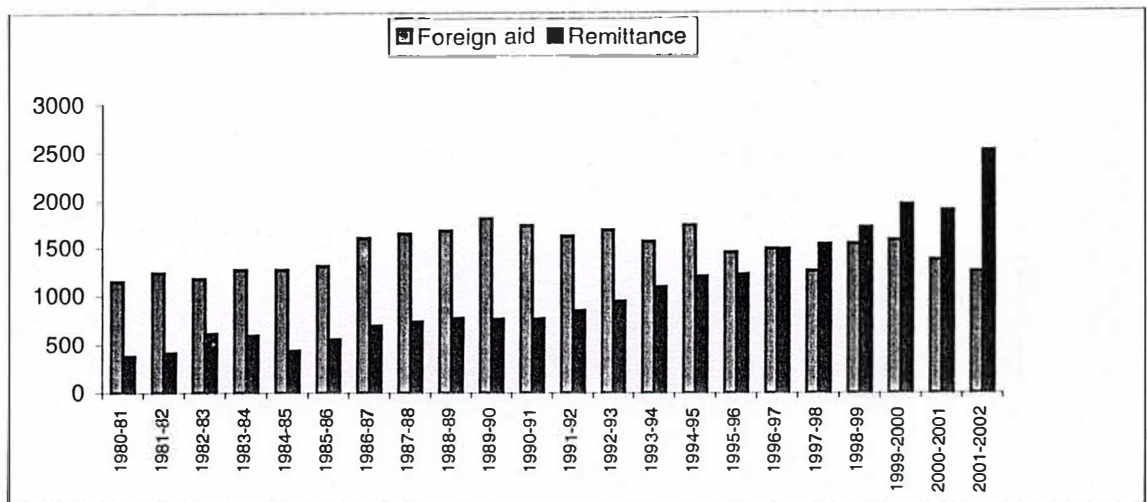
Above discussion gives an overview up to 1997-98 fiscal year. At present the relative importance of remittances has increased significantly due to its enhance flow. It may be mentioned here that a part of the total remittances is usually channelled through official methods. A significant portion of the remittances is being channelled through various unofficial / illegal channels which is not recorded. So, the above discussion reflects an underestimated picture of the contribution of remittances to the national economy.

**Downward Trend of Foreign Aid :** Bangladesh has received several billion dollars in terms of foreign aid. Workers' remittances compare well with foreign aid since her independence in 1971. As it can be found from the Table 1.1 remittances compared to 12.2 percent of foreign aid disbursed in 1977-78. Even though the ratio was below 20 percent in the late 1970s, the ratio of remittances to total foreign aid disbursed hovered

around 40 percent. The ratio made an upturn in the 1990s. In fact the level of remittances far outstripped the total foreign aid disbursed in the recent years. When growth of the remittances in this period was less than that in earlier period such a phenomenon can be explained by the declining flow of foreign aid disbursed in the same period.

During 1989-90 Bangladesh received 1809.559 million US dollar foreign aid, it reached at 1536.057 million US dollar during 1998-99. This downward trend of foreign aid hampers the economic development of Bangladesh. Appendix A-I shows the foreign aid received and inflow of remittances into Bangladesh from 1980-81 to 2001-2002.

**Figure 1.1 : Trend of Foreign Aid and Remittance Flows**



Source : Appendix A-I.

**Vulnerability of Readymade Garment Sector :** At present, readymade garment sector is the major foreign exchange earning as well as employment creating sector of Bangladesh. It accounts for about 1.5 million jobs and US\$ 3 million foreign exchange per year. The phase-out of preferential access to developed country markets at the end of 2004 means that Bangladesh will have to face stiff competition in this sector from other developing countries ([http://www.usaid.gov/bd/enterprise\\_dev.html](http://www.usaid.gov/bd/enterprise_dev.html)). So, then foreign exchange earnings and job creation by this sector will be seriously hampered.

To overcome those adverse situations role of workers' remittances would be more important. So, it is the high time to analyse the various impact of remittances and to identify the obstacles to the inflow of remittances through official channel, so that, enhance inflow and productive uses of it can be ensured.



## 1.2 Statement of the Problem

Labour migration plays an important role in the national economy of Bangladesh. It eases the pressure for employment creation on the government, at the same time, remittances of migrant workers provide much needed resources for import and for meeting financial obligations. Although there is a growing realisation among the policy makers and various sections of the civil society about the contribution of migrant workers, and remittances there is yet to formulate a well-developed policy in this regard.

Increase in remittances flow is associated with growing flow of migrants. In Bangladesh, quantum of remittances has exceeded the quantum of foreign aid received. At present, the volume of remittance has doubled the volume of foreign aid (Appendix A-I). It is generally believed that maximum benefit is not yet derived from remittances, although it has great potential to generate positive social and economic consequences. A large portion of remittances channelled through unofficial methods, which often used in financing smuggling illegal goods.

It is well recognised that migrant workers go through a process of social and cultural adaptation and face many difficulties in abroad. Again, when they come back they find it very difficult to reintegrate in the society. There hardly exists any advisory service or information channel to help them to rehabilitate in the society nor there is any formal avenue for linking them with mainstream economic activities or for providing them information on possible job opportunities commensurate with their expertise gained abroad. From the above discussion it is evident that the following questions have not yet clearly been identified:

- i. What are the socio-economic backgrounds of the migrants and what is the nature and extent of migration from Bangladesh?
- ii. What are the patterns of utilization of remittances and what are the impact of remittances on the society and the economy?
- iii. What are the constraints for productive uses and enhance flow of remittances through official channels?
- iv. What are the costs and benefits of migration?
- v. Are there any differences of impact between high and low migrated areas? and
- vi. What are the problems that migrants face at home before going abroad and after come back at home and during staying abroad and what are their remedies?

The present study aims at seeking answers of the above questions. Thus, the present study aims at identifying the factors causing behind migration, measuring the socio-economic impact of remittances and recommending some policy implications to solve the various problems related to migration and productive uses of remittances.

### 1.3 Objectives

The general objective of the present study is to understand the nature and extent of migration from Bangladesh, determinants and consequences of migration, social and economic impact of remittances, cost and benefit of migration and differences of impact between high and low migrated areas.

The specific objectives of the study are as follows:

- a. To analyse the nature and extent of migration and the socio-economic background of the migrants.
- b. To analyse the economic impact i.e. income, consumption, saving and investment pattern of remittances.
- c. To analyse the social impact of remittances i.e. social mobility, internal migration, occupational change, social empowerment, women empowerment, educational change etc.
- d. To analyse the cost and benefit of migration.
- e. To compare the differences of impact between high and low migrated areas.
- f. To identify the problems related to migration and inflow of remittances.
- g. To suggest some policy guidelines to solve the problems related to migration and enhance flow and productive uses of remittances.

### 1.4 Conceptual Framework

**International Migration :** According to IOM (1995) international migration can be defined as movement of people from one country to another in order to take up employment, or establish residence or to seek refuge from persecution. Mahmood defined international migration as “an act of people’s going to a foreign country for a particular period of time and with a definite goal in mind” (1994 : 2). Both the definitions highlight on movement of persons beyond their own national boundary.

It is the purpose of migration that distinguishes one kind of migration from another. Some migrate to settle permanently in the country of destination, some cross borders only to reside temporarily for the purpose of taking up employment, while others are forced to cross their national boundaries in order to flee persecution. Again, there exist strong similarities between internal and international migration. Internal migration is movement of people from one area of a country to another for similar purposes, whereas international migration involves movement of people beyond their own national boundaries.

Appleyard (1991), Rogers (1992), IOM (1992), have classified international migration into six broad categories. These are permanent settlers, documented or regular labour migrants, undocumented or irregular migrants, asylum seekers, recognised refugees, and de facto refugees.

Mahmood (1998) has also classified international migration into six broad categories. These are permanent settlers, temporary contract workers, temporary professional transients, undocumented workers, asylum seekers and refugees.

The first set of migrants categorised in both the above typology are the permanent settlers. Permanent settlers or immigrants are foreign persons who have been granted the right to stay indefinitely in the country of destination. They are legally admitted immigrants and are expected to settle permanently in the country of destination. The industrialised western countries, in order to address their problem of shortage of labour, developed immigration schemes that encouraged such long-term international migration. These migrants are granted social and economic rights equal to those of their citizens. Permanent settlement or long-term migration that used to take place in the 1960s and early 1970s from less developed countries to the industrialised western European countries more or less stopped from the mid-1970s.

Documented labour migrants are foreign persons who are granted only limited permission to stay in the country of destination. Such permission is conditional to performing specified economic activities. Once the economic activities are completed, the contract expires and he/she is supposed to return to his/her own country. Documented labour migrants are of two types: temporary migrant workers and temporary professional transients. Documented labour migration, generally short term, is

on the increase. These migrants usually move to the country of destination individually on a temporary basis. They maintain their permanent place of residence and obligations with their families in their country of origin. Temporary migration is not a new phenomenon. In the past, those who were termed as seasonal or circular migrants in migration literature were basically short-term temporary labour migrants (IOM, INSTRAW, 1998).

Given the increasingly restrictive immigration policies of labour receiving countries, not all those going abroad to take up short-term jobs enter those states legally. Undocumented migrants are foreign persons who have not fulfilled all the requirements established by the receiving state with respect to their entry. This group of migrants does not have any legal status with regard to their stay and employment. Undocumented migration is also on the rise.<sup>2</sup> The number of undocumented migrants is about 30 millions world wide (Stalker, 1994). In the past, these groups of migrants were termed illegal migrants by the labour receiving countries. However, various studies gradually highlighted that a person's entry may be illegal but a person cannot be termed as illegal. Recently IOM has introduced the term, 'regular migrants' for documented migrants and 'irregular migrants' for undocumented ones.<sup>3</sup> Therefore, irregular or undocumented migrants are those who are not authorised by the receiving countries to enter, stay and engage in employment. Irregular migrants often work under most unfavourable terms and become easy prey for exploitation.

Asylum seekers constitute the fourth group of migrants. They are the persons who cross borders and appeal for refugee status on grounds of fears of persecution for race, religion, or other reasons (UNHCR, 1992). The fifth group of migrants is the recognised refugees. They are the foreign nationals who have already been granted permission to stay in a country other than their own, owing to a well-founded fear of

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<sup>2</sup> Philip Martin (1996) and Bloom and Noor (1995) argue that receiving countries allow much less documented entry of the workers than their actual demand for labour. Sometimes this is deliberately done by the receiving states to keep the wage rate low and the options open to send back these people when their services may not be required.

<sup>3</sup> In April 1999 International Organisation for Migration organized an international symposium in Bangkok titled 'Towards Regional Co-operation on irregular and Undocumented Migration.' At the symposium twenty-one participating countries agreed to use the term 'irregular migrants' in place of 'illegal migrants'.



persecution for reasons of race, religion, nationality, membership of particular social group or political opinion or activity.<sup>4</sup> The sixth group of migrants, categorised in Appleyard *et al*, are the de facto refugees, They are person who are not recognised as refugees under the purview of 1951 Refugee Convention but are granted temporary protection for reasons recognised as valid.<sup>5</sup>

Appleyard and others` categorisation of international migrant population is criticised by many for being based on migration policies of receiving countries. Such classifications are closely tied to the legal regime of international migration and the status determined by the receiving states.

Recently ILO made an estimate specifically of international labour migrant population. This estimate is not based on foreign-born person, rather on foreign passport holders. It also excluded asylum seekers and refugees. According to ILO, in 1995 more than 90 million migrant workers and their families were residing in countries other than their own (ILO, 1999). One can see that of the total migrant population, documented and undocumented migrant workers constitute the major segment. Stalker (1994:146) estimated that 30 million of these migrant population falls into the undocumented category and one-half of the total migrant labour force is likely to be women.

Ghosh (1992) and Lorhmann (1994) have formulated another typology of migrants based on root causes and motivation for migration. According to their typology, there are four kinds of migrants: survival migrants, opportunity-seeking migrants, persons fleeing persecution and conflict or war, and finally the environmental migrants. Survival migrants are those who left their country of origin to escape extreme poverty and unemployment. Opportunity-seeking migrants are those who migrated with the primary motivation of improving their earning and standard of living. The third category of migrants are close to refugees, asylum seekers, and de facto refugees, while the fourth category migrants are created by environmental degradation or ecological crisis.

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<sup>4</sup> 1951 Convention on Refugees.

<sup>5</sup> They include victims of war and generalised violence, categories that not included in the definition of the 1951 Convention on Refugees

Both of the above mentioned typologies and the ILO definition of the migrant worker are important. The first one helps to make concrete distinctions between different types of international migrants. The second classification brings attention to the factors that contribute to migration, and motivations of individuals to decide in favour of migration.

**Emigration :** ‘Emigration’ can be defined as “an act of people’s going to a foreign country for a particular period of time and with a definite goal in mind” (Mahmood, 1994:2). The various goals in emigration could be seen under economic, social, political and religious. Similarly the period of time could be purely temporary, semi-permanent, or permanent.

**Unemployment :** ‘Unemployment’ means a situation where a person or persons of 10 years of age or over involuntarily out of gainful employment during the reference period, but either;

- a) have been actively looking for employment, or
- b) are willing to work but not looking for work because of being temporarily ill or believing no work is available (BBS, Labour Force Survey, 1995-96).

**Under-employment :** Under-employment is the condition whereby a person’s employment is considered inadequate in-terms of time worked, income earned, productivity or use of his/her skills and the person is looking for additional work in conformity with his/her education or skill to augment income (BBS, Labour Force Survey, 1999-2000).

**Remittance :** ‘Remittance’ means the fund, either in cash or in kind, sent by a migrant, to his country of origin, which originates from his savings abroad.

**Undocumented Migrant :** “Undocumented or irregular migrants are persons who do not fulfill the requirements established by the country of destination to enter, stay or exercise an economic activity” (United Nations Declaration, 1995, Para 10.15) (UN, 1998:207). The terms ‘irregular’, ‘illegal’ ‘unauthorized’ also carry the same meaning as that of ‘undocumented’.

**Recruiting Agent :** ‘Recruiting Agent’ means the person or persons engaged in export and import of manpower from one country to another. Actually they act as a catalyst for manpower export and import.

**Hundi : 'Hundi'** means a bill of credit in financial dealings that are not official (Oxford Advanced Learner's Dictionary, s.v 'Hundi'). The hundi operator / agent is in fact an illegal foreign exchange dealer. The sender gives the hundi operator in a foreign country the currency of that country or dollars, pounds, or any acceptable currency by the operator while his relatives or agents in Bangladesh receives an equivalent amount of money in Taka. The agent in Bangladesh is contacted by telephone, fax or e-mail by the hundi operator in the host country and the sub-agent pays the money to the relative of the sender. The hundi rate is usually 1-2 percent higher than the official exchange rate.

**Social Mobility :** The term 'Social Mobility' is multi-dimensional and multi-faceted. For this it is not very easy to define it. S. M. Miller (1975:22) has defined the concept as "a significant movement in an individual's or stratum's economic, social and political positions."

According to P.A. Sorokin (1959:133) social mobility is of two types, e. g. horizontal mobility and vertical mobility. According to him 'horizontal social mobility or shifting, is meant the transition of an individual or social object from one social group to another situated on the same level' and 'vertical social mobility is meant the relations involved in a transition of individual (or social object) from one social stratum to another'.

## **1.5 Determinants and Consequences of International Migration**

One of the most important areas in the study of migration is to understand the social and economic forces, which produce international migration. Social scientists from different disciplines have proposed a variety of theoretical models to explain why international migration takes place. Another important area of enquiry is the impact of migration. This is also a broad area of investigation since migration may impact upon the society and economy of both sending and receiving countries, on the individuals who migrate, on the family members who accompany the migrants to the country of destination or who stay back in the country of origin. Migration may also impact upon the communities they left behind, and the communities they join. In the following section an attempt has been made to understand leading contemporary theories of causes and consequences of migration.

## Determinants of Migration

Probably the oldest theory of international migration is the macro theory of neo-classical economics. This theory has its roots in models originally developed to explain internal labour migration (Lewis, 1954; Ranis and Fei, 1961; Harris and Todaro, 1970; Todaro, 1976). According to this theory, international migration is caused by geographic differences in supply and demand for labour. A country which has high surplus labour, compared to capital, will have a low wage rate, whereas, a country with limited supply of labour compared to capital, will have a high wage rate. This differential in wage causes movement of wage labour from the labour surplus country to the high wage, labour scarce country. Another neo-classical analytical perspective that dominated migration studies regarding causes of migration for a long time was the micro economic model of human capital theory. This theory perceives migration as "the consequence of a rational and economically based decision of the individual to maximise returns to his/her human capital (which depends on education) over space" (INSTRAW, 1996:39). The individual concerned is likely to migrate if his/her expected income is greater in a location other than in the one where he/she is currently residing. Two issues are important here: differential in wage and employment opportunity and individual's desire for income maximisation. It is an individualistic theory based upon economic motives. The human capital theory is also known as the rational choice theory. Two names are closely associated with the development of this theory: Sjaastad and Todaro. Sjasstad first introduced the human capital theory of migration. Later Todaro expanded the framework further.<sup>6</sup>

The next dominant approach in explaining determinants of migration is the "push-pull" framework. This approach is inseparable from neo-classical economic theories. Lee's 'A Theory of Migration' (1966) is an important contribution in this respect. Thomas's (1973) analysis of transatlantic migrations of the industrial era also successfully applies the "push-pull" framework.

He shows that boom periods in British economy had their impact across the Atlantic and vice versa. He maintains that migration brings about certain equilibrium between forces of economic growth and contraction among different geographical

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<sup>6</sup> Sjaastad wrote the article "The cost and returns of human migration" in 1962. It was published in the *Journal of Political Economy*. M. Todaro published his seminal article "A model of labour migration and urban unemployment in less developed countries" in *American Economic Review* in 1969.



regions of the world. Therefore, the "push-pull" framework assumes that two equally important forces, one operational at the country of origin and the other in the host country, jointly contribute to the creation of conditions for people to migrate.

Conditions such as high population density, poverty, lack of economic opportunities, natural disasters are some of the push factors that contribute to deciding in favour of migration. On the other hand, demand for labour, availability of land, economic opportunities, freedom of religion, political freedom or safety, are some of the examples of pull factors, which attract the potential migrants towards the country of destination. A combination of both pull and push factors ultimately result in migration.<sup>7</sup> Table 1.3 shows the push and pull factors of migration.

Neo-classical economic theories presented above, led the analysts to focus almost exclusively on economic disparities between areas of origin and destination. These theorists contend that disparities are evaluated by rational actors who seek to maximise utility. In recent times, however, different analysts have stressed that economic disparity among sending and receiving countries, appears to be necessary but not sufficient condition for labour migration of today. The "push-pull" framework is also criticized by different academics. Massey *et al.* shows that in the present-day reality push and pull factors are not equally operational in creating migration. Now the push factors have become predominant, while the strength of pull factors have weakened due to restrictive admission policies of the receiving post-industrial states.

Castles and Miller (1998) points out that neo-classical theories were mainly developed to explain the migration patterns of industrial era. Therefore, they reflect economic arrangements, social institutions, technology, demography and politics of that time frame. But the present global context is significantly different. They also feel that migration theories of the last fifty years do not adequately come to terms with the complexity of current reality existing at macro and micro levels. Some others in recent years have also challenged many of the assumptions and conclusions of neo classical theories under the banner of "New economics of migration" (Stark and Bloom, 1985; Stark 1984; Katz and Stark 1986; Taylor 1986, 1987; Lauby and Stark, 1988). The major assumption of this approach is that

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<sup>7</sup> Brown's work on space utility theory is also important. of course, his theory mainly deals with internal migration.

migration decisions are not made by isolated individual actors. It is arrived at collectively, by larger units of related people, such as, families or households, sometimes communities (Stark, 1984). Again migration decisions are undertaken not only to maximise expected income but also to minimise risks of market failures (Stark and Levhari, 1982). Some examples of market failures are crop insurance market, self-insurance against income risk, unemployment insurance and retirement insurance. Migration, according to them, therefore is a risk reducing strategy for the household.

A concept, totally opposite to neo-classical macro or micro economic theories, has been put forward by sociologists. This theoretical school is known as historical structuralist, according to them, broader social and historical forces created conditions of widespread inequalities in access to resources, political power and prestige within and across communities, which both stimulate and constrain human migration. International migration, therefore, is a natural consequence of capitalist market formation in the developing world; the penetration of global economy into peripheral regions is the catalyst of international migration (Singer, 1971, 1975; Stern 1988). This theory highlights on macro-level factors operational in creating migration pattern. Wood (1982) combines the historical structuralist approach with the human capital theory and provides a micro-macro framework in explaining migration. He argues that the two approaches are not contradictory. In fact, they complement each other. Therefore, according to him, migration decisions are made by people within a broader context, that context affects an individual's decision making process but the individual's own economic situation, personal feelings and beliefs are also equally important.

Another important analytical framework, which also negates major assumptions of human capital or push-pull theory, is the social capital theory. According to Bourdieu and Wacqueant (1992:119) social capital is "the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition." People gain access to social capital through membership in networks and social institutions and then convert it into other forms of capital to improve or maintain their position in society. Migrant networks are set of interpersonal ties that grow from kinship, friendship and shared community origin. The development of such network increases the likelihood of further migration, as it decreases the costs and risks of migration and increases the

expected net return from migration. Network connection becomes a form of social capital, which gradually allows people to gain access to various kinds of financial capital. The social capital theory also highlights the emergence of private entrepreneurs who promote international migration for profit. Proponents of this theory accept the view that international migration is a matter of individual or household choice, but the existence of migrant networks and recruiting agencies enhances the likelihood that the decision-maker would choose to migrate.

In recent times different studies have highlighted new causes of migration. Some emphasise historic and cultural ties within the migrant producing and receiving countries; others focus on a few macro-level structural factors of migration such as political or ethnic repression, violence, armed conflicts, environmental degradation, trade and investment and political relationship between sending and receiving countries. Environmental degradation has been identified as another important factor in creating population movement. If traditional livelihood of people is no longer viable due to environmental factors, then it should lead to both internal and international migration. Some studies again have questioned the traditional myth of poverty being one of the major push factors for migration. They show that it is not the poorest of the poor who usually migrate, but rather the people of intermediate social status who constitute the bulk of international migrant population (Lohrman, 1994). Relatively better economic position, combined with education and access to information, creates more opportunities to migrate, not poverty.

In recent years, the issue of globalisation is widely discussed in the literature of determinants and it has a profound effect upon international labour migration. Globalisation of economic activity has internationalised labour markets (ILO, 1999:7). Technological development of recent times has integrated the national economics on a global scale, resulting in growing interdependence of one country over the others. Transaction of goods, services and capital are taking place among states on a much larger scale. Revolutionary changes in information technology and concomitant growth of transportation have created an environment where more and more people have access to information about potential labour markets and migration opportunities. Various theories of market economy also argue in favour of permitting workers to move freely as it promotes regional economic integration. Economic integration is a process of abolishing barriers to trade and investment across national borders. It is desirable because it speeds

up growth. Economists have long been arguing that free international migration is one of the three pillars of economic integration; trade and investment are the other two.<sup>8</sup>

It is evident from the above discussion that the traditional conceptual framework has been challenged by new ideas, concepts and hypotheses. The traditional neo-classical theories have been questioned for putting too much emphasis on economic disparities between areas of origin and destination. New economics of migration theorists have established that migration also occurs as a risk minimising technique. The historical structural theory stresses that migration happens due to capitalist market formation in the developing countries. The social capital theory highlights the importance of network connection and growth of for-profit institutions in creating migration. The impact of globalisation and access to information have also been highlighted. All the approaches stated above have not yet emerged into a single theory but each of them have shed new light on conditions which produce labour migration.

### **Consequences of International Migration**

Studies regarding consequences of international migration are less controversial than those of determinants of migration. As a result, more studies have been done on consequences of migration than on the determinants. In the initial stages, it was mainly the economists who studied consequences of migration. Most of these studies concentrated on macro economic impact of migration, some on micro economic impact. Macro economic impact studies were done either on receiving countries, or on sending countries. Studies which focused on receiving countries used macro economic indicators such as impact on production and impact on wage rate. These studies also established that the receiving countries gain from the highly motivated migrant work force and from the important skills these migrants bring with them. The mode of analysis used in studying the migrants' consequences of migration on the sending countries is through assessment of macro economic impact of labour flows and the associated financial flows on the national economics (Nayyar, 1994; Mahmood, 1996 and 1998).

Studies on consequences of migration at a micro economic level have focused on the costs of individual migration and the benefits received at individual and family level

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<sup>8</sup> However practical experience shows that labour migration is not that frequent as the movement of the other two, i.e., trade and investment. Developed countries till today are trying to artificially protect their labour market.



rather than that of the economy as a whole (Berry and Soligo, 1969; LeClere and Mclaughlin, 1992). Recently micro level studies also highlight the impact of migration at the community level. These include both the communities: the community of the migrants' country of origin and the community of the receiving country. In later years particularly the sociologists, geographers and psychologists have broadened the economic cost benefit analysis. They successfully add social and psychological costs and benefits of migration such as personal empowerment and vulnerability, change in social status, impact on family members, trauma, psycho-social stress in the analysis of consequences.

From the discussion above, it is evident that consequences of migration can be studied at a macro level, either in the receiving country or in the sending country or both. Studies can also be conducted at a micro level, identifying the impact at the level of the individual, family and community, again at both receiving and sending countries. An important addition in the consequence study literature is the social impact in receiving country/community or sending country/community.

The present study makes a modest attempt to focus on analysing the impact of migration on the migrants and their families. Effort has also been made to assess the impact of migration on the communities and societies they left behind. It focuses on two types of consequences: economic consequences and social consequences. It would have been pertinent to assess the impact of migration on the communities and societies they join. Such an endeavour, however, would entail commitment of large resources, long time span and team effort.

**Economic Consequences :** For understanding the economic impact on migrants and their households, some basic indicators can be identified at a general level. These indicators are level of employment generated, income earned, change in the consumption pattern, significance of remittance sent, level of indebtedness and asset formed. Economic impact in fact is a mixture of all the above indicators. To see the economic effect on the society, change in the price level also has been considered.

**Social Consequences :** The social impact of migration can be studied at three levels: on the migrant workers themselves, on their family members and on the societies they left behind. Possible categories of family members can be children of the migrants, elderly



persons and wives of migrant. Indicators identified to study the social consequences of migration on children are impact on education, impact on mental and physical upbringing and impact on workload on the children. In understanding the social impact of migration on the member of the households, the status of gender division of labour within the families have been identified as the core indicator. In case of elderly women the state of their workload will be the key indicator. Regarding the impact of migration on wife the key indicators identified are empowerment and vulnerability. Issues, which are important in this respect are: role in family decision-making, control over income, level of self-confidence, status of marriage and status within the family and community.

Social change and social mobility have also been observed. Key indicators used for these purposes are internal migration, occupational change, power structure, leadership pattern, life style and horizontal and vertical social mobility.

## **1.6 Social Network in International Migration**

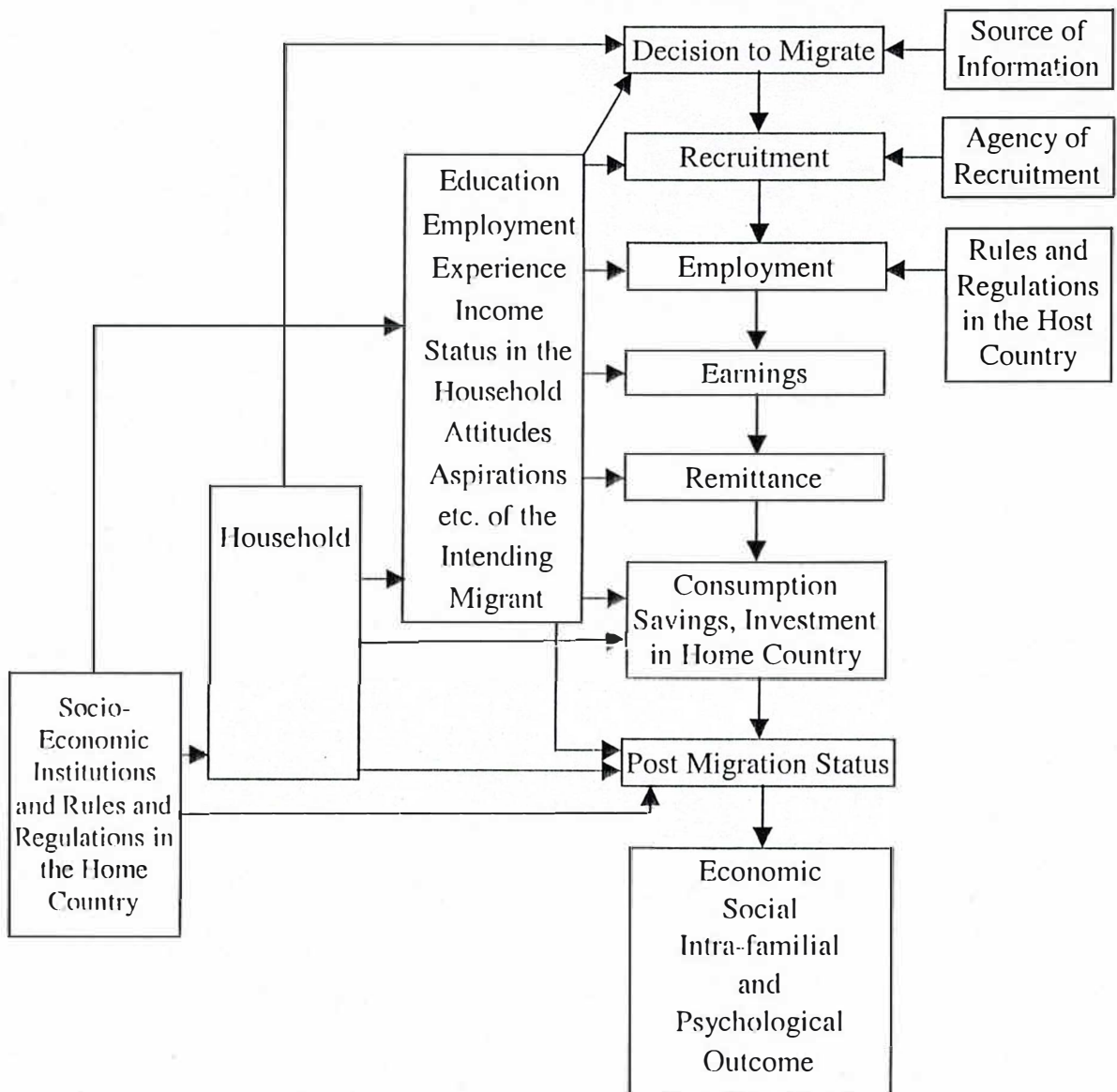
Social network may be defined (Begum, 2000 : 70) as the informal mesh of affiliations existing within a fraternity of people who are related or tied by common bonds such as relatives, blood relations, friends, neighbours, fellow townfolk, people with shared ethnic interests, common organizational membership (e.g. community or clubs), similar religious denominations and so forth. Within social relationships it is found that migrants are strongly swayed by the presence of socially affiliated links in the destination areas. Within the process of inter-border migration there are various obstacles or barriers, which the migrant are to overcome. The problems encountered are mainly (i) information, (ii) travel, (iii) entry into job market and (iv) sustenance of status quo in the country of migration. In all cases social network plays a vital role.

The tenure of stay abroad can be assured if there is reasonable adherence by the migrant, to the local law and order regulations of the country. In the case of an interrogation by the police, the migrants' record must be above suspicion. This can only be ensued if all the documents are in order and if there has not been any participation in illegal activity by the migrant. In the instances where migrants' records are not above-board, the capacity to bail out must exist. The crises-coping resources could well be

ready cash, credit worthiness among friends, rapport with the community and society and level of contact with the authorities. Social networking becomes invaluable at these times. Ultimately, almost all migrants, including those who have traveled via middlemen, require the services of fellow countrymen, friends and ethnically related people when in times of crises. An appreciation of local norms and traditions, local language, local values and culture can be more easily grasped through the social network matrix who have already established contacts with the native inhabitants.

Figure 1.2 shows various events and their inter-connections in the migration process.

**Figure 1.2 : Migration Process: Events and Inter-Connections**



## 1.7 Review of Literature

The inflow of remittances and its related issues have long been of interest of researchers and policy makers, in particular after the introduction of the Wage Earners' Scheme (WES) in mid-1974. Since then, several studies have been conducted on the matters related to remittances. But they are not directly related to the present research. The relevant literature on the present research are reviewed below :

W. Mahmud and S.R. Osmani (1980) have conducted a study on the social cost benefit analysis of manpower export from Bangladesh to the Middle East entitled, "Impact of Emigrant Workers' Remittances on the Bangladesh Economy" sponsored by the world Bank. This study mainly focused on the impact on the income and savings of the remittance-receivers and impact of remittances on foreign exchange market in Bangladesh. This study was mainly based on secondary sources of data. It does not reflect the social impact of remittances in Bangladesh. Again, this study was conducted only for the workers of Middle East. In addition, the above study was carried out over two decades ago. Things have changed drastically since then.

Mustafa Abdur Rahman (1981) has carried out a study entitled "Employment-Remittance Relationship-An Econometric Analysis" as a research fellow in the National Foundation for Research on Human Resource Development, Dhaka. This study highlights on the relationship between remittance and employment. This is a mathematical expression of influence exerted by remittance on employment. This study is fully based on the secondary data. Actually this is only one point study to see the association between remittance and employment. This study did not touch many things, such as, saving, income, expenditure, social impact and so on.

3 Kamal Ahmed Chowdhury (1985) has conducted an M. Phil. study entitled "Migrants Remittance and its Impact on Social Structure: A Case Study of Londonigaon." His study mainly covers the sociological aspects, but economic aspects have not been considered properly. Moreover, long 17 years has passed after his research. So many things have changed during this long period.

4 Raisul Awal Mahmood (1989) has conducted a research entitled "Bangladesh Immigrants in the UK" as a senior research fellow of the Bangladesh Institute of Development Studies. This research deals with the Bangladeshis staying at United

Kingdom. He has clearly explained their occupation, income, and legal status and so on in this research paper. But no effort has been made to reflect the impact of migration from Bangladesh.

Farid Bakht and Raisul Awal Mahmood (1989) in their research report "Overseas Remittances and Informal Financing in Bangladesh" have elaborately discussed the various channels of sending remittances in Bangladesh. They have also explained the non-formal uses of remittances. But they have not paid any attention to the formal uses of remittances, as well as related social aspects of it.

S. Ahmad (1990) in his article "Foreign Capital Inflow and Economic Growth: A Two Gap Model for the Bangladesh Economy" has explained the effect of foreign capital on economic growth. He found that foreign capital inflow is conducive to economic growth. But he does not mention the impact of remittance on the economy separately.

Raisul Awal Mahmood (1993) in his research report "Adjustment and Adaptation with a New World: Experience of Bangladeshis in Japan" has studied the problems faced by the Bangladeshis in Japan. He has also discussed the advantages that they are getting in Japan. However, the author has not talked about the volume of remittance that the Bangladeshis are sending in Bangladesh and its socio-economic effects.

Raisul Awal Mahmood (1994) in another research report "Analysis of Present and Future Emigration Dynamics in Bangladesh" has explained the problems and prospects of migration of Bangladeshis abroad. He has explained clearly about the causes of migration. But he does not consider the impact of remittances. This work may have a very limited use in the proposed study.

Raisul Awal Mahmood (1998) in one more research report entitled "Globalization, International Migrations and Human Development: Linkages and Implications" have discussed about the global aspects of migration. He has also explained the effects of remittances at micro and macro levels, based on the secondary sources of data. This research report reflects the global situation in general, but not the particular case of Bangladesh.

K. A. S. Murshid, Kazi Iqbal and Meherun Ahmed (2000) in their research report "A Study on Remittance Inflow and Utilization" have explained the importance of remittance

for Bangladesh economy, inflow of remittances into Bangladesh per year, and its economic effects. But the authors have said nothing about the social impact of remittances.

From the foregoing survey it may be concluded that no specific and in-depth research has so far been conducted on saving-investment and expenditure pattern of remittances and as well as its social consequences. This lack of exhaustive and in-depth research is responsible for the fact that the problems the migrants are facing within the country during the process of migration, and after migration outside the country have not yet been properly identified and remedied. Also the productive use of remittances has not yet been materialized. The present research is aimed at filling the lacuna just described.

### **1.8 Rationale of the Study**

In the context of huge unemployment and underemployment, Bangladesh joined the 'Great Rush' to the Middle East just about half way in the decade of the seventies. Since then, the annual outflow of migrants and inflow of remittances have been growing rapidly. In fact, the migration phenomenon has by now become so important and the flow of earnings so sizeable, that the subject has become worthy of serious study and analysis. However, little is known on the emerging migration trends, on the size, origin and destination of remittance flows and their social and economic consequences. Yet an understanding of these issues is of major importance for formulating a socially desirable policy of manpower export.

Now a days, remittances are the important source of foreign exchange earnings for national economy and at the same time disposable income for thousands of migrant household in Bangladesh. In fact, the inflow of remittances has been major catalyst for various socio-economic changes in rural and urban areas of Bangladesh. The present research is an attempt to analyse those changes clearly and effectively.

A significant portion of the earnings of Bangladeshi workers abroad is routed through unofficial channels often financing illegal activities such as, smuggling of gold, drugs, arms etc. Some portion is also used in the informal money market. The causes and consequences of such activities are needed to unveil. The present study is aimed at searching such causes and their remedies.

So, the present study bears great importance in the prevailing socio-economic context of Bangladesh.



# Chapter Two

## Methodology

Systematic strategies have been followed to attain the objectives of the study. Different methods have been used to obtain data for the study. Data have been collected from both primary and secondary sources. Collected data have been analysed by using latest statistical packages. Distinguished models have been used to verify the determinants of remittances.

### 2.1 Method of Study

This study has three broad areas of enquiry: (a) various dimensions of migration (b) extent of remittance flow and its current transfer process and (c) uses of remittance and reintegration of migrants after their come back. This requires information from varied organisations comprising of government institutions, banks (central and commercial), research organizations, persons involved in sending and receiving remittances, migrant workers, recruiting agencies, migrant workers associations and so forth. Therefore, it is natural that the work would entail secondary and primary data generation by using different methodological techniques. Different methods have been used to gather necessary data. But mainly two methods have been applied for the two main sources; survey method for primary data and documentary analysis method for secondary data.

### 2.2 Sources and Methods of Data Collection

#### Secondary Data

Secondary data have been collected from various national and international organizations. These are as follows:

**International and Regional Organisations :** International Organisation for Migration (IOM), International Labour Organisation (ILO), World Bank, United Nations Development Programme (UNDP), Asian Migrants Centre (AMC) and Asian Development Bank (ADB) were the main sources of international and regional level secondary data. Data were collected from the libraries of these institutions and by internet browsing.

**National Institutions :** Various government and private institutions are included in this category. These are Bangladesh Bank, nationalised commercial banks (NCBs) such as, Sonali, Janata, Agrani, Bangladesh Krishi and Uttara Banks; private commercial banks (PCBs), such as Pubali, Rupali, Islami Bank Bangladesh Limited (IBBL) etc.; various ministries- Ministry of Foreign, Ministry of Finance, Ministry of Expatriates Welfare and Overseas Employment etc.; Bureau of Manpower Employment and Training (BMET), Bangladesh Overseas Employment and Services Limited (BOESL), Bangladesh Association of International Recruiting Agencies (BAIRA), Refuge and Migratory Movement Research Unit (RMMRU), Bangladesh Migrants Centre (BMC), Welfare Association of Repatriated Bangladesh Employees (WARBE) and Board of Investment (BOI). All these constitute the secondary source of information for the study. Libraries of Institute of Bangladesh Studies (IBS), Bangladesh Institute of Development Studies (BIDS), Rajshahi University (RU) and Bangladesh Institute of Bank Management (BIBM) are also the important sources for secondary data.

### **Primary Data**

Primary data have been collected from three levels: (a) persons engaged in receiving and sending remittances; (b) banks and other financial institutions and (c) interview of the senior government functionaries representing different ministries and leading members of the private recruiting agencies and civil society organizations including research institutions.

**Survey of Remittances Receiving and Sending Persons :** This involved interviewing remittances sending and receiving persons. Interviews of such person have shaded light on various aspects of pre and post migration condition and remittances transfer process and its utilization.

**Survey of Banks and Other Financial Institutions :** Many organisations are involved in transferring remittances such as central bank, commercial banks, post office, national savings bureau etc. Higher officials of those organisations were interviewed to understand their role in remittances transfer.

**Interview of Government and Private Functionaries :** Different government ministries are involved with labour migration process. Ministry of Expatriates Welfare and Overseas Employment is the line ministry concerned. The other concerned ministries are Finance and Foreign Affairs. Key functionaries of these ministries were interviewed for assessing the impact of macro economic policies on migration and remittances. High officials of BMET, BOESL and BAIRA were also interviewed for assessing the various problems of migrant people at home and abroad. Two migrant workers associations – WARBE and BMC personnel were also interviewed for appraising their role in ensuring welfare of the migrant people and their family members.

Five sets of questionnaire were prepared for five categories of respondents. Each type of questionnaire contained both structured and open-end questions. The researcher himself through personal interview of the concern person with the help of research assistant filled up each and every questionnaire.

### **Study Period**

Systematic recording of information on migration of Bangladeshi workers began since 1976. Bureau of Manpower Employment and Training (BMET) maintains the records of migration. On the other hand, Bangladesh Bank keeps the record of remittances. So, the study period has been considered from 1976 to 2002, but nevertheless, information and statistics of earlier years have also been used.

### **2.3 Selection of Study Area and Respondents**

Higher incidence of migration was used as the criteria for selecting the study area. This was done on the basis of BMET's database. Two districts were identified for this purpose – Noakhali and Sylhet. But to compare the impact of remittances between high and low migrated areas Kushtia was selected as low migrated area. To observe the differences of impact between rural and urban areas respondents were selected from Sylhet, Noakhali and Kushtia town and from one village of each of these three districts. The three villages were – Dahakula of Kushtia Sadar Upazila, Jaynpur of Sylhet Sadar Upazila and Noannya of Noakhali Sadar Upazila.

As stated earlier, five sets of questionnaire were prepared for five types of respondents to obtain data according to the need of the research objectives. Category of respondents were as follows

- (i) Returned migrants
- (ii) Current migrants' family heads who receive remittances
- (iii) Would be migrants
- (iv) Government officials, Bank officials and Public representatives
- (v) Personnel of recruiting agencies

It may be mentioned here that returned migrants were those migrants who stayed abroad for a period of minimum two years and after then came back home. Similarly, current migrants are those migrants who have been staying abroad for at least two years. Would be migrants were chosen as those persons whose formalities for going abroad have been completed but just waiting for the flight. All these respondents were selected at random from both urban and rural areas of the three districts. Other two categories of respondents were interviewed purposively. Table 2.1 shows number of respondents according to the classification.

**Table 2.1 : Number of Respondents According to Category**

Types of respondents	Noakhali		Sylhet		Kushtia		Total
	Urban	Rural	Urban	Rural	Urban	Rural	
1. Returned migrants	20	10	20	10	20	10	90
2. Current migrants' family head	20	10	20	10	20	10	90
3. Would be migrants	6	4	6	4	6	4	30
Sub total	46	24	46	24	46	24	210
4. Govt. Officials, Bank Officials and public representatives 32 [ADDMO-2, UNO-2, BMET-2, MEWOE-2, MFA-2, UPC-2, BB-2, NCBs-8, PCBs-10]							32
5. Personnel of recruiting agencies of recruiting agencies [BOESL-2, BAIRA-O]							02
Grand total							244

A total of 16 (approximately 2% of total BAIRA members) recruiting agents who are BAIRA members were scheduled to be interviewed. But due to the non co-operation of BAIRA office bearers it was cancelled at the last moment.

Fieldwork was conducted from July 2002 to January 2003.

## **2.4 Analysis of Data**

At first, collected Data have been edited properly. Then the data have been entered in the computer. Following statistical packages have been used for the analysis of data by computer.

- (i) Microsoft Excel
- (ii) SPSS for windows version 11.0
- (iii) E-views version 3.1

Ordinary least squares (OLS) method has been used for multiple regression analysis. Obtained results have been implicated to explain the objectives of the present study. Pattern of consumption, savings and investment of remittances have been analysed by the obtained results. Volume of remittances used in education of the family members, house building, religious activities, social festivals and other social purposes have been examined. Changes in the society have been verified especially, social mobility and women empowerment have been observed due to the inflow of remittances. In addition, obtained results have been compared and contrasted with the findings of the previous relevant studies.

## **2.5 Model Used for Determinants of Remittances**

Few models have been adopted for the present study. These models are based on the theme of simple aggregative Keynesian model and Lucas and Stark (1985) model. Keynesian model has been used for explaining macroeconomic implications of international migration and remittances. On the other hand, Lucas and Stark model has been used for explaining microeconomic determinants of remittances. The variables used in the models and detail explanations of models have been incorporated in the relevant portion of the present dissertation.

## **2.6 Scope of the Study**

The present study mainly focuses on socio-economic impacts of remittances at micro level. Various social changes and economic consequences due to remittances in the study area have been explained elaborately. The causes of migration, problems faced by the migrants before migration within the country, after return in the home country and constraints in sending remittances through official channels and productive uses of remittances have also emerged as relevant issues.



## 2.7 Chapter Outline

The dissertation comprises with ten chapters including the present one.

First chapter deals with background and importance of the study, problem environment of the study, objectives of the study, conceptual framework and literature review and determinants and consequences of international migration.

Chapter two provides the methodology of the study. Methods of research, study area, selection of respondents, methods of data collection, sources of data, analysis of data, study period, scope and limitation of the study have been explained in this chapter.

Chapter three reflects the various aspects of international migration from Bangladesh. Main components of this chapter are: historical background of international migration from Bangladesh, level and trend of migration, channels of migration, geographical distribution of migrants within Bangladesh, nature of occupation of migrants, and undocumented Bangladeshi migrants.

Chapter four highlights the remittances related issues. Nature and origin of remittances, country wise, year wise, region wise flow of remittances, official and unofficial channels of remittances and relative advantages and disadvantages of these two methods and role of financial institutions in channelling remittances have been described briefly in this chapter.

Chapter five focuses on socio-economic background of remittances sending workers. Family background, age, occupation, level of education, income and expenditure pattern of the household are the main ingredients of this chapter.

Chapter six presents an overview of socio-economic impacts of remittances in the areas under study. Uses of remittances in various socio-economic objectives have been explained clearly. Savings, investment, expenditure of remittances, and uses of remittances for various social activities have been discussed separately.

Determinants of remittances have been examined empirically in chapter seven. Macroeconomic determinants of remittances have been verified by using aggregative

simple Keynesian model and Lucas and Stark (1985) model have been used to check the microeconomic determinants.

Chapter eight gives a brief description of international migration on global and regional perspectives. Level and trend of international migration, composition of international migration, international migration of some South-Asian and South-East Asian Countries are the subject matter of this chapter.

Chapter nine identifies the various problems related to migration, inflow of remittances and its productive uses. At the same time, various measures taken by the government have been critically examined in this chapter.

Summary and conclusion has been drawn in the tenth and the last chapter of this dissertation. Recommendations have been incorporated in this chapter for solving the various problems faced by migrants at different stages of migration and also for ensuring effective uses of remittances and it's enhance flow through recorded channels.

## Chapter Three

### Migration Dynamics : Bangladesh Perspective

Present chapter provides an overview of the experience of Bangladesh with international migration so far. The major focus here is on the historical background of migration, level and trend of migration, geographical dispersion of nationals' abroad, channels of migration, occupation and skill composition of migrant people. A brief description about female migration has also been incorporated. At the end, aggregative simple Keynesian model has been used to analyse the labour migration dynamics of Bangladesh.

#### 3.1 Historical Perspective

Concrete evidence on how and when the process of emigration from Bangladesh began is far from being adequate. Based on informal sources, it is evident that people from the geographical area now called Bangladesh had long been migrating to different places of undivided India including Burma – as during the British Rule, and also to distant places in search of a better life. The most common destination of migration would be the holy places of Mecca and Medina in Saudi Arabia (Mahmood, 1994).

The earliest recorded evidence on emigration dates back to early 1940s when Bangladeshis started migrating to and settling in different parts of England. The pioneers in the process were the crews working for British Merchant ships plying from the ports of undivided India particularly from Kolkata. With long experiences of working in ocean-going vessel – at times for generations, in course of their frequent visits some of these seafarers landed in different port cities in England and later got settled there. Most of these earlier settlers got married to the locals, and established families. Consequently, even as early as in 1942 Bangladeshis were to be found in the port cities of London, Liverpool and Bristol (Anwar, 1979; Tinker 1977).

This rather silent process of migration continued until late fifties and early sixties. By now a strong network had developed. So by late 50s and early 60s when there emerged an expressed policy to recruit foreign workers for various industries and sectors these networks triggered a large-scale migration to the UK. These were particularly important when Employment Vouchers were being issued by the British Labour

Department following the promulgation of the first Immigration Act of 1966. Emigration to the UK continued until it was stopped in early 1973. Migration to the UK is now restricted to the spouses and dependents of the earlier migrants.

The mass exodus of nationals overseas on employment is due to the opening up of employment opportunities in the Middle East during the mid-seventies. This followed the unprecedented demand for expatriate workers in the region as resulting from the massive investment programmes undertaken by the oil-rich countries following the oil price hike of October 1973. Beginning from mid-70s, there has been a significant upward trend in the level of migration to the region. And despite changes in the composition of migrants, unlike other labour exporters, Bangladesh has been enjoying an ever-increasing level of migration to the region. With less than 6,000 workers in the whole of the Middle East back in 1976, the total number of those migrating to the region crossed the mark of million by early 90s.

Although the number of those migrating to the Middle East every year is now much higher than before, the remuneration associated with jobs has been on the decline. As a result, given the widespread interest in international migration, the dormant enterprising qualities of the young and educated have been responsible for the discovery of newer and newer destinations of migration. The most attractive destinations are now the industrially advanced countries in the West, and also those in the Far East. Historically, simultaneously with migration to the UK a large number of Bangladeshis have also been migrating to the other Western European countries such as Germany, Italy and Sweden. Similarly, they have also been migrating to the USA, Canada and Australia.

However, the development of mass communication, migrant networks, and emergence of various organisations and institutions involved in the process of migration in one way or another have been contributing to overcoming various institutional barriers to migration. Consequently, unlike migrations to the UK and the Middle East, migrations to the newer destinations are not always under the legal cover of the respective countries.

Bangladeshis are now to be found in South Korea, Japan, Taiwan, in the Far East; Thailand, Malaysia, Singapore, Brunei, in South East Asia; in the Middle East and north Africa; in the UK, Germany, Sweden, Italy, in Western Europe; and in the USA and Canada, in North America and in Australia and New Zealand.

### 3.2 Level and Trend of International Migration

Bangladesh's experience with international migration is now for over half a century. During this long period significant changes occurred in terms of the distribution of migrants across the world, and the number of those migrating to different countries. However, the information base on these various aspects is far from being adequate. Based on available information we get overview of the level of Bangladeshis migrating to different countries over time. Data constraint limits the discussion to three major destinations of migration, viz. (a) UK, (b) Middle East, North Africa and Malaysia and (c) Japan. These three destinations, incidentally, represent three different types of migration. Those migrating to the UK have permanent resident status there, i.e., they can stay there as long as they would like to. Migration to the Middle East, North Africa and Malaysia is purely temporary – only for the duration of the tenure of employment after which they must return home. Migration to Japan is an extreme type. Most of the migrants there are devoid of any legal coverage; they may, therefore, return home anytime once apprehended by the authority.

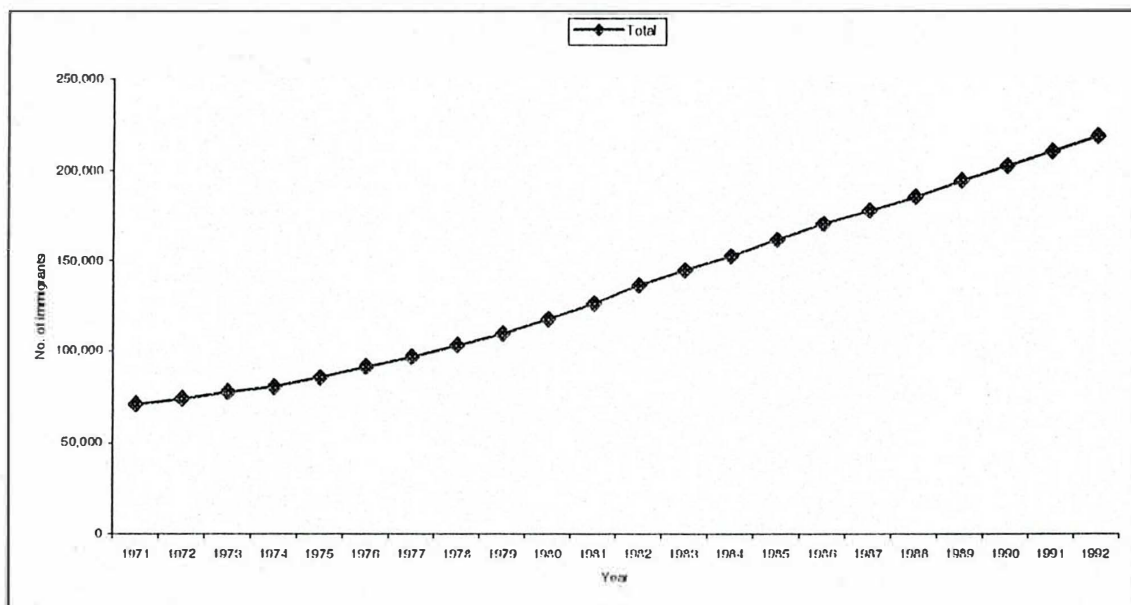
**United Kingdom :** The number of Bangladeshis migrated to the UK as of 1992 was 219,000. This is based on an estimation of the initial stock of Bangladeshi population of about 70,000 as of 1971 (Anwar, 1979). Added to this have been new entrants into the country every year, plus a natural increment of those who had already been there. Historically, of those who entered into the UK until 1971, about 80% of them went during 1960-1971. About 10% of them went during the fifties; and less than 3% during the 40s. Interestingly 4% of them went even prior to 1940 (Mahmood, 1984). Appendix A-II shows number of Bangladeshi immigrants in the UK.

Table 3.1 indicates number of Bangladeshis (then Pakistanis) until 1971 in the UK. Between 1972 and 1992 a total of 74,000 Bangladeshis were allowed to enter into the UK and remain there. These new entrants represent the spouses and dependents of those who had already settled in the country. Since the provision was made in 1974 – while almost restricting any new migrants, the flow of these new migrants initially increased quite rapidly, and later started tapering off. For instance, from less than 1000 new entrants in 1974 their number increased to 6,820 in 1982. However, since then their number started falling; and in 1992 there were only 2,520 new entrants. This is



underlined by the fact that since they represent the spouses and dependents of earlier migrants, once all of them have been accommodated there would be no such people waiting to be entered. This does not, however, mean that there will be no more new entrants. Given the cultural linkages of the Bangladeshis living in the UK with their place of origin, i.e., Bangladesh, this flow is expected to continue in the future.<sup>1</sup>

**Figure 3.1 : Number of Bangladeshi Immigrants in UK**



Source : Appendix A-II

**Table 3.1 : Number of Pakistani (Bangladeshi) Coming into the UK until 1971**

Period	Total	Cumulative Total	Percentage of Total
Before – 1940	5,645	5,645	4.0
1940 – 1949	3,695	9,340	2.6
1950 – 1959	14,785	24,125	10.6
1960 – 1969	97,130	121,255	69.4
1970 – 1971	14,900	136,155	10.7
Not stated	3,785	139,940	2.7

Source : Mahmood (1989a).

<sup>1</sup> Given a strong attachment with Bangladeshi culture and heritage, migrants living in the UK prefer their children to choose their respective bride or bridegroom from among Bangladeshis living there or to marry in Bangladesh. As they are often chosen from Bangladesh, every year there are newer candidates for entrance into the UK which under the present Law has to be accommodated by the immigration authority. This is expected to continue in the future.

Natural increment is another elements of the growing number of Bangladeshi population in the UK. Based on the experiences of the immigrant population in the UK, this natural rate of growth has been estimated at 2.6% per annum (Mahmood, 1984). Application of this rate to the yearly migrant population enables a number of 72,929 which has been added to the initial stock of 70,000 in 1971, as of 1992.

Bangladeshis are dispersed across the different parts of the UK. They follow the same pattern as that of the immigrant population as a whole. "The areas in which the black people live are a consequence of where immigrants settled in the 1950s and 1960s. The immigrants went to the large conurbations, particularly London. They also went to the metal manufacturing industries in the West Midlands and the textile industries in the North West" (Runnymede Trust and Radical Statistics Race Group, 1980 : 5). Based on 1971 census, 96% of the Bangladeshis (including Pakistanis) lived in England. Within England the highest concentration were to be found in the South East Region comprising the Greater London Council, Outer Metropolitan and Outer South East areas. The Greater London area alone would contain about one fifth of the migrants. Presently, the largest concentration of Bangladeshis is still in the larger cities such as London, Birmingham, Bradford, the Manchester areas, Luton, Bedford and Coventry (Mahmood, 1989a).

**Middle East, North Africa and Malaysia :** Ever since the process started in mid-seventies, the Middle East has been the most important destination of Bangladeshis. With an initial stock of about 6,000 national working in the region until 1975, gross migration to the region reached 293,7367 as of December 2002. The level of migration to the region in 1993 was 174,107. Despite a shrinkage in the overall demand for expatriate workers in the region, Bangladesh has consistently been experiencing a significant upward trend in the outflow of migrants.

This rapid increase in the level of migration to the Middle East has not been consistent. There have been different phases in the process of migration as represented by yearly average outflow of migrants. During 1977-80 when the process started rather belatedly as compared to other labour exporters to the region, the yearly outflow of

migrants averaged less than 25,000. The next five years witnessed yearly outflows averaging around 58,000. Yearly outflow during 1990s crossed 150,000.

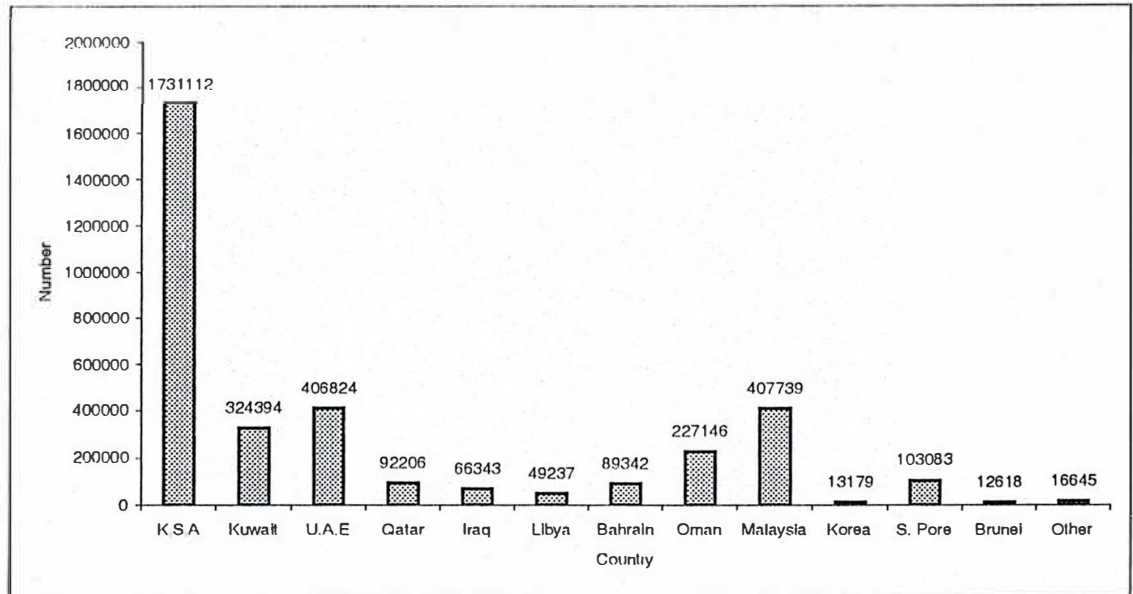
Bangladesh exports labour to 10 Middle East and North African Countries. Among them, however, 6 countries account for almost the whole of migration to the region.<sup>2</sup> These include Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia, and the UAE. Amongst these countries, the most important destination has been the Saudi Arabia. It alone accounts for about fifty percent of the migrants to all over the world. Kuwait is the second most important destination for Bangladeshi workers in recent years. The other important countries are the UAE and Oman.

Intertemporarily, both the absolute and level of migration to the individual countries experienced significant changes. Libya, for instance, would account for about 9% of the gross migration to the region during the earlier phases of migration. Its relative share has now dropped to hardly 1% in recent years. The opposite would be the case with regard to Oman. Following the Gulf War Bangladeshis stopped migrating to Iraq. The Kingdom of Saudi Arabia has all along been the most important destination of Bangladeshi workers. Lately about 70% of those migrating to the Middle East are accounted for by the KSA, followed by Kuwait. Appendix A-III reflects the distribution of Bangladeshis in the Middle-East countries as well as other countries.

Malaysia has emerged as an important destination for Bangladeshi worker. Based on official sources about 407,739 worker have migrated to Malaysia until 2002 which is about 11.50 percent of total migration from Bangladesh since 1976. However, the actual number of these people would be much higher.

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<sup>2</sup> The other four countries being Jordan, Lebanon, Libya and Yemen.

**Figure 3.2 : Migration by Country of Employment**

Source : Appendix A-III.

**Japan:** Japan has lately emerged as one of the most attractive destinations of migration-alongside the USA and Canada. Almost unknown to Bangladeshi nationals until early 1980s as possible destination for overseas employment, lately Japan has drawn the greatest attention among the prospective migrants.

Beginning from 1985 about 34,000 Bangladeshis entered into Japan as of 1990 giving an annual average figure of about 5,596.<sup>3</sup> The highest number of those entering into Japan in one single year, i.e., 14,500, was in 1988. This was as compared to 2,299 in 1985 - the first year for which information are available, and 5,854 in 1987. Besides, between 1985 and 1990 a total of 4,728 Bangladeshi nationals were denied entry into Japan upon arrival at different ports, and were sent back home. Interestingly, in 1988 not only the highest number of persons were allowed entry into Japan, but also the highest number ever, i.e., 3,233, were denied entry (Mahmood, 1994).

There were 12,702 Bangladeshis living in Japan as of 1988. This was as compared to only 451 in 1985. The number gradually shrunk to 11,692 in 1989 and to 7,774 in 1990. The number of Bangladeshis living in Japan in 1993 was about 10,974. Of

<sup>3</sup> Not all of them would be would-be migrants. They also included officials, tourists, businessmen, students, etc. Nevertheless, the bulk of them would be prospective migrants.

these, 8069 were believed to be staying there unauthorised (Embassy of Japan, Dhaka). Table 3.2 shows the number of Bangladeshis in Japan up to 1990.

**Table 3.2 : Level of Bangladeshis Migrating to Japan**

Years	No. of Bangladeshis		No. of Nationals Leaving Japan			Net Stock	Cumulative stock
	Entering into Japan	Denied entry	Voluntarily	Deported	Total		
1985	2299	-	1846	2	1848	451	451
1986	4417	146	3519	122	3641	776	1227
1987	5854	707	2394	522	2916	2938	4165
1988	14500	3233	2847	3116	5963	8537	12702
1989	3425	510	2181	2254	4435	-1010	11692
1990	3078	186	2197	4799	6996	-3918	7774
Altogether	33573	4728	14984	10815	25799	7774	-

Source : Mahmood (1991a).

Note : Net stock equals number of arrivals minus those leaving - voluntarily plus those deported.

Bangladeshis in Japan would be located within few adjacent prefectures. Most important among them are Tokyo, Chiba, Gunma, and Saitama. These four prefectures would contain about 78% of the Bangladeshi migrant workers (Mahmood, 1991a). The relative importance of these different prefectures changed over time as more and more people were entering into Japan. During the earlier years Tokyo was the most important geographical location for Bangladeshi workers. However, the proportion of migrants living in Tokyo declined from 32% to less than 10% between 1986 and 1989. The opposite would be the case with Chiba prefecture (Mahmood, 1994).

**Other Destinations :** Western European countries such as Sweden, Germany, Italy are amongst the other major destinations of migration. The USA, Canada and Australia have all along been among the most attractive destinations. These three countries together could be identified as the third most important destination - besides the UK and Middle East. For the last couple of years Australia has been allowing immigration to select group of Bangladesh nationals, mostly highly technical and professional people.

### 3.3 Channels of Migration

Significant changes took place in the relative importance of the different channels of migration over time. Government's role in the process of migration to the UK was



almost nil. It was based purely on private initiative. Any role played by the government in the process of migration at that time was that of a passive observer.<sup>4</sup> Most similar was also the case during earlier years of migration to the Middle East. However, having realised the prospects of labour demand in the Middle East, and possible contribution to the domestic economy, an active manpower export policy was pursued by the government. A separate institution named Bangladesh Bureau of Manpower Employment and Training (BMET) was established in 1976 with the sole purpose of organising and monitoring international migration. Bilateral agreements were negotiated with different labour importing countries to supply Bangladeshi workers. And for quite some time this official channel accounted for a significant proportion of those migrating abroad. During 1977-1980, official channel accounted for about a third of total migration to the Middle East. However, in recent years its role has been most minimal.

The 1980s witnessed the emergence of private recruiting agencies specialising in manpower export. Back in 1977 they would account for hardly 7% of the total labour migration to the Middle East. Their relative share over time grew to 40% in 1981, and 56% in 1984. The subsequent years witness a gradual decline in relative share of recruiting agencies in total labour migration. In contrast, excepting for early 1980s, the relative role of the private initiatives has been the most important. The bulk of the labour migration has been taking place only at private initiative which has also been the driving force behind the discovery of newer destinations of migration.

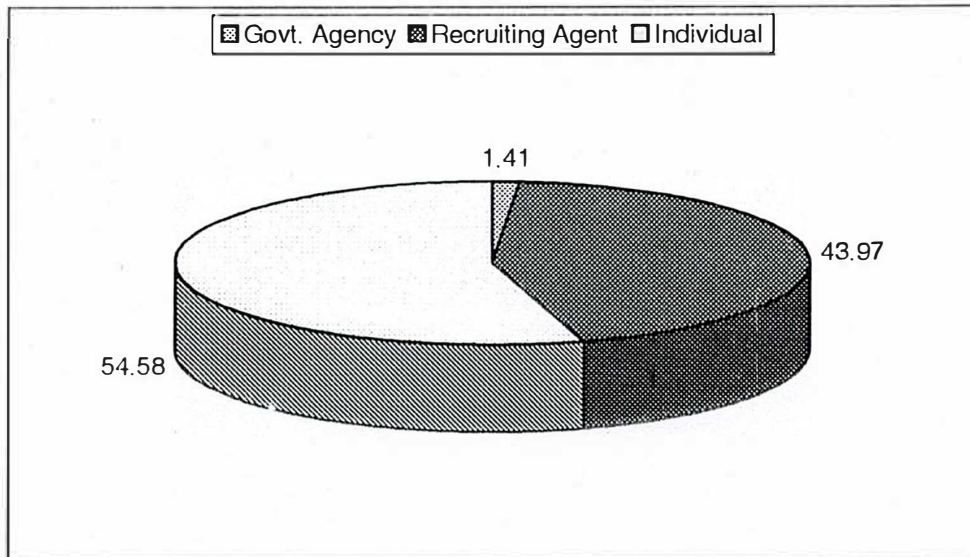
The relative importance of the different channels of migration, viz, government, recruiting agencies and private initiative, would correspond with the geographical concentration of migrants. With respect to migration to the Middle East, migrants coming from the Dhaka city, for instance, made relatively greater use of the government channels. Those coming from Chittagong district - which is believed to have the highest concentration of migrants to the Middle East, in contrast, rely more on friends and relative, i.e., private initiative (Mahmood, 1986). Social network of migrants will, therefore, be an important factor underlying private initiative in migration.

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<sup>4</sup> This is not to deny, however, the supportive role played by the then government - rather implicitly. There was no restriction on people's movement abroad, and very little government formalities was to be observed. However, the government of the President Ayub Khan took a positive attitude towards international migration. He, while visiting the UK in 60s, requested the British government to recruit his national for British Industries which was responded positively. Moreover, various schemes were designed to help migrants to remit their overseas savings through the official channels (Mahmood, 1989b).

Appendix A-IV shows media of recruitment since 1976 to 2002. Figure 3.3 indicates that private initiative has the largest share in the migration process (54.58%).

**Figure 3.3 : Media of Recruitment**



Source : Appendix A-IV.

### 3.4 Geographical Distribution within Bangladesh

Historically, very few places within Bangladesh could be identified as having a concentration of overseas migrants. One classic example being the district of Sylhet which has long been the major source of migrants to the UK. Few places within the district will, moreover, have the highest concentration of such migrants. Taking the tradition of seafarers, some other districts supplying such people as Chittagong and Noakhali also contain migrants to the UK. Similarly, in the case of migration to the Middle East the highest concentration would be in the district of Chittagong. The district of Munshigonj has the highest concentration of migrants to Japan. Even within these districts there have been major pockets of migration (Mahmood, 1994).

Nevertheless, over the long tenure of migration interest in migration got defused to other places, and newer and newer concentration of migrant families are emerging. However, the highest concentrations of migrants are still to be observed in the earlier districts. With respect to labour migration to the Middle East, back in 1977 the major districts were Chittagong, Dhaka, Sylhet, Noakhali and Comilla (Osmani, 1986). Based on

the experiences of Bangladeshis returning from Iraq and Kuwait following the Gulf Crisis, the same pattern can still be observed (Mahmood, 1991b). This reflects the fact that emigration - particularly to the Middle East, is predominantly a phenomenon of the Eastern half of the country which contain these different districts. And over time there have been very little changes in the predominance of this region in supplying workers overseas. Appendix A-V reflects District wise overseas employment upto September, 2001.

Above Table shows that in case of number of migration Greater Dhaka has the highest position, 705836 persons, which is 23.12 percent of total number of expatriates. But in respect of population aged 15 years and above Greater Noakhali occupy the highest place, 35.73 percent of total population.

### **3.5 Skill Composition and Nature of Occupation of Migrants**

Irrespective of their destinations, Bangladeshi workers abroad are mostly involved in low and unskilled jobs.<sup>5</sup> This has been true throughout the long history of migration. In England they were initially absorbed in menial jobs in such industries as textiles, metal fabrication, and engineering jobs. Most of these jobs involved very little technical skill rather muscle power, and were least preferred by the indigenous labour force. With the gradual restructuring of the industries which employed these migrants, they moved into catering, tailoring, and miscellaneous other activities. Catering and tailoring are now the two most important sectors employing Bangladeshi workers. Jobs in these two sectors need very little education and training. What is needed most is intense hard work. Besides, an increasing number of Bangladeshis are gradually becoming involved in various types of self-employment such as running grocery shops, butcher's shops, restaurants etc. The second generation of migrants - educated and brought up in the UK, tend to shift away from these traditional jobs and are interested most in formal sector jobs (Mahmood, 1984).

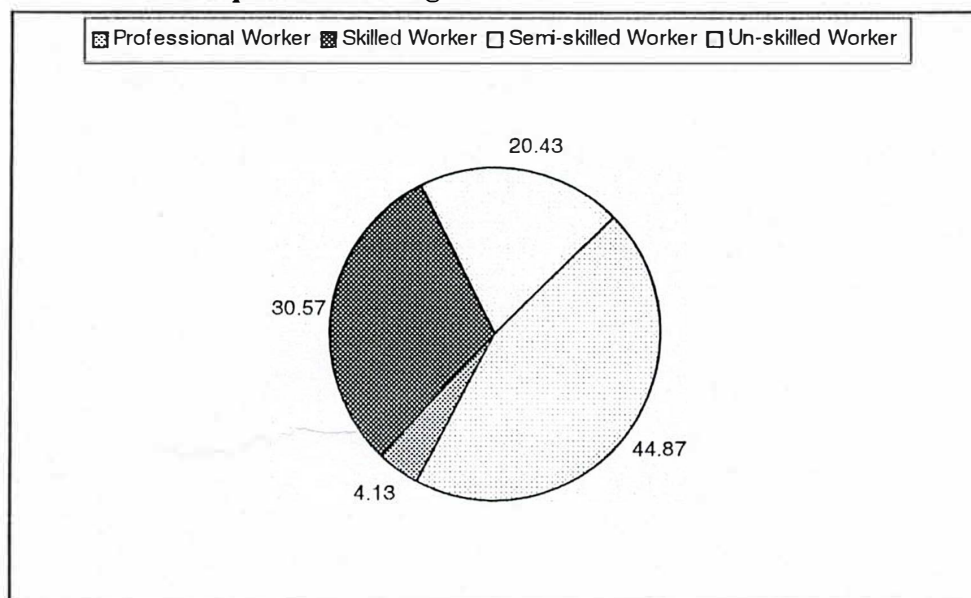
Bangladeshis in the Middle East comprise mostly unskilled and semi-skilled workers. Those who are involved in professional and technical jobs, account for hardly

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<sup>5</sup> The only exceptions being for the professional and highly technical people comprising only a small proportion of the overseas migrants.

5% to 6% of the total. Initially, these professionals comprised a larger proportion of the total. They, for instance, accounted for about 14% of those who migrated to the region during 1977-80. Their relative share in recent years has come down to 6.42% (2002) of the total. Appendix A-VI shows skill composition of migrant workers (Figure 3.4).

**Figure 3.4 : Skill Composition of Migrants**



Source : Appendix A-VI.

Initially, construction sector was the major source of employment for the Bangladeshi workers across different skills. However, with an almost saturation in the sector the demand for workers has now shifted to industry, agriculture and services. Among them, the service sector has the greatest prospect for Bangladeshi workers. Most common are jobs involving cleaning, low-skill maintenance such as plumbing, electricians, drivers, etc., and farm workers.

The sectors employing Bangladeshi workers in Japan are quite similar to those employing the earlier generation of migrants to the UK during the late fifties and early sixties. Two most important sectors employing Bangladeshi workers are industry and construction. Different types of industries alone account for about 70% of the employments experienced by Bangladesh nationals. Most important among them are steel and metal industry. Included under them are manufacturing of spare parts, galvanization of metal products, etc. The other important industries being printing and publication, electronic and rubber. Next to industry is the construction sector which



account for about 14% of the employment, followed by various service activities such as restaurant (Mahmood, 1991a).

The experience of Bangladeshi workers in Malaysia - one of the newest destinations, is quite mixed. They are employed in plantation, factories, construction, and different service industries. Plantation, particularly rubber plantation, would account for the largest proportion of the Bangladeshi workers, followed by such industries as rubber and electronics. In other newer destinations, such as Australia, USA and Canada - of those who have migrated through the formal channels, a sizeable proportion of them are involved in professional and semi-professional jobs. Their share will be the greatest among those who have been granted immigration status during the past few years. Appendix A-VII shows skill composition and occupations of Bangladeshi workers abroad.

### **3.6 Female Migration**

Data presently available of migration of Bangladeshi workers only provide information on total number of persons who have migrated overseas on employment, their countries of destination and skill. The central bank of the country, the Bangladesh Bank, publishes annual figures on remittances of Bangladeshi workers. The immigration department of the Ministry of Home Affairs keeps record of Bangladeshis leaving for overseas by air, sea and land. However, this information is not compiled in an organised way. Most importantly, none of the sources mentioned above maintain gender-segregated data. This means that there is no way of knowing the extent of migration of women from Bangladesh from these official sources.

The figures on female migration, presented in the following table, are manually consolidated by the officials of Statistics Section of BMET. Information for the years prior to 1991 is not available (Siddiqui, 2000: 90). The figures suggest that in the nine-year period, officially between 1991 to 1999, altogether 13,544 women have migrated. This figure is rather low. Nonetheless, the BMET functionaries claimed, all those who officially went overseas for employment by taking clearance from BMET within this period is accounted for in this data. BMET officials could not provide year-wise breakdown of the total figure of women migrants up to 1995. Information from 1991 to 1995 was provided in an aggregated form. The figures for the years 1991 to 1999 are provided year-wise. Table 3.3 reflects the extent of women migration from Bangladesh.



**Table 3.3 : Women Migration in Comparison to Total Out Flow (1991-99)**

Year	Women Migrants		Total Number (Male and Female)
	Number	% of Total	
1991-1995	9308	0.98	953632
1996	1567	0.74	211714
1997	1389	0.36	381077
1998	960	0.36	267667
1999	320	0.12	268182
Total	13544	0.65	2082272

Source : BMET.

The above table shows that migration of women is very negligible compared to total flow of migration. During the period 1991 to 1999, women constituted less than 1% of the total migration from Bangladesh. The table also indicates a downward trend of female migration. In the 1991-95 period, women constituted 0.98% of total migrant flow. In the year 1996 it came down to 0.74%. The figure of 1999 more or less suggests the stemming of the flow of female migration from Bangladesh. During this time, women migration constituted as low as 0.12% of the total flow.

### 3.7 Destination and Skill Composition of Female Migrants

Table 3.4 shows the destination and skill composition of the female migrants from 1991 to 1998. BMET has classified short-term migrant workers into four categories: professional, skilled, semi-skilled and unskilled. Doctors, engineers, nurses and teachers are considered as professionals. Manufacturing or garments workers are considered skilled, while tailors and masons are included in the semi-skilled categories. Housemaids, cleaners and labourers are classified as unskilled. The Table 3.4 indicates that 47.75% of those who went through official channel belong to the skilled category, 35.72% to unskilled category, 10.94% to semi-skilled and 5.59% to professional categories. Altogether 53.34% of the female migrant population belong to professional or skilled categories. Among the professionals the highest number of female migrants are nurses (647 out of 699). Of the rest 46 are doctors and 6 are teachers.

**Table 3.4 : Countries of Destination and Skill Composition of Female Migrants**

Country	Professionals	Skilled	Semi-skilled	Unskilled	Total
Saudi Arabia	496 (71.47)	23 (3.31)	13 (1.87)	162 (23.34)	694 (100)
Kuwait	14 (0.45)	-	1149 (36.85)	1955 (62.70)	3118 (100)
U.A.E.	8 (0.40)	607 (30.27)	63 (3.14)	1327 (66.18)	2005 (100)
Malaysia	137 (2.64)	5034 (97.35)	-	-	5171 (100)
Bahrain	20(2.26)	112 (12.66)	53 (5.99)	700 (79.09)	885 (100)
Oman	18(8.22)	76 (34.70)	15 (6.85)	110 (50.23)	219 (100)
Brunei	-	-	-	21 (100)	21 (100)
Qatar	4(7.40)	-	13 (24.07)	37 (68.52)	54 (100)
Mauritius	-	115 (89.84)	-	13 (10.16)	128 (100)
Korea	-	6 (100)	-	-	6 (100)
Lebanon	-	-	47 (88.68)	6 (11.32)	53 (100)
Singapore	-	-	-	56 (100)	56 (100)
Others	2(2.04)	-	15 (15.31)	81 (82.65)	98 (100)
Total	699 (5.59)	5973 (47.75)	1368 (10.94)	4468 (35.72)	12508 (100)

Source : BMET.

Note : Figures in the parentheses indicate percentage.

Table 3.4 also shows the countries of employment of Bangladeshi female migrant workers. These include Malaysia, Kuwait, UAE, Saudi Arabia, Qatar, Mauritius, Korea, Lebanon and Singapore. Malaysia has received the highest number of Bangladeshi female migrant workers. It received 5171 (41.34%) of total 12508 female migrants. Kuwait and UAE also received significant number of Bangladeshi female migrants. They received 24.93% and 16.03% respectively. This is different from the major destination of male migrants. Saudi Arabia is the largest employer of the Bangladeshi male migrants. Nonetheless, an overwhelming 71% (496 women out of 699) of the professional women were employed in Saudi Arabia. The major destination of the skilled workers was Malaysia. Out of 5973 female migrants of this category, 5034 (84.28%) went to that country. The highest number of unskilled women who officially migrated as domestic aides went to Kuwait (1955 i.e. 43.75% of total unskilled women), followed by UAE (1327 women i.e. 29.70%). On the other hand, Kuwait was the deplorer of highest number of semiskilled women workers. It deployed 1149 i.e. 84% of total semi-skilled (1368) women workers.

### **3.8 Restrictions on Women's Migration**

In the early 1970s the Bangladesh government did not have any concrete policy either to encourage or discourage female migration. On individual or agency initiative Bangladesh women began taking up jobs in the Middle Eastern countries. In early 1981, through a Presidential Order, certain category of workers was barred from migrating overseas for employment. The order stated that professional and skilled women could migrate as principal workers but semi-skilled and unskilled women could not go overseas without a male guardian. The measure was taken to protect the dignity of women. In 1988, the government slightly modified its position. It withdrew the ban and imposed a restriction on the migration of unskilled and semi-skilled women. This implies that, on principle, the government still holds the position that these categories of women should not be allowed to migrate on their own. However, the government considered specific cases and let them migrate under special permission. This restriction prevailed till 1997.

In November 1997, following an inter-ministerial meeting of representatives of the ministries of Foreign Affairs, Finance, Labour and Cabinet Division, GOB reimposed a complete ban on migration of women except those who were highly qualified professionals such as doctors, engineers and teachers (Siddiqui, 2000).

### **3.9 Stock of Nationals Abroad**

Temporariness being among the fundamental aspects of contemporary labour migration, alongside those migrating abroad every year, there are also those returning home upon completion of job contracts abroad. However, unlike out migration there has been very little attempt to estimate the level of return migration. There is, therefore, no information on the exact number of those currently abroad at any point in time. Such information is vital from the policy point of view. The stock of nationals abroad will have important bearing on emigration pressure - whether it is increasing, decreasing or constant, and also its distribution across different countries in the world. Moreover, it underlines the potential level of societal responsibilities in looking after these people as any other citizen at home.

The stock of nationals abroad at any point in time will be gross migration less the number of those returning home during that time period. In other words, stock of nationals abroad at any point in time "t" (SM<sub>t</sub>) can be defined as,

$$SM_t = GM_t + CNM_{t,i}$$

where, GM<sub>t</sub> is the gross migration during the t' th period, and CNM is cumulative gross migration prior to period 't' net of those who have returned until that time; and 't' is time interval, say, in years. This can be written further as

$$SM_t = \sum_{i=0}^n (GM_i - RM_i)$$

Where RM<sub>t</sub> is the level of return migration. This RM<sub>t</sub> is defined as

$$RM_t = \sum_{i=0}^n m_i GM_i; \text{ and } \sum_{i=0}^n m_i = 1$$

m<sub>i</sub>'s refers to the proportion of the migrants going abroad at time 't' who will be returning home in, say, time (t+1), (t+2) ,....., and (t+n). If the tenure of migration is, say, three years, m<sub>i</sub>'s refers to the proportion of migrants who will be returning home respectively in periods 1, 2 and 3. The most crucial parameter in the above formulation is the 'cycle of migration', i.e., proportion of migrants who will be returning home in subsequent years.

Appendix A-VIII shows that current stock of expatriate Bangladeshis at various destinations is 2720329. According to Appendix A-III, the number of Bangladeshis went abroad upto 2002 was 3,546,879. That means, 826,550 (3540879-2720329) Bangladeshis have come back during last 27 years (1976-2002).

### 3.10 Undocumented Migrants and Actual Flow of Migration

The foregoing discussion deals with official flow of migration that means documented migrants. In spite of the official flow a significant number of Bangladeshis are going abroad without any valid documents. So the question arises, what is the actual

out flow of Bangladeshis? This question is still undecided. The actual flow of migration comprises with both documented and undocumented migrants. That is,

$$M_a = D_m + U_m$$

where  $M_a$  = actual flow of migration,  $D_m$  = documented migrants and  $U_m$  = undocumented migrants.

Table 3.5 shows the number of Bangladeshis at foreign jails up to August 2002. Though it does not reflect the actual number of undocumented Bangladeshi migrants but it indicates an important aspect of international migration that a huge number of undocumented Bangladeshi migrants are staying at various destination of the world.

National and international newspaper and other reports reveal that a huge number of Bangladeshis are going abroad through undocumented means and ways. Asian Migration Yearbook, 2001 (AMC; 2001:77) shows that 263 undocumented Bangladeshis were staying at Japan in 2000. World Migration Report, 2000 (IOM, 2000:116) assumed that actual number of emigration (From Bangladesh, India, Pakistan and Sri Lanka) would be 30 - 50 percent higher than those of the official number.

So, the actual number of Bangladeshis migrated so far can be estimated as :

$$M_a = 3546879 + 3546879 (30-50\%) = 4610943 \text{ to } 5320319$$

Where,  $D_m$  = documented migrants = 3546879 (up to December 2002)

Hence, it may be assumed that the total number of gross migration from Bangladesh from 1976 to 2002 would be 4.6 million to 5.3 million.



**Table 3.5 : Number of Bangladeshi at Foreign Jail (August 2002)**

S.L	Name of the Country	No. of Bangladeshis at Jail
1	Bahrain	9
2	Brunei	15
3	Egypt	2
4	Germany	5
5	Hong Kong	15
6	Iran	16
7	Italy	14
8	India	90
9	Jordan	1
10	Kuwait	96
11	Lebanon	10
12	Libya	4
13	Malaysia	127
14	Maldives	15
15	Mauritius	39
16	Netherlands	5
17	Nepal	1
18	Oman	17
19	Pakistan	59
20	Qatar	9
21	Saudi Arabia	1349
22	Singapore	307
23	Srilanka	1
24	Sweden	2
25	Thailand	10
26	U.A.E.	512
27	U.S.A.	14
28	UK	116
	Grand Total	2,860

Source : Ministry of Foreign Affairs.

### 3.11 Potential Level of Emigration

Discussions so far refer to the level of migration as has been experienced by Bangladesh during the past decades. It underlines rather the success stories of migration.

But what about those who have attempted to migrate but failed and those who would like to do so should an opportunity arise? This brings us to the question of Potential Level of emigration- number of people willing to emigrate should opportunities arise.

Two particular issues constrain any discussion on the potential level of emigration. First, what are the indices of people's willingness to emigrate? Secondly, how adequate are the information base to truly reflect the number of those willing to emigrate? Moreover, what distinction can be made between 'desire' and 'demand' for emigration? The latter referring to 'affordability' in terms of not only meeting the costs of migration, but also in adapting to the changed circumstances overseas. In what follows, based on scattered information, an attempt is made to ascertain the potential level of migration willing people in Bangladesh.

**Number of Passport Issued:** Among the various indices of people's willingness to emigrate will be the holding of an international passport. This does not, however, necessarily mean an expression to emigrate. An international passport enables an individual to travel abroad, subject to, among others, affording the cost of travelling, for such reasons as tourism, business, medical treatment, studies, pilgrim, employment, settlement, etc. But given the economic conditions of Bangladeshi people procurement of an international passport for reasons other than emigration would be quite insignificant. Based on this presumption, the number of passports issued over time would give an indication of the number of persons who would like to emigrate-temporarily or permanently, should an opportunity arise.

Information on the number of passport issued is available for the period 1989 to 1993. During this period a total of 3,132,541 passports were issued. This gives a yearly average figure of 626,508; and an average monthly figure of 52,209. In 1989 a total of 462,259 passports were issued, this rose to the highest ever level of 775,606 in 1991, wherefrom it dropped to 687,896 in 1992. The following year showed a significant upturn when the figure again rose to 764,333. Of the total passport issued (during 1989 to 1993), 1,430,125 were issued from the Dhaka Regional Passport Office alone.<sup>6</sup> This is

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<sup>6</sup> There were 9 Regional Passport Offices at that time in the country authorised to issue international passports. Besides, there were District Passport and Visa Cells attached to the Office of the Deputy Commissioners of 12 Greater districts authorised to issue Special Passports valid for travel to India. On top of these, Bangladesh Embassies and High Commission abroad are also authorised to issue passports.

equivalent to 46% of total passport issued during the same period. Over time, Dhaka office would account for 47% of total in 1989, 43% in 1991, and 50% in 1993.

The number of passports issued during 1989 to 1993<sup>7</sup>, i.e., 3.13 million, is equivalent to 2.82% of the country's population as of 1991. If this is taken in terms of the size of population aged 10 years and above - which was 70.8 million as of 1989, the corresponding ratio of passport holders would be 4.39%. Moreover, if compared with the civilian labour force of the country - 50.70 million as of 1989, the respective figure comes to 6.1% (Mahmood, 1994).

The current policy of the government allows every citizen of the country to apply for an international passport unless otherwise blacklisted for the purpose on grounds of criminal records or any other special reason. To issue a passport it involves certain costs as depending on the type of passport required, and time period within which to be issued.

**Application for DV-1 Visa<sup>8</sup>:** A total of 9.1 million applications were submitted for DV-1 Visa globally (Based Daily News Paper - Shangbad, July 6, 1994). Out of this 21,22,000 applications were from Bangladeshis alone. Compared to the country's population of 120 million in 1994, the number of applications for the DV-1 visa was equivalent to 1.76% of the population. The minimum educational qualification required to apply for the DV-1 Visa was Secondary School level. Based on the Labour Force Survey of 1989, 6.1% of the country's population had SSC level education or above. Applying this rate to total population of 120 million in 1994, their number stood 7.2

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<sup>7</sup> One should note, however, that of the total passport issued every year, a certain proportion is due to Official Passport used by government officials to travel abroad on purposes such as attending meetings, conferences, higher studies and training, foreign postings, etc. It is estimated that on average about 10,000 such passports are issued every year. Moreover, there will be cases of Substitution Passports for purposes of employment in some Middle Eastern countries when a new passport is issued instead of the old one with newer information. Finally, since a passport is valid for a maximum of 10 years, at the end of every 10 years a new passport is issued to the holder of earlier passports. All such changes should account for a sizeable proportion of the passports issued every year. Although illegal in the eyes of law, there would be instances when an individual is in possession of more than one valid passports. This may be for reasons such as overcoming restrictive visa policies in certain countries - say, if one cannot travel more than a certain number of times, saving time in issuing a visa, etc. All these point to the fact that number of persons holding a valid international passport at any point in time will be far fewer than the number of passports issued over time (Mahmood, 1994).

<sup>8</sup> Applications for Diversified Visa (DV-1) were received during the month of June 1994 for permanent settlement in the USA. A total of 55,000 provisions have been kept for the issuance of 'Pink Card' - a new name for previous 'Green Card', globally to be decided by lottery. Out of these a total of 10,251 are earmarked for the Asian and South Americans.

million. This compared to the total number of applications of 2.12 million would enable a figure of 29% who had shown interest in emigration to the USA should an opportunity arises (Mahmood, 1994).

Besides, the above information on the number of migration willing people, further insights about the interest in emigration could be obtained from information on Visa Application for different countries having the prospect of emigration. However, such information could be obtained only for two countries which are on the priority list of Bangladeshi migrants, viz. USA, and Japan. Discussed below are the experiences with regard to visa application for these countries.

**Application for American Visa<sup>9</sup>:** The American Embassy in Dhaka received a total of 40,403 visa applications in 1993. Against this 15,063 visas were issued. This gives a visa-rejection rate of 63%. Of the 37% visas issued, the most common purpose was for travel. This comprised 30.05% of the visas issued in that year. Visa for business purpose accounts for 9.69%, and student visa 6.69%. Visa issued to government officials comprised 0.56%. Until April 1994 there was no fees for an American visa. Since then, however, Tk. 800 (about US\$ 20) is being charged for a visa application which is said to be true for all other countries (Mahmood, 1994).

**Application for Japanese Visa:** The Japanese Embassy in Dhaka received total of 3,466 visa applications in 1993.<sup>10</sup> Out of these 2,159 visas were issued, giving a rejection rate of 37.71%. Of the 2,159 visas issued in 1993, 19.59% were issued for travel purposes, 14.17% for business trips, and 10.98% for studies in Japan. Visa issued to government officials accounted for 0.23% of the total. Noteworthy, no fees are charged to obtain a Japanese visa (Mahmood, 1994).

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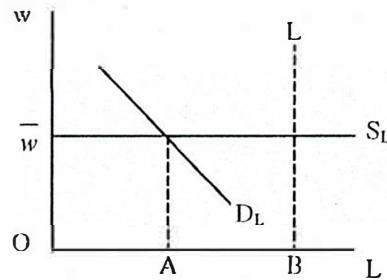
<sup>9</sup> A total of 7 Foreign Missions in Dhaka - USA, UK, Italy, Canada, Australia, Japan, and Germany, were formally requested to furnish such information as number of Bangladeshis applying for visa over time, number of visas issued every year, purpose of visa, etc. Unfortunately, only the US and Japanese Embassies complied with the request (Mahmood, 1994).

<sup>10</sup> One should note that any application for a Japanese Visa is thoroughly scrutinised by the Embassy officials before even a Visa Form is handed over to the applicant. This automatically puts a limit on the number of applications that are received.

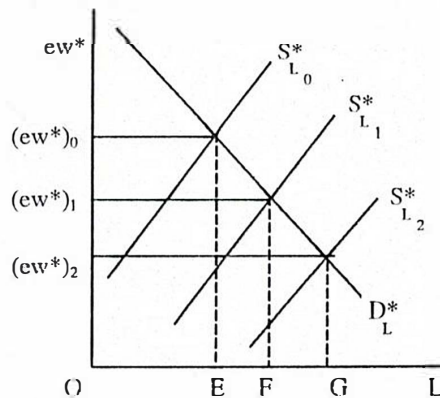
### 3.12 Labour Trade and Remittances : A Theoretical Discussion

International migration of workers may be considered as human trade. It is the result of a demand-supply mismatch in labour markets across countries. A country with excess supply of labour experiences high unemployment and pays very low wages. Another country with labour shortages will face excess demand for workers and will pay high wages. So, workers will emigrate from low paying, labour-surplus country to a high-paying, labour deficient country. In that situation the labour exporting country, like Bangladesh and labour importing country both will be benefited from labour trade i.e. international migration will take place. Figure 3.5 and 3.6 explain how international migration of workers take place between two countries.

**Figure 3.5 : Labour Exporting Country-Bangladesh**



**Figure 3.6 : Labour Importing Country**





In Bangladesh the supply of labour is presumably infinitely elastic, as depicted by the horizontal supply curve. Given the domestic demand for labour ( $D_L$ ), the local economy can currently absorb only  $OA$ , whereas the total supply of employable labour force is  $OB$ . As a result, the total unemployment is measured by  $AB$  at the prevailing wage rate of ( $W$ ). In the labour-importing country, the exchange rate adjusted market-clearing wage rate should have been at  $(ew^*)_0$ , if the labour market were free. But it is presumably administered at  $(ew^*)_1$ . This is obviously less than  $(ew^*)_0$ . This lower wage rate will create an excess demand for labour to the extent of  $EF$ . This can be met by importing workers from labour-surplus Bangladesh. Even if the wage rate falls to  $(ew^*)_2$  Bangladeshi workers would still be willing to emigrate to this country, and an exportable surplus will remain untapped because  $AB > EG$ . In fact, a larger number of workers can be exported at this low wage rate. This, in turn, will substantially mitigate the pressure of domestic unemployment.

### **The Model and the Results<sup>11</sup>**

The model captures the salient features of the Bangladesh economy. The formulation of the model within a highly aggregative simple Keynesian framework is based on a set of assumptions. The economy is small and open. It is labour-abundant and capital-poor. Capital is fixed in the short run. Labour is the only variable factor. The economy experiences nominal wage rigidity due to contract or custom. Labour is highly mobile internationally. The country encourages temporary emigration of unskilled and semiskilled workers (preferably from a pool of the unemployed). The migrant workers do not face any wage or job discrimination in the labour-importing country. They can remit their savings freely to home countries. The labour-importing country's economy is highly exposed to the rest of the world. Hence its domestic price is presumed to be approximated by the world price. The workers are allowed to emigrate without carrying any capital out of Bangladesh. It adopts a periodically adjustable fixed exchange rate system. Developed financial markets are virtually nonexistent. Money supply is determined through arbitrary credit programming, and the interest rates are repressed institutionally by rigid controls on capital movement. So considerations of money and financial markets remain suppressed in this study.

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<sup>11</sup> Adapted from Rahman (1996).

The Model is as follows :

$$Q^S = Q(L); Q' > 0, Q'' < 0 \quad (3.1)$$

$$L = L\left(\frac{w}{p}\right); L' < 0 \quad (3.2)$$

$$E = E\left(\frac{ew^*}{w}\right); E' > 0 \quad (3.3)$$

$$R = R(w^*E - \bar{C}^*); R' > 0 \quad (3.4)$$

$$Y = Q^S + R \quad (3.5)$$

$$C = C(Y); 0 < C' < 1 \quad (3.6)$$

$$X = X\left(Y^*, \frac{ep^*}{p}\right); X_1 > 0, X_2 > 0 \quad (3.7)$$

$$M = M\left(Y, \frac{ep^*}{p}\right); M_1 > 0, M_2 < 0 \quad (3.8)$$

$$Q^d = C + X - M \quad (3.9)$$

$$Q^S = Q^d = Q \quad (3.10)$$

Where  $Q^S$  = total national output of Bangladesh,  $L$  = Bangladesh's domestic demand for labour,  $w$  = nominal wage rate,  $p$  = domestic price level,  $w^*$  = nominal wage in the labour-importing country,  $e$  = nominal exchange rate,  $E$  = number of emigrants,  $R$  = remittances from the labour-importing country,  $\bar{C}^*$  = emigrants' consumption expenditures on bare necessities in the labour-importing country,  $Y$  = national income of Bangladesh,  $C$  = domestic aggregate consumption expenditure,  $X$  = Bangladesh's merchandise exports,  $M$  = Bangladesh's merchandise imports,  $P^*$  = world price approximating the price level in the host country,  $Q^d$  = total demand for goods in Bangladesh, and  $Q$  = equilibrium national output. Equation (3.1) is the neoclassical production function with labour as the only variable input. Marginal productivity of labour is assumed to be positive and subject to the condition of diminishing marginal productivity due to sector specificity of capital in the short run. Equation (3.2) specifies domestic aggregate demand for labour. The demand for labour is inversely related to the real wage. Equation (3.3) provides an explanation as to why workers emigrate to foreign countries. This is mainly due to the exchange rate adjusted nominal wage differential between Bangladesh and the labour-importing country. Equation (3.4) is a specification

of potential remittances as measured in terms of the savings available to the migrant workers in the labour-importing country. Equation (3.5) is a national income accounting identity. Equation (3.6) shows that private consumption is positively related to national income. Equation (3.7) is Bangladesh's merchandise export supply function. It shows that exports depend positively on both foreign income and terms of trade (real exchange rate). Equation (3.8) is Bangladesh's merchandise import demand function. It shows that imports depend positively on Bangladesh's national income and negatively on the real exchange rate. Equation (3.9) is a specification for the aggregate demand in Bangladesh. This is expressed as a sum of private consumption and net exports. Finally, equation (3.10) represents the overall equilibrium condition in Bangladesh.

The model is complete in ten equations with ten endogenous variables. The list of endogenous variables includes  $Q^S$ ,  $L$ ,  $E$ ,  $R$ ,  $Y$ ,  $C$ ,  $X$ ,  $M$ ,  $Q^d$  and  $p$ . The exogenous variables are  $e$ ,  $w$ ,  $w^*$ ,  $p^*$ ,  $Y^*$  and  $C^*$ .

As a part of the solution method, equations (3.1) and (3.2) are combined to obtain an expression for the aggregate supply (AS) as follows:

$$Q^S = Q \left( L \left( \frac{w}{p} \right) \right) \quad (3.11)$$

It can easily be shown that

$$\frac{dQ^S}{dp} = -\frac{1}{p^2} Q' L' w > 0.$$

In other words, the aggregate supply curve is upward-sloping. By a chain of appropriate substitutions of equation (3.3) through (3.8) and then substituting in equation (3.9), the following expression for aggregate demand (AD) is obtained:

$$\begin{aligned} Q^d = & C \left( Q \left( L \left( \frac{w}{p} \right) \right) + R \left( w^* E \left( \frac{ew^*}{w} \right) - \bar{C}^* \right) + X \left( Y^*, \frac{ep^*}{p} \right) \right. \\ & \left. - M \left[ \left( Q \left( L \left( \frac{w}{p} \right) \right) + R \left( w^* E \left( \frac{ew^*}{w} \right) - \bar{C}^* \right) \right), \frac{ep^*}{p} \right] \right) \end{aligned} \quad (3.12)$$

It can be shown further that

$$\frac{dQ^d}{dp} = Q' L' \frac{w}{p^2} (M_2 - C') - \frac{ep^*}{p^2} (X_2 - M_2) \leq 0.$$

Determination of the sign of this first order derivative requires some restrictive assumptions, such as, if  $M_1 = C'$  and  $X_2 = M_2$ , the AD curve will be vertical. Again, if  $M_1 = C'$ , then the AD curve will be downward-sloping.

In the next step, equations (3.11) and (3.12) are utilized in conjunction with the equilibrium condition from equation (3.10) to obtain the results. Taking total differentials of equations (3.11) and (3.12) with respect Q and p, the following determinant is obtained:

$$|J| = \frac{1}{p^2} (ep^*(X_2 - M_2) - Q'L'w) > 0$$

- (i) **Effects of exchange rate devaluation by Bangladesh** : on further differentiation with respect to e :

$$\frac{dQ}{de} = \frac{-Q'L' \frac{w}{p^2} C'R'E'w^*}{|J|} > 0 \text{ and } \frac{dP}{de} = \frac{C'R'E'w^*}{|J|} > 0$$

Where  $|J|$  = Jacobian Determinant.

The results show that exchange rate devaluation by Bangladesh will cause a rise in the exchange rate adjusted relative wage ( $ew^*/w$ ). This, in turn, will provide incentives for larger emigration. It will obviously result in a higher inflow of concomitant remittances, which, filtering through daily consumption, will cause the aggregate demand curve to shift to the right. Consequently, both national output and price level will rise due to the exchange rate devaluation.

- (ii) **Effects of an increase in the labour-importing country's nominal wage rate** : on further differentiation with respect to  $w^*$  yields that

$$\frac{dQ}{dw^*} > 0 \text{ and } \frac{dP}{dw^*} > 0.$$

An increase in the nominal wage in the labour-importing country will have similar effects on national output and price level for the same reasons.

- (iii) **Effects of an increase in the labour-importing country's GNP (gross national product)** : on further differentiation with respect to  $Y^*$  yield that

$$\frac{dQ}{dY^*} = -\frac{1}{p^2} \frac{(Q'L'wX_1)}{|J|} > 0$$

and

$$\frac{dp}{dY^*} = \frac{X_1}{|J|} > 0$$

An increase in national income in the labour-importing country, other things being equal, will raise the demand for foreign workers. As a result, more Bangladeshi workers will be able to emigrate to these countries, and the inflow of concomitant remittances will rise further. The larger inflow of remittances will cause Bangladesh's aggregate demand curve to shift to the right. Consequently, output will expand and price will rise.

Any restrictions imposed on remittances outflow by the labour-importing country will be reflected through a rise in migrant workers' consumption expenditures ( $\bar{c}^*$ ) in that country.

(iv) **Effects of restrictions on remittances** : on differentiation with respect to  $\bar{c}^*$ ,

$$\frac{dQ}{d\bar{C}^*} = \frac{1}{p^2} \frac{(Q'L'wC'R')}{|J|} < 0$$

and

$$\frac{dp}{d\bar{C}^*} = \frac{-C'R'}{|J|} < 0$$

A decline in remittances would reduce consumption in Bangladesh following the restrictions. As a result, the aggregate demand curve will shift to the left, causing output to shrink and price to decline. This is likely to set the stage for an economic downturn in Bangladesh.

To summarize this section, exchange rate devaluation by Bangladesh and increases in the host country's nominal wage and national income will have positive effects on output and will cause a price spiral in Bangladesh. But imposition of any restrictions on the outflow of remittances by the labour-importing country is likely to unleash recessionary forces in Bangladesh.



## Return Migration

This section examines the implications of return migration for the Bangladesh economy. Remittances may become highly volatile due to overexposure to external shocks. So over dependence on this unpredictable source of foreign exchange might make Bangladesh highly vulnerable to external uncertainty. The situation will get worse when a massive return migration occurs following a prolonged and deep recession in the labour-importing countries. This has been the experience in many labour-exporting developing countries since the mid-1980s.

The Gulf States' reliance on foreign workers is well established and enduring. In mid-1985, almost three-quarters of the Gulf labour force (or 5.1 million people) were foreign-born. Expatriates make up at least 50 percent of the work force in the Gulf States. These labour-importing countries, due to ongoing economic restructuring and demographic changes, are now taking a hard look at their perpetual dependence on foreign workers.

Bangladesh should remain prepared to confront an overwhelming influx of workers should they suddenly be repatriated by the labour-importing countries--a not unlikely occurrence in view of the experiences with Saudi Arabia and Kuwait. Decline in oil prices will slow down construction and development activities in the labour-importing oil-rich countries. Moreover, the construction boom of the 1970s is about to end. All these are likely to contribute to a considerable decline in future demand for foreign workers. It may be further reinforced by an anticipation of potential threat of unemployment among the native workers. As a result, the labour-importing nations in many cases may not renew migrant workers job contracts. Thus foreign workers will be asked to return to their home countries.

The recent Middle East crisis that directly involved Kuwait and Iraq forced many Bangladeshi workers to leave these countries. The massive homeward influx of workers from the Middle East is bound to cause severe economic strains on Bangladesh. The attendant consequence of increased return migration is a further drop in remittances. This is likely to shrink Bangladesh's foreign exchange reserves. Gross national income will decline, and the number of unemployed will rise. So far, very scant attention has been paid to address the macroeconomic implications of return migration for Bangladesh.

To carry out this investigation, a short-run Keynesian two-sector macroeconomic model is outlined. Most of the earlier assumptions will hold, except that Bangladesh is now assumed to produce two goods: traded and non traded goods.

The model is as follows:

$$y_t = y_t(L_t); y'_t > 0, y''_t < 0 \quad (3.13)$$

$$y_n = y_n(L_n); y'_n > 0, y''_n < 0 \quad (3.14)$$

$$L_t = L_t\left(\frac{\bar{w}}{P_t}\right); L'_t < 0 \quad (3.15)$$

$$L_n = L_n\left(\frac{\bar{w}}{P_n}\right); L'_n < 0 \quad (3.16)$$

$$L_r = L_r(P_o^*, \alpha); L_{r1} < 0, L_{r2} > 0 \quad (3.17)$$

$$U = \bar{L}_s + L_r - L_t - L_n \quad (3.18)$$

$$R = R(w^*, L_r); R' < 0 \quad (3.19)$$

$$y = y_t + y_n \cdot \frac{P_n}{P_t} + \frac{eR}{P_t} \quad (3.20)$$

$$C_n = C_n\left(\frac{P_n}{P_t}, y\right); C_{n1} < 0, C_{n2} > 0 \quad (3.21)$$

$$C_t = C_t\left(\frac{P_n}{P_t}, y\right); C_{t1} > 0, C_{t2} > 0 \quad (3.22)$$

$$P_t = eP_t^* \quad (3.23)$$

$$X_t = y_t - C_t \quad (3.24)$$

$$C_n = y_n \cdot \frac{P_n}{P_t} \quad (3.25)$$

Where  $y_t$  = output of the traded goods,  $y_n$  = output of the nontraded goods,  $L_t$  = the demand for labour in the traded sector,  $L_n$  = the demand for labour in the nontraded sector,  $w$  = nominal wage rate,  $P_t$  = price of traded goods,  $P_n$  = price of nontraded goods,  $U$  = total unemployment,  $L_r$  = the number of return migrant workers,  $w^*$  = nominal wage rate in the labour-importing country,  $P_t^*$  = world price of the traded goods,  $P_o^*$  = world price of oil (quoted in U.S. dollars),  $e$  = Bangladesh's nominal exchange rate (local currency per unit of U.S. dollar),  $L_s$  = the current total domestic supply of labour,  $R$  = remittances in foreign currency terms,  $y$  = national income expressed in terms of the price of traded goods,  $\alpha$  = a shift parameter reflecting political disturbance in the labour-importing country,  $C_n$  = the consumption demand for nontraded goods,  $C_t$  = the consumption demand for traded goods, and  $X_t$  = Bangladesh's exportable surplus.

Equations (3.13) and (3.14) are specifications for supply of traded and nontraded goods respectively. Marginal productivity of labour in each sector is assumed to be positive and subject to the condition of diminishing marginal productivity due to sector specificity of capital. Equations (3.15), (3.16), (3.17) and (3.18) represent the employment side of the economy. Equations (3.15) and (3.16) describe demands for labour in the traded and nontraded sectors respectively (expressed as functions of the real wage prevailing in each sector). Labour is the only variable factor. It is mobile intersectorally and internationally. Equation (3.17) provides explanations to return migration. Return migration from the Middle East declines as the world price of oil rises. Its rises are due to unfavorable political developments in the labour-importing countries. For these countries, the price of oil is a very crucial variable because oil-GDP has the largest share in national output and even non-oil-GDP is dependent on oil-GDP. Equation (3.18) shows how the level of unemployment can be determined. Unemployment is equal to the fixed domestic labour supply plus return migration minus the aggregate domestic demand for labour in Bangladesh. Equation (3.19) shows that a decline in remittances is associated with return migration. Equation (3.20) is a national income accounting identity expressed in terms of the price of traded goods. Equation (3.21) is the specification of the consumption demand for nontraded goods. It is a

function of the relative price and national income. Equation (3.22) represents the consumption demand for traded goods as a positive function of the same explanatory variables. Equation (3.23) represents the commodity market arbitrage condition. It expresses the price of traded goods in terms of Bangladesh's local currency. Equation (3.24) shows the exportable surplus as a difference between the output of traded goods and their domestic consumption. Finally, equation (3.25) represents the equilibrium for the nontraded sector of the economy. The Walras' Law allows the omission of the traded sector from consideration. So equation (3.22) and (3.24) are not utilized in this study.

The list of endogenous variables includes  $y$ ,  $y_t$ ,  $y_n$ ,  $L_t$ ,  $L_n$ ,  $C_t$ ,  $C_n$ ,  $R$ ,  $L_r$ ,  $U$ ,  $P_n$ ,  $X_t$ , and  $P_t$ . The exogenous variables are  $e$ ,  $w$ ,  $w^*$ ,  $L_s$ ,  $P_t^*$ ,  $P_o^*$  and  $\alpha$ .

Applying a series of appropriate substitutions, the following expressions are obtained:

$$U - \bar{L}_s - L_r(P_o^*, \alpha) + L_t \left( \frac{\bar{w}}{eP_t^*} \right) + L_n \left( \frac{\bar{w}}{P_n} \right) = 0 \quad (3.26)$$

$$C_n \left[ \frac{P_n}{eP_t^*} \left( g_t \left( \frac{\bar{w}}{eP_t^*} \right) + g_n \left( \frac{\bar{w}}{P_n} \right) \right) \frac{P_n}{eP_t^*} + \frac{R(w^*, L_r(P_o^*, \alpha))}{P_t^*} \right] - g_n \left( \frac{\bar{w}}{P_n} \right) \frac{P_n}{eP_t^*} = 0, g'_n < 0, g'_t < 0 \quad (3.27)$$

Equations (3.26) and (3.27) represent the equilibrium conditions for the labour market and the market for nontraded goods respectively. The solution values of the key endogenous variables  $U$  and  $P_n$  are derived from the above.

Taking total differentials of equations (3.26) and (3.27) with respect to  $U$  and  $P_n$  and collecting terms, the following expression for the determinant of the Jacobian is obtained:

$$\left( C_{n1} \frac{1}{eP_t^*} + \frac{1}{ep_t^*} (1 - C_{n2}) \left( g'_n \frac{\bar{w}}{P_n} - g_n \right) \right) < 0 \quad (3.28)$$

It is quite reasonable to assume that the marginal propensity to consume of nontraded goods is positive but less than unity. As a result, the determinant of the

Jacobian (J) is unambiguously negative. The comparative statics are now derived with respect to changes in  $P_n^*$  and  $\alpha$ .

On further differentiation with respect to  $P_n^*$ ,

$$\frac{dU}{dP_n^*} < 0, \text{ and } \frac{dP_n}{dP_n^*} > 0 \quad (3.29)$$

Similarly, on further differentiation with respect to  $\alpha$ ,

$$\frac{dU}{d\alpha} > 0 \text{ and } \frac{dP_n}{d\alpha} < 0 \quad (3.30)$$

Evidently an increase in the price of oil in the labour-importing Middle Eastern countries will reduce unemployment in Bangladesh. This will occur due to a decline in return migration or a further rise in new emigration as a consequence of a surge in demand for labour in these oil-exporting countries. An increase in the oil revenue will enable these labour-importing countries to accelerate the pace of their development activities. This will cause a rise in demand for foreign workers. So the labour-importing countries will renew the job offers to the migrant workers for an extended period. It is likely that they will also recruit additional foreign workers from Bangladesh. Thus a rise in the oil price will mitigate considerably the problem of unemployment in Bangladesh. In contrast, a decrease in the price of oil will work the opposite way. Higher emigration will increase the concomitant remittances. This, in turn, will increase the real national income of Bangladesh, leading to an excess consumption demand for nontraded goods. It will thus cause the prices of nontraded goods to rise.

As the political turmoil heightens in the labour-importing Middle Eastern countries, the pace of return migration will reach a peak. Subsequently, unemployment will rise in Bangladesh. Return migration will reduce the associated remittances. This, in turn, will cause the prices of nontraded goods to decline.

So, Bangladesh should reduce over dependence on a few labour importing countries in the Middle East. It should, in fact, expand the geographic export portfolio of international labour markets.



So, it is clear from the above discussion that international migration from Bangladesh has a pretty long history. But from mid-seventies it gains great momentum due to high demand of foreign workers in oil rich Middle Eastern countries. Now, Bangladeshis are migrating at various destinations of the world through different ways and means. At present, on an average 0.22 million people are migrating every year. At the initial stage of migration boom government agencies recruit the major portion. But now the role of government agencies becomes very negligible. Now a days, private recruiting agencies and relatives and friends are playing very vital role in manpower export. Noakhali, Sylhet, Dhaka, Comilla and Chittagong are high migration prone areas. Due to the various restrictions imposed by the labour receiving countries a significant number of migrants are migrating through undocumented ways. These migrants face various adverse situations in abroad. Even they have to detain at foreign jails. Analysis of aggregative simple Keynesian model reveals that Bangladesh should search labour market at developed countries also and she should try to export manpower to those countries instead of Middle East Countries only.

## Chapter Four

### Flow of Remittances

Bangladeshis earned foreign exchange by dint of their hard labour in abroad. They save a significant portion of their earnings abroad, which is termed as remittances and sent it home through various channels. Present chapter gives an overview of various aspects of remittances. The main components of the present chapter are: concept of remittances, various channels of remittances, official channels and estimates of remittances, unofficial channels of remittances and relative advantages and disadvantages of the various channels. Mechanism of hundi system has been tried to reflect clearly. At the end of this chapter potential and actual flow of remittances have been given briefly.

#### 4.1 Definition of Remittances

Remittances, which originate from the savings of nationals working abroad may be transferred back home in cash form or in the form of goods purchased abroad. Transfer of savings in either of these different forms may take place through the official channels or otherwise. Remittances from nationals working abroad - labelled as  $R_m$ , may be defined as (Bakht and Mahmood, 1989) :

$$R_m = (T_{hc}^o + T_{hc}^p) + (T_{hg}^m + T_{hg}^a) \dots \dots \dots (4.1)$$

Where,  $T_{hc}$  refers to transfers made back home in the form of cash out of the savings of nationals working abroad. The superscripts refer to such transfers being made through official channels (o) and private channels (p).  $T_{hg}$  refers to remittances being sent home in the form of goods. The superscripts 'm' and 'a' refer respectively to goods imported out of the savings of nationals working abroad along with regular imports of the country, and those brought home as accompanied baggage of an incoming migrant. Transfers made out of savings abroad in any of these different forms shall add up to comprise the aggregate level of remittances. A failure to include any of these different components will give an underestimation of the actual flow of remittances coming into the country. But for complete idea about remittances the portion of the migrants earning retained abroad (either in the host country or any other country) shall be taken into

account. Hence for actual amount of remittances the above formula (4.1) may be written as follows:

$$R_m = (T_{hc}^o + T_{hc}^p) + (T_{hg}^m + T_{hg}^n) + T_{aa} \dots \dots \dots, (4.2)$$

Where,  $T_{aa}$  is migrants earnings retained abroad as accumulation of assets, either as bank balances or in the form of transferable properties.

## 4.2 Channels of Remittances

Channels of remittances can be divided into two broad categories: official or formal channel and unofficial or informal channel. Official channels include principally demand draft, telegraphic transfers and postal orders - channelled through banks or post offices. The principal informal mode is the hundi system - a method that by passes the official system.

### 4.2.1 Formal Channels

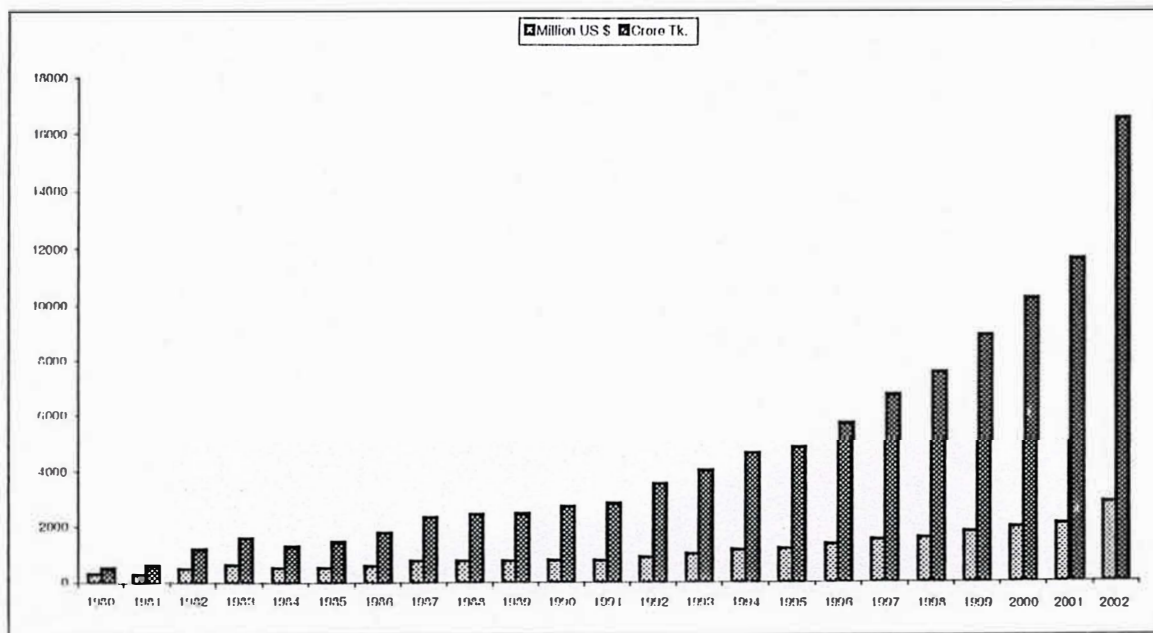
#### Data on the Inflow of Remittances

Information on remittances as are made available by the Statistics Division of the Bangladesh Bank seldom does refer to the definition used and coverage of the statistics. One would think, however, that it is concerned only with cash transfers through the institutional channels, i.e., remittances in the forms of travellers' cheque, international money order, bank to bank transfer, etc. If this is the case, it covers only  $T_{hc}^o$  in the above equation (4.1) of remittances; and the other three composite elements of remittances get excluded from such estimates. This will, therefore, give a gross underestimation of the actual level of resources coming into Bangladesh from the nationals working abroad.

According to the official statistics, during 1976 to 2002 Bangladesh earned a total of Taka 1056.18 billion as remittances from nationals working abroad. This is equivalent to US \$ 249.32 billion. As early as in 1976 the level of remittances received by Bangladesh was equivalent to Taka 358.5 million, or US \$ 23.71 million. This grew to Taka 164.84 billion (US \$ 2.848 billion) in 2002. In 1991 the level of remittances suddenly dropped to Taka 28.19 billion (US \$ 769.3 million). In the following year remittances denominated in Taka recovered to 35.13 billion. In 2002, flow of remittances was ever highest for the last

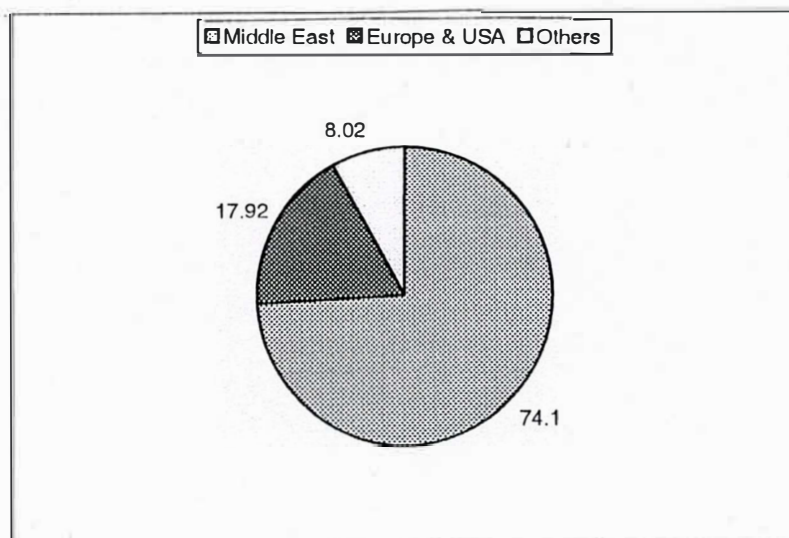
20 years. In comparison to the previous year (2001), this year (2002) remittances increased by 42.22 percent (Appendix A-IX). This was mainly due to various measures taken by the Government and financial institutions against informal transfer (hundi) of remittances. Figure 4.1 shows year wise inflow of remittances in crore Tk. and in million US\$ and Figure 4.2 shows region wise flow of remittances.

**Figure 4.1 : Year wise Flow of Remittances**



Source : Appendix A-IX.

**Figure 4.2 : Region wise Flow of Remittances**

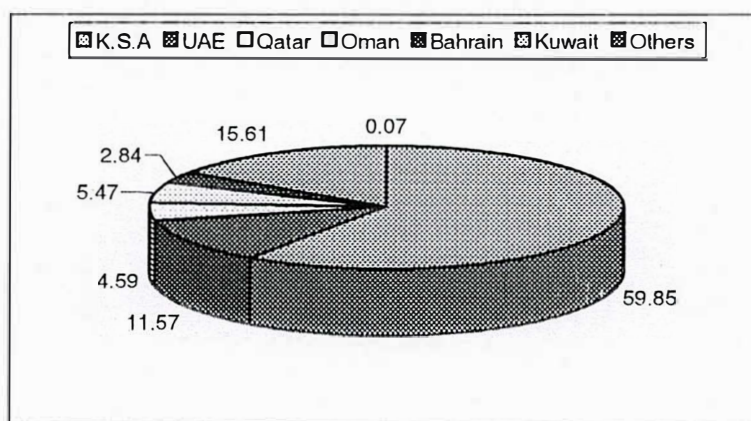


Source : Appendix A-X.



Geographically, remittances into Bangladesh originate from two major areas, e.g., Middle East and Western Europe. The relative share of these two regions of the total remittances went through significant changes over the years (Appendix A-X, A-XI and A-XII). In 1977, for instance, the major Middle Eastern countries accounted for less than one fifth of total remittances received by Bangladesh in that year, and the Western Countries for more than three fourths. However, by 2002 their respective shares have completely reversed. In that year remittances from the Middle East accounted for about four fifths of the total; the corresponding share for the major Western Countries stood at 18 percent.

**Figure 4.3 : Middle East Country wise Flow of Remittances**



Source : Appendix A-XI.

Remittances from the Middle East continued increasing in absolute terms until 1983 when a maximum of Taka 12.23 billion was received from the region as compared to a global total of Taka 15.68 billion. This is true both in Taka and US dollar terms. In the following year it dropped to Taka 9.87 billion. The trend during the recent years is again in the upward direction. In contrast, remittances from the major Western Countries, e.g. UK, USA, Canada, and Germany, reached their highest level ever in 1985 when a total of Taka 3.16 billion was received from this region. However, in terms of US\$ remittances from the major Western Countries reached their highest level ever in 1980.

Interestingly, while remittances (in Taka terms) from the Middle East increased by more than 70 times between 1977 and 1983, the same from the Western Countries increased by less than five times. Even this less than five fold increase in the flow of remittances from the Western Countries would need to be analysed in the light of the fact

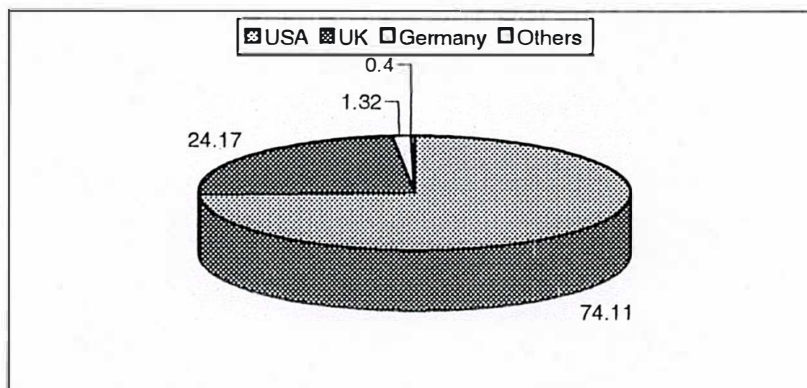


that migration to the region increased very little over the period under observation. A part of the increase in the flow of remittances from the region would be due to nationals working in the Middle East. This is because, many of those working in the Middle East maintain bank accounts in the UK and other Western Countries. This is particularly common among the highly educated nationals working in the Middle East. Banking in these countries would enable a better return on deposits easier provisions for transfer to a third country; and greater security against uncertainties relating to exchange controls and other restrictions as are imposed by Middle Eastern countries from time to time. Presently, as more and more migrants in the Middle East are returning home they are transferring most or whole of their savings kept in the West. These will add to the flow of remittances for that region.

Within the Middle East, almost the whole of the remittances originate from the 8 major countries importing Bangladeshi workers. This is shown in Appendix A-XI. Among them, in 2002 about 44 percent of the remittances from the region came from the KSA alone. This is followed by the Kuwait which accounted for 11.32 percent of the total remittances during the same period. The third important country is UAE (9.71%). Across the countries, the respective share of remittances changed much over time. But the KSA have all along been maintaining the first position.

Based on official statistics, almost the whole of the remittances from the Western Countries come from only three countries, e.g. USA, UK, and Germany (Appendix A-XII). However, it is difficult to accept that there should be no remittances from countries such as Sweden where there is said to be a big contingent of Bangladeshis. Moreover, information of Canada is available only for the period 1977-80. Among the rest, the USA and UK between them account for more than 95 percent of the remittances from the region. Interestingly, during the period under observation, i.e., 1977-2002, the relative share of the USA of the total remittances from the region increased from 18.14 percent during 1977/80 to 74.11 percent during 2000-2002. The share of the UK, on the other hand, declined from 76.41 percent during 1977/80 to 24.17 percent during 2000-2002.

**Figure 4.4 : Western Country wise Flow of Remittances**



Source : Appendix A-XII.

### **Mode of Remittance Flows through Official Channel**

There are several mechanisms for sending remittances through the official channel. Remittances can be transferred directly from the foreign account of migrant worker to his own account at home through telegraphic means. Remittances are frequently sent through demand draft in Taka issued by a bank or an exchange house in favour of a nominee of migrant. Usually the draft is sent by post, or in emergency by courier service. From some countries remittances may be sent by moneygram. It can be only collected from a local agent on production of a satisfactory identity document. One can send remittances through the postal authorities. In such case the remitted money is handed over to the receiver by the local post office. Travellers' cheques are also used as a means to send remittances. However they will be treated as official transaction when they are encashed through banks.

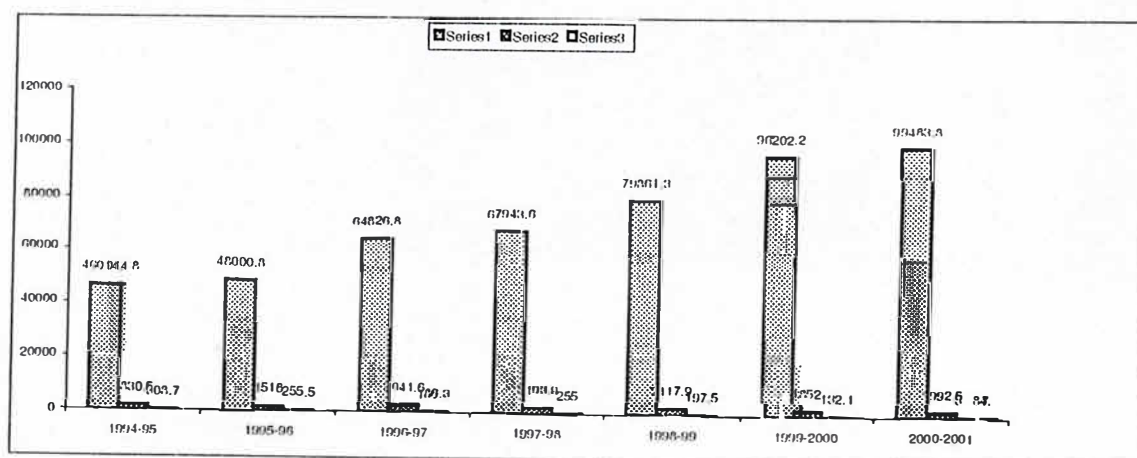
Various modes of remittance flows through official channels have been shown in Table 4.1. While coming from abroad one can bring in foreign currency. If the amount is more than US\$ 5000 one has to declare at customs by filling up the FMJ form. Migrants can also send remittances to their Non-resident Taka and Non-resident foreign currency accounts.

**Table 4.1 : Mode of Remittance Flows Through Official Channel**

(Million Taka)

Period	Through Banks		Draft, T.C. cash etc.		By Post		Total Amount
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
1994-95	46014.8	95.56	1830.5	3.80	308.7	0.64	48154.0
1995-96	48000.8	96.43	1518.0	3.05	255.5	0.52	49778.3
1996-97	64826.8	95.82	2641.6	3.90	186.3	0.28	67654.7
1997-98	67943.6	96.52	2193.9	3.12	255.0	0.36	70392.5
1998-99	79861.3	97.18	2117.9	2.58	197.5	0.24	82176.7
1999-2000	96202.2	97.98	1852.0	1.89	132.1	0.13	98186.3
2000-2001	99483.8	97.67	1992.5	1.95	384.7	0.38	101861.0

Source : BBS, Monthly Statistical Bulletin, August, 2001.

**Figure 4.5 : Mode of Remittance Flows**

Source : Table 4.1.

**Role of Bangladesh Bank**

Among other powers and functions the Bangladesh Bank regulates scheduled bank activities, acts as a clearing-house, maintains foreign exchange reserves and regulates exchange rate mechanism. Bangladesh Bank encourages the nationalised and private banks to link up with foreign banks and exchange houses in the destination

countries. Murshid *et al.* (2000) reports that recently Bangladesh Bank has undertaken a number of policy decisions regarding remittances. These include:

- Opening of new exchange houses in different places under Bangladeshi ownership
- Permission to Sonali Bank to set up Sonali exchange in various countries.
- Adopting measures to cancel licenses of financial institutions in case of suspicious transaction, and
- Campaign to create awareness among the migrant workers of Bangladesh.

**Investment Instruments :** Bangladesh Bank along with the Ministry of Finance has developed several savings and investment schemes. These schemes are offered by different financial institutions. Although only a few of those are directed to the migrants, most others are for all. Migrants can have access to those schemes. Among them following are the main :

(i) **Non-resident Foreign Currency Deposit (NFCD) :** Migrants can have a NFCD account in any branch of Bangladeshi and foreign banks that holds an authorized dealership license. The account can be opened for different periods: one month, three months, six months or one year in US dollar, pound sterling (£), Canadian dollar (CD), German Mark (DM), Japanese Yen (¥) or Euro-currency (Euro). The minimum necessary balance must be US\$1000 or £ 500 or their equivalent amount in currencies stated above. The accounts are renewable and can be maintained for an indefinite period even after the return of the wage earner (migrants). One is also eligible to open an NFCD account with his/her savings within six months of one's return to Bangladesh. The interest is determined in terms of interest accounted on the value of Euro currency. The interest accrued is tax-free. The capital and interest of NFCD account is also transferable in Bangladeshi taka at the current exchange rate. There is also the provision to withdraw the capital money before the expiry of the period specified but in that case one will not receive the interest. NFCD forms are available in Bangladeshi missions abroad.

(ii) **Wage Earners' Development Bond :** The remittance of Bangladeshi migrants abroad can be invested in Bangladeshi currency in five-year Wage Earners' Development Bond. The bonds are available in different denominations: Tk. 1000, Tk. 5000, Tk.



10,000, Tk. 25,000 and Tk. 50,000. The Bonds are issued for specific periods. The profits are investable in Bangladesh and the bonds accrue an annual interest of 12% (as of 28.11.2000). If a bondholder wants to encash them before the expiry of the term s/he would be entitled to get interest at a reduced rate. The capital money of the investment is freely transferable abroad in foreign currency. The interest is tax-free. The Bond is available at National Savings Bureau offices, branches of Bangladeshi banks abroad and Bangladesh missions abroad.

(iii) **Non-resident Investor's Taka Account (NITA)** : One can open a NITA by the money remitted from abroad for investment in the share and securities of the capital market of Bangladesh. Such an account may be opened in any dealer branch of an authorised bank. The current balance of NITA is transferable in foreign currency to any country at any time. One can buy share and securities from stock exchange with the balance of NITA and the money earned as dividend and shares and securities sold may be saved in NITA. The capital and profit money is tax exempted and the bank directing the account can work as nominee.

In order to make the schemes popular among the migrant workers, Bangladesh Bank has already simplified the formalities with regard to NFCD. Only photocopy of passport and signature or a certification from a notary public is enough to open such an account. As far as the campaign to market these instruments, Bangladesh Bank is engaged in regular contacts with the missions abroad.

The central bank also allows investment of NFCD funds in remunerative business projects to allow payment of competitive interest rates to account holders.

(iv) **US Dollar Investment Bond** : GOB has promulgated "The US Dollar Investment Bond Rules, 2002" from November 01,2002. According to this rules a 'Non-resident account holder' that means a Foreign Currency account holder who is a Bangladesh national residing abroad can purchase Bond against remittances without any maximum limit. The denominations of these Bonds are US\$ 500, \$ 1000, \$5,000, \$10,000 and \$50,000. The Bond holder may surrender the Bond (s) at any time and encash the same at the paying office. In that case interest will be paid at the following manner:



Encashment	Interest Payable
Within one year from the date of issue	No interest
After completion of one year but within two years	5.5%
After completion of two years but within three years	6.0%
After completion of three years	6.5%

The money invested in the purchase of Bond(s) are exempted from tax.

(v) **US Dollar Premium Bond** : GOB has ordained "The US Dollar Premium Bond Rules, 2002" from November 01,2002. Terms and conditions of these Bond(s) are same as that of Investment Bond. But the interest rate is slightly higher in case of Premium Bond (s)

Encashment of premium Bond	Interest Payable
Within one year from the date of issue	No interest
After completion of one year but within two years	6.5%
After completion of two years but within three years	7.0%
After completion of three years	7.5%

### **Role of Nationalised and Private Commercial Banks\***

**Nationalised Commercial Banks** : According to official statistics 75% of total remittances of the country is channelled through four Banks, Sonali, Janata and Agrani Bank in the nationalised sector, and Islami Bank in the private sector. The Table 4.2 compares the performance between the private and nationalized banks in mobilizing remittances. It informs that although there has been increase in the flow of remittances between 2001-2002 and 2002-2003, there has been little difference in comparative share of the nationalized and the private banks (except Pubali Bank Limited).

Sonali Bank has established its five branches in the UK. Sonali Bank has also established six Sonali Exchange Company Incorporated (SECI) in USA to channel remittances into Bangladesh.

In the Middle-East Sonali Bank functions at the Bangladesh Mission office in Jeddah, Riyadh and also at Kuwait. One of the principal activities of the office there is to popularise the Wage Earners' Development Bond. In addition, the Sonali Bank has

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\* The opinion reflected in this section were obtained from personal interview of concern DGMs of international division of Sonali, Agrani, Janata, Pubali, Uttara Banks and high officials of other banks.

agency arrangements with a number of exchange houses in the Gulf region and also in the South East Asia.

Janata Bank began operations in UAE since 1976. In the initial years, the Bank suffered major losses due to non-repayment of loans.

There has been a prevailing perception in the migrant circles in host country that services rendered by the bank in abroad is far from satisfactory.

**Table 4.2 : Bank-Wise Receipts of Remittances (Million US \$)**

Sl. No.	NAME OF BANKS	2001-2002		2002-2003	
		Total (July-June)	% Share of Total	Total (July-February)	% Share of Total
1. Nationalised/ Govt Controlled Banks					
(a) Commercial Banks					
01.	Sonali Bank	872.78	34.90	651.69	32.50
02.	Agrani Bank	596.87	23.86	334.55	16.69
03.	Janata Bank	236.80	9.47	209.63	10.45
04.	Rupali Bank Limited	14.32	0.57	11.96	0.60
Sub Total		1720.77	68.80	1207.83	60.25
(b) Specialised Banks					
1.	Bangladesh Krishi Bank	10.67	0.43	12.34	0.62
2.	BASIC	0.05	0.00	0.05	0.00
Sub Total		10.72	0.43	12.39	0.62
2. Private Commercial Banks					
1.	Islami Bank Bangladesh Limited	215.91	8.63	165.37	8.25
2.	Pubali Bank Limited	192.91	7.71	306.03	15.26
3.	Ultra Bank Limited	115.35	4.61	109.70	5.47
4.	National Bank Limited	85.43	3.42	66.67	3.33
5.	Arab Bangladesh Bank Limited	17.85	0.71	16.59	0.84
6.	The City Bank Limited	13.29	0.53	6.86	0.35
7.	I.F.I.C. Bank Limited	12.64	0.51	13.08	0.66
8.	Al-Baraka Bank Bangladesh Limited	10.69	0.43	11.54	0.57
9.	N.C.C Bank Limited	9.43	0.38	20.80	1.03
10.	U.C Bank Limited	6.56	0.26	12.39	0.62
11.	Others	10.33	0.42	9.5	0.46
Sub Total		690.39	27.61	738.53	36.83
Foreign Commercial Banks					
01.	St.Ch.Grindlays Bank	31.77	1.27	4.86	0.24
02.	Credit Agricole Indosuez	10.97	0.44	1.58	0.07
03.	Standard Chartered Bank	10.85	0.43	15.07	0.75
04.	Citibank N.A.	10.23	0.41	14.35	0.72
05.	American Express Bank Limited	6.60	0.26	2.14	0.10
06.	HSBC Limited	5.62	0.23	6.01	0.30
07.	Others	3.21	0.12	2.27	0.12
Sub Total		79.25	3.16	46.28	2.30
Grand Total		2501.13	100.00	2005.03	100.00

Source : Bangladesh Bank.

When asked about the reason for the competitive rates that exchange houses offer to the remitters, Janata Bank official stated that exchange houses are cost efficient as they can staff a booth with only one person. Bank instruments by law have to be signed by two persons. That means increase in the overall costs that make it less competitive. Janata Bank has established Janata Exchange Company, srl at Rome, Italy.

Janata Bank is also negotiating arrangements with some established money exchange companies such as Western Union and James Cook with the aim of expediting transfer of remittance.

Agrani Bank is one of the most important conduits of remittance. About 24% of the total remittances of US \$ 596.87 million was channelled through the Bank in 2001-2002. The Middle Eastern countries constitute 60-70% of the Agrani Bank's total remittances source. Although Agrani Bank does not have any overseas branch, it has arrangements with 17 exchange houses in the Middle East and a total of 900 correspondence facilities all over the world. The Bank has opened an exchange house of its own in Singapore named Agrani Exchange House Pte. Ltd.

Bangladesh Krishli Bank has 11 authorised dealing branches that handled all foreign exchange dealings. It also has correspondent relationship with 120 banks. In 2001-2002 BKB channelled US\$ 10.67 millions as remittances.

**Private Banks :** Of the private banks Islami Bank of Bangladesh Limited (IBBL) has taken proactive measures to harness remittances of migrant workers. The bank aims at establishing interest-free Islamic welfare oriented banking and small income groups are one of its major target beneficiaries.

In order to collect remittances of migrant workers of the Middle-eastern countries, IBBL took up a proactive programme, with commitment and professionalism. Visits to several Arab states by senior bank officials and their meetings with their counterparts in the banking sector in the host country, representatives of Bangladeshi communities and Bangladeshi embassy officials, provided them with better understanding of the dynamics of remittances processes and host countries' financial systems. This was followed by posting of senior bank staff in Saudi Arabia, who was attached to local Al Rajhi Bank to meet the Saudi regulations. His principal task was to

establish contacts with the Bangladeshi migrant workers at different sites, motivate and encourage them to remit money through the formal channel, and to save certain amount of their earnings in their own names, while sending the rest to their families. The representative of IBBL also made good use of the 'Call and Guidance Centres' set up by the Saudi authorities for the spiritual enrichment of the migrant workers of different nationalities. In his presentations, the Bank official motivated his audience to be prudent with their earnings.

The success of IBBL by providing this informal and migrant friendly banking service can be measured by the opening of 70,000 accounts of Bangladeshi migrants in Saudi Arabia by one committed individual.<sup>1</sup> Following its success in Saudi Arabia IBBL has decided to send more official to Qatar, Bahrain and the UAE. The bank has also facilitated opening of accounts various civic groups of migrant workers: clubs, association, savings cooperatives and professional cooperatives.

Recently, Pubali Bank has emerged as one of the main official channel of remittances. In 2002, it has channelled 1937.60 crore Taka. Computerised network, quick customer service by mobile contact with the domestic branches, high exchange rate and no incountry charge has attracted the migrants to channel remittances through this Bank.

National Bank reported a steady increase in the flow of remittances over the years. In 1998 the Bank received Tk. 323 crore as remittances, the figure for 1999 stood at Tk. 398 crore. There was a sharp rise to Tk. 470 crore in 2000. National Bank has arrangements with 21 exchange houses in the Gulf and the Middle East region, especially in countries of Oman, Kuwait, the UAE, Qatar, Bahrain and Saudi Arabia. The Bank has exchange houses arrangements in other countries including Malaysia, Singapore and Switzerland as well.

Another private concern the International Finance and Investment Corporation (IFIC) reports that it had branches and exchange offices in Nepal, Oman and other Middle eastern countries, IFIC's Oman-Bangladesh Exchange Company has carved out a

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<sup>1</sup> Interview of Mr, Mohammad Abdul Mannan, Senior Vice President of IBBL, who was posted in Saudi Arabia for more than four years on 10 July 2000. For a detailed account see his work 'Harnessing Migrant Workers Remittance: Field Experience in Saudi Arabia', RMMRU Occasional paper 5.

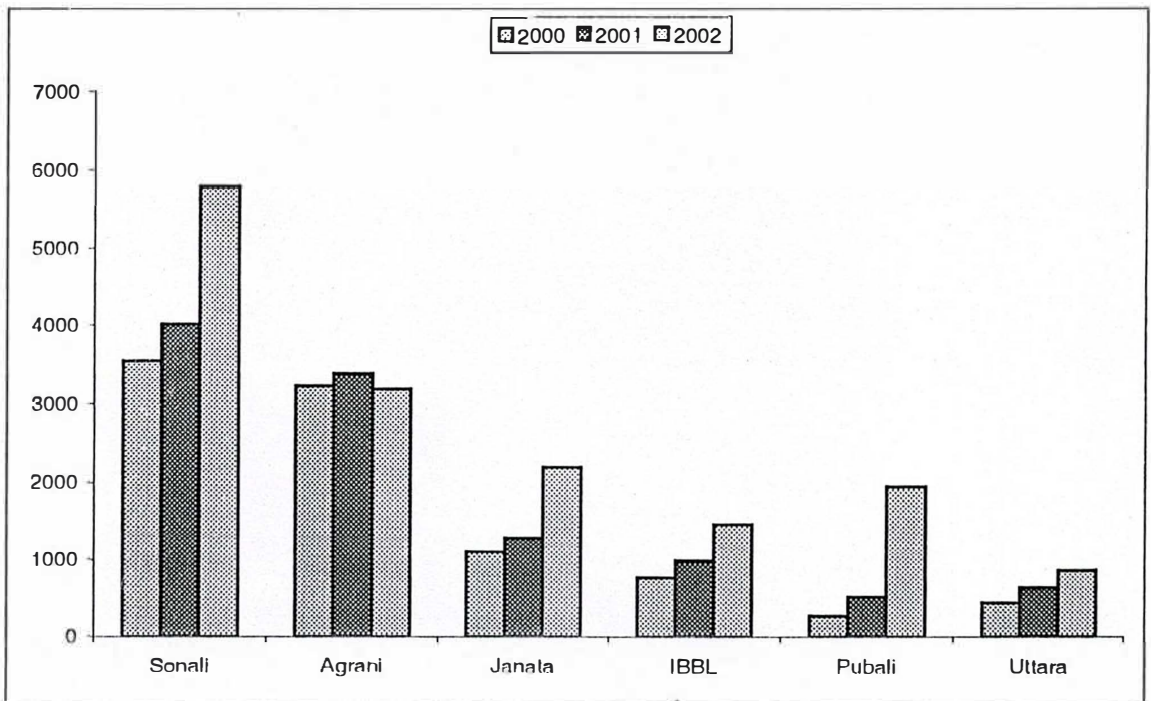


major niche in the Bangladeshi community in Oman and has its largest share with 41% of the market.

Of the other private banks Uttara Bank runs an exchange house in Qatar in collaboration with a local financial institution. Currently, the Bank is considering opening exchange houses in New York, London and Singapore.

Appendix A-XIII reflects country-wise flow of remittances through main six commercial banks namely, Sonali, Janata, Agrani, Pubali, Uttara and IBBL through which almost 90% of remittances channelled (Figure 4.6).

**Figure 4.6 : Inflow of Remittances**



Source : Appendix A-XIII.

### Transaction Time

Sonali Bank management believes that delivery of service within the quickest possible time is key to attract remittances. In that context the Bank has made arrangements with courier service to send remittances statements within 24 hours. In order to serve the remote areas branch offices have been instructed to send special messengers. Although this incurs some degree of cost, the Bank believes that it has to put up with this in order to remain competitive in the remittances market.



Agrani Bank officials state that time taken is contingent upon many factors. Obviously, the instruments have to come to the head office for clearance. Sometimes the distance and channel of communication between the head office and feeder branch necessitate undue time. Officials acknowledge that there are instances where bank personnel in the disbursing branch harass clients and unnecessarily waste time for their personal gains. A senior management of NCB reported that in one instance departmental inspection could unearth collusion of bank officials with dalals (middlemen) in Sylhet. Following further inquiry jobs of some of those officials were terminated. Agrani Bank is planning to introduce the international transfer of money through electronic means.

Bangladesh Krishi Bank receives remittances mostly through telegraphic transfer. Officials explain that the Bank can deliver the money to the beneficiary within a very short time if they reside in major cities. However, customer identification becomes a problem if the branch is located in the remote area. When demand drafts are presented by clients in rural branches they are to be cleared from the head office. The draft is then sent back to the branch for payment. All these formalities generally take around 15-30 days.

#### **4.2.2 Informal Channels**

Remittances can be transferred through either formal or informal channels. The former refers to the official Wage Earner's Scheme and to all recorded foreign exchange transactions. Informal channels refer to various means and ways of sending remittances in cash or kind into Bangladesh with no official approval or record. These clandestine flows do not appear in government statistics nor do they figure in government policy making. These are beyond the reach of the financial institutions.

#### **Means of Informal Transfer of Remittances**

Informal transfer can broadly be differentiated into two kinds: cash, and kind.

**Transfers in Cash :** (i) Migrants or their friends and relatives bring foreign exchange without declaring it to the appropriate authority. This can be in the form of cash or traveller's cheques. This foreign exchange can either be sold to black market dealers in foreign exchange or kept for personal use.

(ii) The main method of informally sending money into Bangladesh is through the use of the hundi system. This basically consists of the migrant in the Middle East or U.K. handing over foreign exchange to a hundi agent. The latter contacts his associate in Bangladesh who gives an equivalent sum of Taka to the migrant's relatives. The foreign exchange is then used to finance illegal activities.

**Transfers in Kind :** (i) Under Baggage Rules, Bangladeshis are allowed to bring in consumer durables such as VCRs, TVs, etc. for personal use. Many migrants subsequently sell these consumer goods for Taka, even though this is prohibited. Baggage rules prescribe limits to the value of goods that a national can import. However, due to negligence and corruption of customs officials, migrants usually bring in much more than allowed. Moreover, women wearing gold jewellery, for example, are not always checked at airports.

(ii) Gold and consumer durables (especially electronic items) are smuggled into Bangladesh through Chittagong and Mongla port, Dhaka Zia International Airport and Osmani International Airport (Sylhet). Ingenious methods are used for small items such as gold, by carrying it in person or hiding in otherwise legal imports. The link with remittances is that migrant's foreign exchange is used to purchase these goods abroad.

(iii) Industrial raw materials and spare parts are smuggled through under invoicing. An importer, for instance, opens a letter of credit (L/C) with a bank to import raw materials. The L/C will be worth US \$ 10000 but the actual value of import will be US\$ 15000 worth of materials are under-invoiced thus allowing the importer to avoid paying customs duties and tax. The foreign exchange sold by the hundi dealer may originate from earnings of Bangladeshis abroad.

### **The Hundi System in Operation**

The hundi system is not a new phenomenon and has been in use for decades. It forms part of an international network of currency racketeers and smugglers. The hundi system acts as an interface for foreign exchange flows into and out of Bangladesh. The hundi is in essence an illegal foreign exchange dealer. Figure 4.7 illustrates the movements and uses of currency in and out of Bangladesh. Basically remittance money can be converted into Taka using either formal channels (Wage Earner's Scheme) or informal

channels (mainly hundi). The reverse flow of currency out of Bangladesh uses the hundi system since there is no alternative, given the tight foreign exchange restrictions.

**Sources of Foreign Exchange :** Remittances money comes into Bangladesh in many different forms, as illustrated M1-M9 in Figure 4.7. It can be in the form of direct imports of machinery (M1) equipment, raw materials by industrialists and consumer durable imports by migrants e.g. TV, VCR, fridges etc. allowed through baggage rules. M2 to M5 refers to different mechanisms of WES such as Telegraphic transfer refers (M2), travellers cheques (M3), Draft (M4) and Mail transfer (M5). Another form of "remittances" is the transfer of funds through the WES by Bangladeshi indenters. The latter imports and sells products and/or services in Bangladesh for a commission. The parent company or "principal" is often told to deposit this commission into a bank account in, say, London. Had the indenter accepted his profit in Bangladesh, he would have received taka at the official rate of exchange (not through the WES). Instead, the indenter asks his relative in London to send this money through the WES to Bangladesh, thus earning a premium. This flow will appear to be remittances when actually it is not so (Mahmood, 1984).

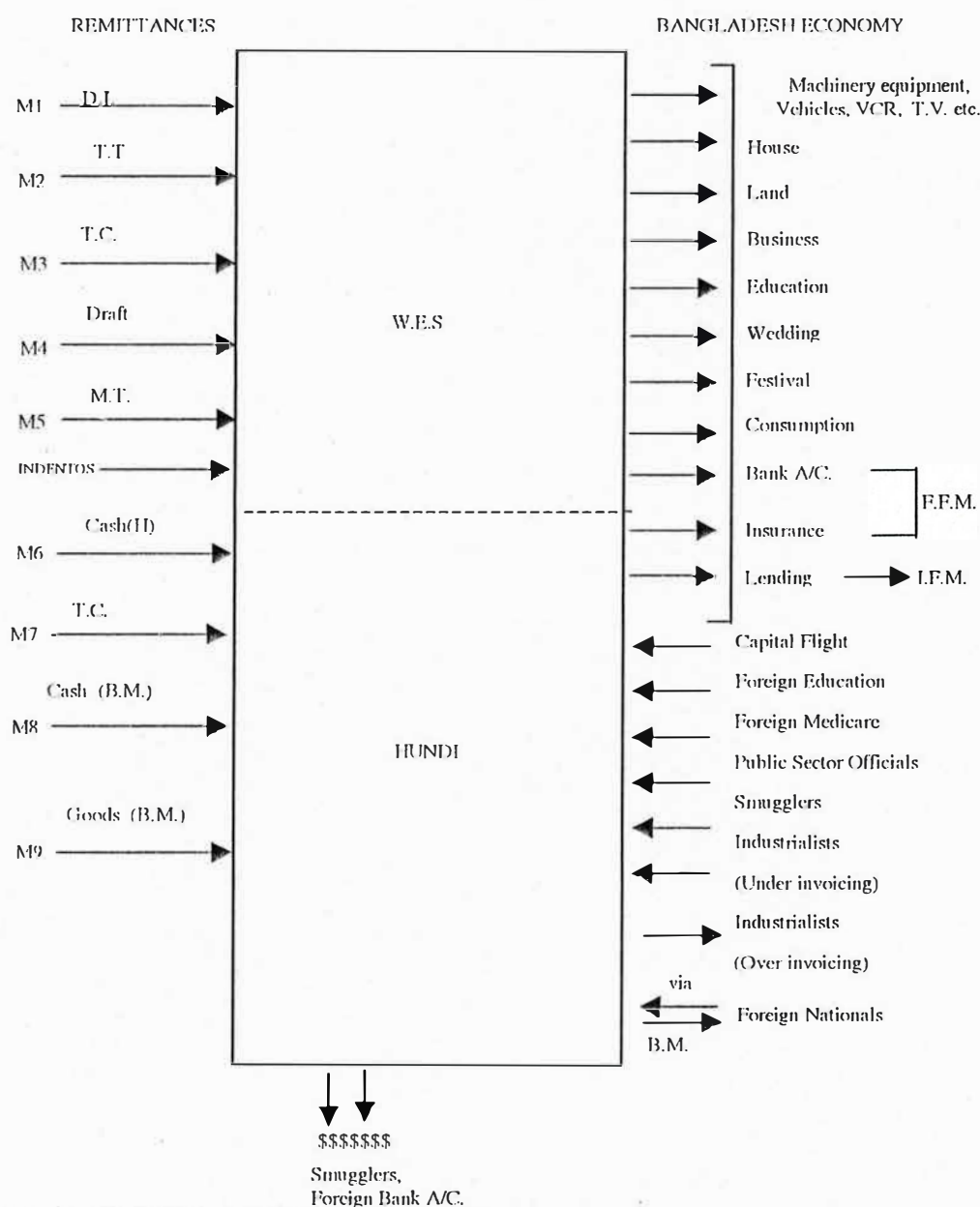
Migrants also send their money through illegal means either in cash or kind. M6 refers to the process shown in Figure 4.7 that means, the migrant gives ryals, dinars, pound sterling etc. to a hundi agent while his relatives in Bangladesh get an equivalent amount in Taka M7. M8 refers to money brought into Bangladesh, not declaring it at the airport and selling it on the black market, which is again resold to the hundi.

Migrants are entitled to import consumer durables. Some sell them on the black market for Taka. The hundi does not have any role in this case.

The hundi does not entirely rely on remittances for foreign currency. Many industrialists over invoice the value of machineries they import for their factories. The surplus dollars (financed by Bangladesh Shilpa Bank, Shilpa Rin Sangstha or Commercial Banks) is paid abroad supposedly to a supplier. In fact it ends up in an account of a Bangladeshi industrialist. If he wishes to send this money to Bangladesh he uses the hundi.

Some foreign nationals working in Bangladesh exchange foreign currency for Taka with black market dealers. This foreign currency eventually ends up in the hands of the hundi.

**Figure 4.7 : Role of the Hundi and the Wage Earners' Scheme**



→	= flow of \$		cash (H)	= cash via hundi agent
←	= flow of Tk.		T.C.	= travellers cheque
D.I.	= direct import		Cash (B.M.)	= cash via black market
T.T.	= telegraphic transfer		B.M.	= black market
M.T.	= mail transfer		W.E.S.	= wage earners' scheme

Source : Adapted from Bakht and Mahmood, 1989.

**Uses of Funds :** Migrants whether they transfer their savings through formal or informal channels use the money for buying houses, land, setting up business etc. This is explained in detail in chapter six. Their intention is to get the money into Bangladesh,



preferably at a good price (the exchange rate) with as few complications as possible. The hundi uses this foreign currency for a variety of purposes as shown in Figure 4.7. Political instability leads to capital flight. Businessmen keep bank accounts or buy real estate abroad as a hedge against a possible upheaval in the future. They buy dollars from a hundi dealer, who pays them abroad. Foreign educational expenses for children in schools and universities have to be paid in foreign currency. Similarly, public sector officials, receiving bribes etc., wish to keep money abroad. The need for foreign currency by smugglers has been mentioned above.

The main hundi dealers who control the foreign currency flows in and out of Bangladesh are said to number less than 50. Unfortunately, this cannot be accurately estimated. There are far more agents and subagents. The concentrations of the main hundi are to be found in Dhaka, Chittagong and Sylhet (in that order). Sub-agents can transfer money to any part of Bangladesh (Bakht & Mahmood, 1989).

Some of the big hundi operators are both currency racketeers and smugglers. The close association makes it difficult to separate the two. They may, for instance, be members of the same family. Hundis, of course, have a "cover" and operate under various facades "group of industries" and "travel agencies", etc. Some of the illegal money has been converted into legal investments such as factories, trading houses and otherwise legal income-generating outfits. These businesses are then used to explain their huge income.

Travel agencies (and manpower exporters) are not that important in size. They require foreign currency because now a days Middle Eastern manpower recruiting agencies want payments in dollars. Some manpower exporters (Adam bepari) do act as hundi but are hardly known to take part in smuggling. Though Bangladeshis are taking part in hundi activities (especially after the manpower export boom in the Middle East) and are large in number, their individual transactions are relatively small and many in effect act as agents of *Aga Khanis* or *Marwaris*. These two groups have relatives and friends spread in many countries with trusted links forged over decades. They can assimilate into different cultures (very similar to the Jews in the Western World) but maintain tight bonds amongst themselves. *Marwaris* handle most of the informal transfer of Bangladeshis money from

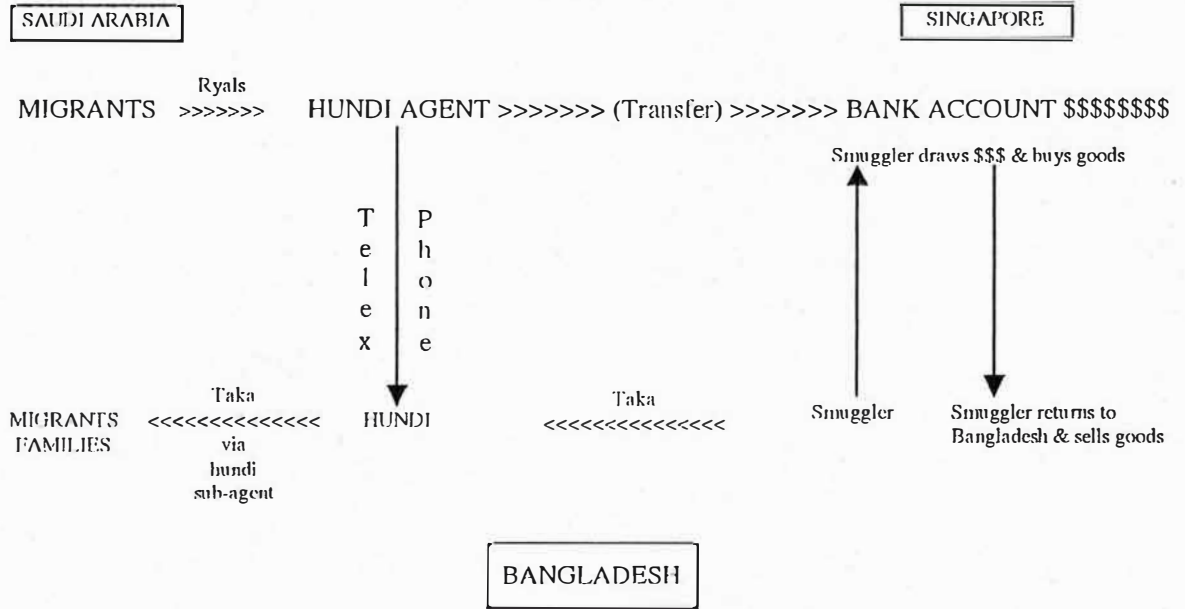


the UK. The Middle Eastern sector is divided between *Marwaris*, *Aga Khanis* and Bangladeshis. Bangladeshis are only now starting to travel and live many in different countries. Besides UK and Middle East, few Bangladeshis are to be found in Europe, USA and South East Asia. In this world of illegal international finance, businessmen-cum-smugglers will prefer trusted dealers/middlemen who have an established reputation. This would explain the continuing predominance of the *Aga Khanis* and *Marwaris* in hundi transactions concerning Bangladesh (Bakht & Mahmood, 1989).

**The Mechanism of Hundi System :** A typical example is shown below to explain the basic mechanics of the system (Bakht & Mahmood, 1989). The same process applies to both the Middle East and UK. Let us assume migrants in Saudi Arabia wish to send money to their relatives in Bangladesh, which has been shown in Figure 4.8. Several hundi agents will offer rates of exchange (decided daily in relation to the wage earner's rate). Having chosen the rate and agent, the migrant will hand over his money (e.g. ryals). The hundi agent will then contact a hundi or hundi sub-agent in Bangladesh either by telex, telephone or e-mail. The means of communication depend on urgency and amount of transaction. A member of the migrant's family is given a code, which will be presented to a hundi sub-agent in Bangladesh as a means of verification. The hundi sub-agent will then give a sum of taka (equivalent to ryals) to the relative. The main hundi does not come into contact with migrants or their relatives thus keeping his identity unknown. The hundi agent in Saudi Arabia then transfers the ryals to a bank account in, say, Singapore. The bank account will belong to a "main" hundi in Bangladesh. So far the description above has shown the apparent transfer of remittances into Bangladesh. Actually what has happened is that the hundi agent via his sub-agent has paid Taka to the migrant family in Bangladesh.

The next stage is for a smuggler to ask for dollars. The businessman-cum-smuggler will pay a hundi a sum of Taka equivalent to an agreed sum of foreign currency. In this case, the smuggler will be given the account number of the hundi's bank deposits in Singapore, fly there, draw the money and buy whatever goods he needs. The smuggler then return to Bangladesh sells his goods and makes his profit. Thus remittance money eventually arrives in Bangladesh in the form of smuggled goods.

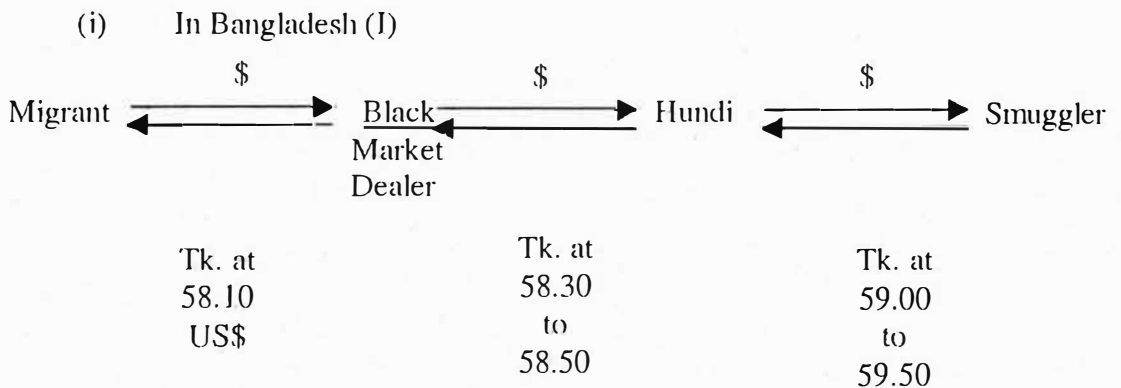
**Figure 4.8 : Hundi, Smugglers and Remittances**



Source : Adapted from Bakht and Mahmood, 1989.

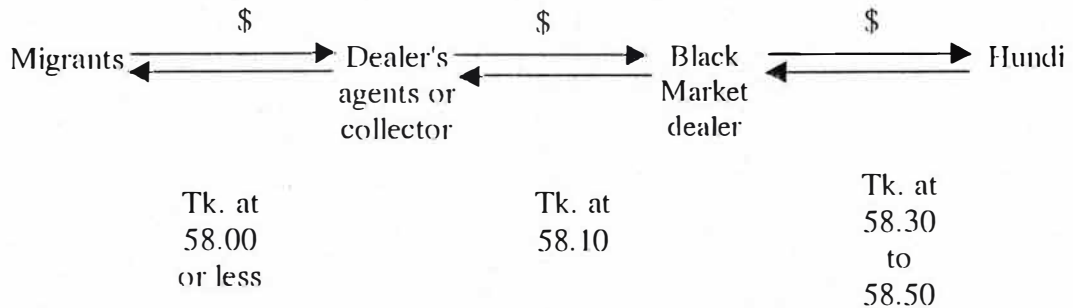
The migrants send their families money, at an equivalent or higher rate than the WES rate. Even if the hundi and WES rate is the same, the migrant still saves money by not paying commission charges etc. The hundi agent and sub-agent get their "cut". The hundi makes his profit by selling foreign exchange at a higher rate to the smuggler. The smuggler is willing enough to pay this rate since he makes a huge profit on subsequent sales in Bangladesh. Thus the hundi system needs the demand and supply of both Taka and foreign exchange.

**Hundi Rates :** The base level of rates of exchange charged by the hundi is the official WES rate. How much the hundi charges depend upon the urgency of need, amount involved and location of requirement. In the following examples, it is assumed the WES rate is US \$ 1 = Tk. 58.00.



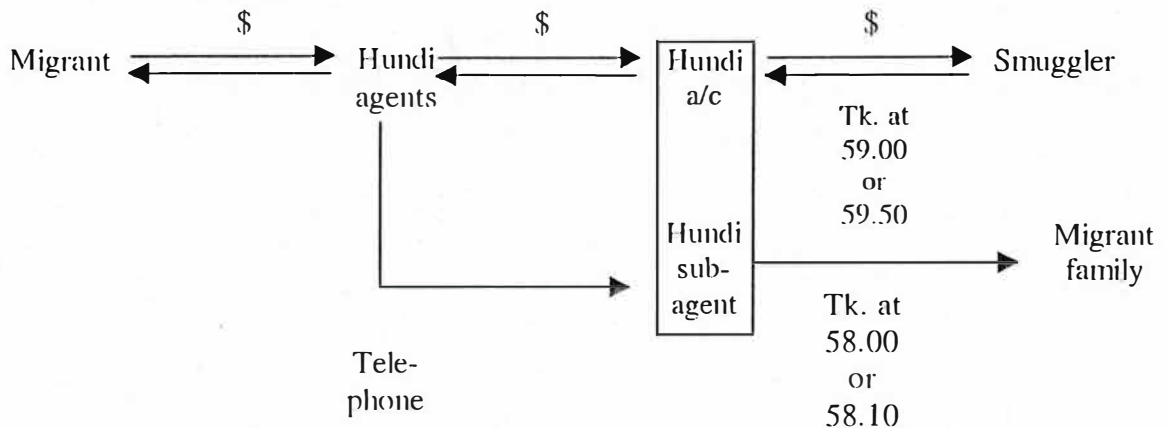
The migrant in Bangladesh has foreign exchange either in cash or traveller's cheques. He sells his dollars to a Black Market dealer at Tk. 58.10. The migrant thus gains Tk. 0.10 per dollar. A smuggler then asks a hundi for dollars. The hundi contacts black market dealers and pays Tk. 58.30 to Tk. 58.50 per dollar. The hundi will then charge Tk. 59.00 to 59.50 per dollar from the smuggler.

(ii) In Bangladesh (II)



The process is basically the same as described in (I). The difference is that the migrant sells his dollars to a black market dealer's agents or collectors. These collectors sometimes "cheat" an unsuspecting migrant by 10 or 20 paisa per dollar i.e. equal to or less than the WES rate prevailing at that particular time. The collectors then sell to a black market dealer.

(iii) Middle East or UK



Migrants sell dollars at Tk. 58.00 or 58.10 to a hundi agent, who instruments a sub-agent in Bangladesh to pay the migrant families. The sub-agent linked to a hundi pays taka to the migrants families at Tk. 58.00 or 58.10.

The hundi agent in the Middle East or UK gets a commission. For example, instead of sending British Sterling 25 per Tk. 1000, sends British Sterling 24, keeping British Sterling 1 as commission. The smuggler then pays the hundi Tk. 59.00 or 59.50 per dollar.

The rates specified here do vary of course, the percentage mark-up describe approximately what each party obtains. The hundis, on average, charge 5% more than the official WES rate. The profit earned by the hundi can be enormous given high turnover of transactions.

**Role of the Public Sector in Hundi Operation :** It is a fact that large scale illegal activities occur with the connivance of public sector officials - this is proven by the trial and sentencing of former Ministers, and other officials (both senior and junior) of various concerned organizations. This explains the *raison d'etre* of the "Anti Corruption Bureau". Corruption is a worldwide phenomenon and is widespread in Bangladesh. Some officials play a passive (though sometimes active) role. The passive role involves ignoring what is happening "under their noses" for a fee, commission, kickback etc. It is a common sight to see dollars changing hands in Zia International Airport and Osmani International Airport (Sylhet) in return for clearance.

If we assume that customs officers have the necessary capability to carry out their duties efficiently, then how does one explain over-and under voicing. As indicated, much of the communication between hundis and their agents takes place on the telephone and telex. Admittedly, the communication will be in code and not understandable. But this by itself shows that illegal action is taking place and it requires further investigation. Part of the activities of certain law-enforcing agencies consists of eaves-dropping on conversations, messages etc. with the aim of providing national security. Thus, it is more than likely they have overhead telephone conversations or intercepted telex messages. Is it possible that law - enforcing agencies do not yet know who are the big hundi and smugglers or is it because they have insufficient proof or is it due to acceptance of bribes?

The same applies to the various line Ministries and attached organisations. It is not at all alleged that all or most members of the public sector are involved. Far from it, it is simply pointed out that it is likely that sufficient corruption exists to keep the black economy functioning.

The hundis are connected because they have the dollars to deposit into appropriate foreign bank accounts. Unusually large bribes are hardly paid in Taka since they would be too prominent - it is much safer to receive the bribe in unseen accounts, say, in Switzerland and Singapore (Bakht & Mahmood, 1989).

Recently Bangladesh Government has promulgated "Money Laundering Prevention Act, 2002" to curb the hundi system. But its benefit depends upon the honesty and efficiency of the Government officials who are responsible to implement it.

### **4.3 Relative Advantages and Disadvantages of Informal Transfers**

#### **Advantages**

(i) The main advantage of such transfer is that usually the migrant receives a higher exchange rate as compared to the Wage Earner's Scheme rate. Other informal transfer methods lead to not paying taxes and duties.

(ii) The time of delivery is on average 4 to 5 days as compared to several weeks for mail transfer, telegraphic transfer and draft for the banks. Sometimes "door to door" delivery is also given to the migrant's relatives.

(iii) The migrant does not have to fill in any forms - an important factor considering that many migrants are functionally illiterate. Even many educated migrants may not know the procedures for sending remittances through official channels.

(iv) The migrant does not have to travel to a Bangladeshi bank (it can be at a considerable distance, even in the U.K.) thus saving travel expenses. A hundi agent can always be found in the neighbourhood, or even visit the migrants.

(v) Customer care or service is better than that offered by Bangladeshi banks. The chaos at these banks puts many people off. Sonali Bank, in the U.K., and Janata Bank, in the Middle East, hold monopolies in their respective areas. There is therefore no incentive to improve customer service due to lack of competition.

(vi) There have been allegations of fraud in banks, post offices, etc. For example, money is withdrawn under false signatures, money goes astray, etc. Unscrupulous post office officials keep track of letters sent by migrants. Acting on this information they may use various means of getting hold of the remittances money sent. Furthermore, it is said that some bank officials demand bribes for clearance of cheques.

(vii) Especially in the U.K., many Bangladeshis run businesses such as hotels, restaurants, and shops. Most of them do not disclose their true income to the U.K. tax



authorities, thus paying less tax. If they were to send their true level of savings through the official channels, they would leave themselves open to scrutiny from UK tax authorities. Thus, to save embarrassment they find it safer to use the hundi.

(viii) Bangladesh banks do not have branches in all countries where Bangladeshis work. Thus, they can either send money legally to the UK Sonali Bank branches and then to Bangladesh, or send it directly through the hundi. The latter is quicker.

(ix) If foreign exchange restrictions exist in their countries of temporary residence the migrants can use the hundi to bypass such regulations.

(x) Migrants in short of money can borrow from a hundi dealer to meet his immediate cash needs back home.

### **Disadvantages**

(i) The illegal nature of informal transfer is not an alternative to many migrants as a matter of conscience. Migrants realize the detrimental effect of smuggling on the economy, and they disapprove of their foreign currency being used for smuggling.

(ii) If a migrant makes an investment in Bangladesh, the GOB may demand to know the source of funds. Informal transfers have no records thus the migrant would not be able to prove that the money came in legally. He could, therefore, face legal action.

(iii) Risk is involved since a hundi agent may cheat a migrant. The migrant may get caught in selling his foreign exchange or goods on the black market.

### **4.4 Potential Level of Remittances**

Given an inadequate coverage of the information on remittances as is available from the official sources, and problems of estimating the different components or remittances as specified above, one way of dealing with it would be to estimate the potential level of remittances by posing the question: what is the maximum possible level of remittances that Bangladesh could expect from the nationals working abroad? Such an estimate will enable a comparison of the remittances coming through the official channels with what it could have been otherwise.

Based on the assumption that remittances are a function of the level of savings of nationals working abroad, and given the fact that whatever the nationals save abroad is the maximum that the country can expect as remittances, an estimate of their aggregate level of savings abroad would provide the corresponding estimate of the potential level of remittances. The aggregate level of savings would depend on: (a) average level of savings of nationals abroad - given their occupational background and the country of migration, and (b) stock of nationals abroad at any point in time, in different countries, and of different skill and occupational category. Saving is the residual of income earned abroad over the costs of living; stock of nationals abroad is the cumulative total of out migration net of return migration. The aggregate level of savings is a product of the average level of savings and the stock of nationals abroad at a given point in time, i.e.,

$$S_t = sm$$

Where,  $S$  = Aggregate level of savings of nationals abroad,  $s$  = Average level saving,  $m$  = Stock of nationals abroad at any point in time,  $t$  = Point in time, say, year.

**Stock of Nationals Abroad :** Stock of nationals abroad at different points in time has been estimated by adding to the net migration during a particular period the cumulative net migration of the earlier periods. Stock of nationals in 1980, for instance, is net migration in 1980 - out migration minus returned migration in that year, plus the same stock in 1979.

**Return Migration :** Return migration during a particular period can be estimated by using the formula.

$$R_t = \sum m_i M_{t,i}$$

where,  $R_t$  = number of migrants returning home at time  $t$  after the completion of their job contracts abroad;  $M_t$  = level of out migration at time  $t$ ;  $m$  = proportion of migrants who will be returning home within the  $i$ th period; and  $i$  = length of period in years.

#### 4.5 Actual Flow of Remittances

As we have pointed out that official data reflects only one component ( $T_{hc}^o$ ) of remittances as defined in equation 4.2. Among the other four components  $T_{aa}$  i.e.

remittances which is diverted to third country or retained in the host country does not flow into Bangladesh. But the other three components of remittances that come into Bangladesh have no official records.

We have mentioned earlier that according to IOM (2000) actual flow of emigration from Bangladesh would be 30-50% higher than official flow. Most of these undocumented migrants do not use official channel to transfer remittances into Bangladesh for the fear of caught by the law enforcing agencies of the host country. Again, among the documented migrants a significant proportion use unofficial channels due to its certain advantages over official channels. So, it may be assumed that actual flow of remittances into Bangladesh would be minimum 30-50% higher than the official amount.

It may be concluded from the above discussion that in recent years, volume of remittances has increased significantly. But the data available on remittances is a portion of total remittances that inflow into Bangladesh. A portion of remittances inflow takes place through unofficial channels. These remittances are used in smuggling of illegal goods. Delay in payment, harassment of customer and other problems prevailing in the official methods divert the remittances into unofficial channels, especially to hundi method. To raise the inflow of remittances through official channels service delivery system of it should be improved sufficiently.

## Chapter Five

### Socio-economic Profiles of the Respondents

Present chapter gives the socio-economic profiles of the remittance senders and receivers as well as those who are intended to earn remittances that is would be migrants. Special attention has been given on age, occupation, level of education, family income, family status, marital status, land ownership pattern etc. of the respondents. Changing pattern of socio-economic background of the migrants has also been incorporated at the last portion of this chapter. It may be mentioned here that the government has imposed complete ban on women migration since November 1997. So, this study has been conducted on male migrants only.

#### 5.1 Social Profiles

**Types and Size of Households :** Respondents of this study belong to two types of family structure: joint and unified or nucleus. Nucleus family is comprised of migrant worker, his wife and children. In case of unmarried migrant workers, it includes his parents, brothers and sisters; joint family includes migrant worker, his parents, brothers and sisters and if married, their wives and children. The migrant household under the study mostly represent joint families, almost 60% of the total households. Table 5.1 shows the types of household of the respondents. In rural areas the proportion of joint family is higher (62.5%) than that of urban areas (59.42%).

**Table 5.1 : Types of Households**

Type	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Joint	28 (60.87)	15 (62.5)	26 (56.52)	14 (58.33)	28 (60.87)	16 (66.67)	82 (59.42)	45 (62.5)	127 (60.48)
Nucleus	18 (39.13)	9 (37.5)	20 (43.48)	10 (41.67)	18 (39.13)	8 (33.33)	56 (40.58)	27 (37.5)	83 (39.52)
Total	46 (100)	24 (100)	46 (100)	24 (100)	46 (100)	24 (100)	138 (100)	72 (100)	210 (100)

Source : Field survey (2002-2003).

Note : Figures in the parentheses indicate percentage

Table 5.2 provides number of household members. The average family size of the respondents' household is 6 at urban areas and 7.5 at rural areas.

**Table 5.2 : Number of Household Members**

Area	Urban		Rural		Total		Grand Total
	Male	Female	Male	Female	Male	Female	
Noakhali	138	175	96	108	234	283	517
Sylhet	127	160	85	97	212	257	469
Kushtia	125	108	74	80	199	188	387
Total	390	443	255	285	645	728	1373

Source : Field survey (2002-2003).

The male-female ratio in Noakhali and Sylhet is 100 : 124 and 100 : 121 respectively, where as in Kushtia it is 100 : 96.

**Age and Educational Backgrounds :** Table 5.3 and 5.4 reflects respectively the age and educational background of the migrants.

It is observed that in both urban and rural areas majority of current migrants belong to 26-30 years age group. For return migrant 36-40 years age group represent the highest number (16) in urban areas where as 31 – 35 years age group represent the highest number (9) in rural areas. Again, in case of would be migrants both urban and rural areas up to 20 years age group represent the top most position.

It is perceived from the table 5.3 that 44.27% of migrants belong to 26 – 35 years age group. Actually the youths of these ages are the highest risk taker. Naturally, they possess the sufficient courage to face diversified nature of challenges at the various stages of international migration.



**Table 5.3 : Age of Migrants at the Time of Migration**

Age	Noakhali						Sylhet						Kushtia						Total						Grand Total
	Urban			Rural			Urban			Rural			Urban			Rural			Urban			Rural			
	RM	CM	WM	RM	CM	WM	RM	CM	WM	RM	CM	WM	RM	CM	WM	RM	CM	WM	RM	CM	WM	RM	CM	WM	
Upto 20	-	2	3	-	1	1	-	2	3	-	2	2	-	2	3	-	1	2		6	9	-	4	5	24 (11.43)
21 – 25	-	4	2	1	2	2	1	3	2	1	1	1	2	3	2	1	2	2	3	10	6	3	5	5	32 (15.23)
26 – 30	2	6	1	3	4	-	3	7	1	1	4	1	4	5	1	3	4	-	9	18	3	7	12	1	50 (23.81)
31 – 35	3	5	-	4	2	1	2	4	-	2	3	-	5	7	-	3	2	-	10	16	-	9	7	1	43 (20.48)
36 – 40	5	2	-	1	1	-	5	2	-	3	-	-	6	2	-	1	1	-	16	6	-	5	2	-	29 (13.81)
41 – 45	4	1	-	1	-	-	6	2	-	1	-	-	2	1	-	1	-	-	12	4	-	3	-	-	19 (9.05)
46 and above	6	-	-	-	-	-	3	-	-	2	-	-	1	-	-	1	-	-	10	-	-	3	-	-	13 (6.19)
Total	20	20	6	10	10	4	20	20	6	10	10	4	20	20	6	10	10	4	60	60	18	30	30	12	210 (100)

Source: Field Survey (2002-2003).

Note : RM = Returned Migrant, CM = Current Migrant, WM = Would be Migrant  
 Figures in the parentheses indicate percentage.

**Table 5.4 : Educational Background of the Migrants**

Level of Education	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
No education	-	4	1	3	1	4	2	11	13
I – V	4	2	5	4	4	4	13	10	23
VI – X	2	4	2	4	5	6	9	14	23
SSC	5	10	6	8	8	8	19	26	45
HSC	10	2	12	3	9	1	31	6	37
Bachelor and above	25	2	20	2	19	1	64	5	69
Total	46	24	46	24	46	24	138	72	210

Source : Field Survey (2002-2003).

The above table shows that the highest number of migrants (64) of urban areas acquired bachelor degree and above. On the other hand, in rural areas highest number of migrants (26) has crossed only SSC level. This difference may be due to the difference of educational facilities in rural and urban areas. It may be opined that there is a positive relation between education and migration.

**Table 5.5 : Level of Education of Head of the Household**

Level of Education	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
No education	5	8	4	10	5	6	14	24	38
I – V	6	4	8	3	9	5	23	12	35
VI – X	4	4	7	3	8	5	19	12	31
SSC	5	3	9	5	5	4	19	12	31
HSC	12	3	10	2	9	3	31	8	39
Bachelor degree and above	14	2	8	1	10	1	32	4	36
Total	46	24	46	24	46	24	138	72	210

Source : Field survey (2002-2003).

Table 5.5 deals with the educational background of the head of the migrants' household, that means, remittance-receiving persons. It is evident from the table that in rural areas minimum number of remittance receiving persons are illiterate or less educated. On the other hand, in urban areas reverse picture is observed.

**Marital Status of Migrants :** Table 5.6 indicates marital status of the migrants. It reveals from the table that more than half of the remittance sending persons is married.

But at the time of first migration maximum numbers of migrants were unmarried. This can be seen from table 5.7.

**Table 5.6 : Marital Status of Migrants at the Time of Interview**

Marital Status	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Married	25	12	24	13	26	14	75	39	114
Unmarried	15	8	16	7	14	6	45	21	66
Total	40	20	40	20	40	20	120	60	180

Source : Field Survey (2002-2003).

Note : Only returned migrants and current migrants have been included.

**Table 5.7 : Marital Status of Migrants at the Time of First Migration**

Marital Status	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Married	16	8	17	9	19	10	52	27	79
Unmarried	24	12	23	11	21	10	68	33	101
Total	40	20	40	20	40	20	120	60	180

Source : Field Survey (2002-2003).

Note : Only returned migrants and current migrants have been included. Naturally, unmarried persons have less family burden. So, they can go abroad without hesitation.

**Occupation of Migrants and their Family Heads :** Table 5.8 exhibits the occupation of migrants before migration. It has been observed that majority of the migrants were unemployed before migration in urban areas.

On the other hand, in rural areas majority of the migrants were agricultural labourer. In both urban and rural areas students and unemployed youths comprise the highest proportion (44%).

**Table 5.8 : Occupation of Migrants before Migration**

Occupation	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Govt. Service	1	0	2	0	1	0	4 (2.90)	0 (00)	4 (1.90)
Private Service	4	2	3	1	5	1	12 (8.70)	4 (5.56)	16 (7.62)
Business	2	3	4	4	3	4	9 (6.52)	11 (15.28)	20 (9.52)
Agricultural labourer	0	7	0	5	0	5	0 (00)	17 (23.61)	17 (8.10)
Construction worker	6	0	7	1	5	2	18 (13.04)	3 (4.17)	21 (10.00)
Agriculture Farming	0	4	0	5	0	5	0 (00)	14 (19.44)	14 (6.67)
Student	11	2	10	1	9	3	30 (21.74)	6 (8.33)	36 (17.14)
Unemployed	14	3	15	4	16	4	45 (32.61)	11 (15.28)	56 (26.67)
Welding mechanic	5	1	3	2	2	0	10 (7.25)	3 (4.17)	13 (6.19)
Driver	2	1	2	1	3	0	7 (5.07)	2 (2.78)	9 (4.29)
Others	1	1	0	0	1	0	3 (2.17)	1 (1.38)	4 (1.90)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field Survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

Table 5.9 relates to the occupation of the migrants' household head. It is evident from the table that occupation of the maximum head of the household i.e. remittance receiving persons is service (Govt. and private) in urban areas and agricultural farming in rural areas.

**Table 5.9 : Occupation of the Remittance Receiving Persons**

Occupation	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Govt. Service	10	1	11	0	8	2	29 (21.01)	3 (4.17)	32 (15.24)
Private Service	9	2	7	2	6	1	22 (15.94)	5 (6.94)	27 (12.86)
Retired	6	0	5	0	4	1	15 (10.87)	1 (1.39)	16 (7.62)
Business	8	3	9	5	7	4	24 (17.39)	12 (16.67)	36 (17.14)
Agricultural labour	1	8	2	5	4	6	7 (5.07)	19 (26.39)	26 (12.38)
Construction worker	2	0	1	1	3	0	6 (4.35)	1 (1.39)	7 (3.33)
Welding mechanic	2	1	2	2	2	0	6 (4.35)	3 (4.17)	9 (4.29)
Driver	3	1	2	3	2	2	7 (5.07)	6 (8.33)	13 (6.19)
House wife	5	4	6	5	4	4	15 (10.87)	13 (18.06)	28 (13.33)
Unemployed	0	1	0	0	3	0	3 (2.17)	1 (1.39)	4 (1.90)
Share cropping cum agricultural labourer	0	2	0	1	0	3	0 (00)	6 (8.33)	6 (2.86)
Other	0	1	1	0	3	1	4 (2.90)	2 (2.78)	6 (2.86)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field Survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

**Media of Migration :** There are many agencies involved in the migration process. These are BOESL, middlemen, relatives, neighbours and friends. Table 5.10 manifests comparative share of the various agencies involved in the process of migration.

**Table 5.10 : Media of Migration**

Media	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Recruiting Agents (RA)	9	2	10	4	18	4	37 (26.81)	10 (13.89)	47 (22.38)
RA via middlemen	14	12	13	11	16	14	43 (31.16)	37 (51.39)	80 (38.10)
Friends and Relatives	21	10	22	9	12	6	55 (39.86)	25 (34.72)	80 (38.10)
BOESL	2	-	1	-	-	-	3 (2.17)	-	3 (1.43)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field Survey (2002-2003).

Note : Figures in the parentheses indicate percentage.



Above table imitates that in both urban and rural areas middlemen play very vital role in the manpower export process. In urban and rural areas recruiting agents' share are 57.97% and 65.28% respectively in which middlemen's share are 31.16% in urban areas and 51.39% in rural areas. It is important to note that the country's only public limited company for manpower recruitment-BOESL's role is very negligible in the manpower export process. Among the migrants under the present study only 3 persons (2.17%) went abroad through BOESL. Such an insignificant role in exporting manpower raises question about the existence of such an institute, for which, government has to bear a lot of expenses every year.

## 5.2 Economic Profiles

**Land Ownership Pattern :** Land ownership pattern of migrants' family are not homogenous. Table 5.11 states the land ownership pattern of the migrants' households. In urban areas maximum number of respondents belong to 0 – 0.05 acre group (25.36%).

**Table 5.11 : Land Ownership Pattern**

Land holding (acre)	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
0 - .05	15	0	12	0	8	0	35 (25.36)	0 (00)	35 (16.67)
.06 - .10	12	1	10	0	7	0	29 (21.01)	1 (1.39)	30 (14.29)
.11 - .15	3	0	2	1	10	0	15 (10.87)	1 (1.39)	16 (7.62)
.16 - .20	2	1	5	1	8	1	15 (10.87)	3 (4.18)	18 (8.57)
.21 - .25	4	3	3	2	3	1	10 (7.25)	6 (8.33)	16 (7.62)
.26 - .30	1	2	2	1	1	3	4 (2.90)	6 (8.33)	10 (4.67)
.30 - .35	2	2	1	4	0	2	3 (2.17)	8 (11.11)	11 (5.24)
.36 - .40	1	1	2	3	2	1	5 (3.63)	5 (6.94)	10 (4.76)
.41 – 1.00	0	2	2	5	3	4	5 (3.63)	11 (15.28)	16 (7.62)
1.01 – 1.50	2	5	1	2	1	3	4 (2.90)	10 (13.89)	14 (6.67)
1.51 – 2.00	0	2	1	1	2	5	3 (2.17)	8 (11.11)	11 (5.24)
2.01 – 2.50	0	2	3	2	1	1	4 (2.90)	5 (6.94)	9 (4.29)
2.51 – above	4	3	2	2	0	3	6 (4.34)	8 (11.11)	14 (6.67)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field Survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

In rural areas highest number of respondents are from 0.41 – 1.00 acre category (15.28%). Actually, in our society those who have much land they cannot think of taking any risk. For this they are unwilling to go abroad for earning livelihood.

**Family Income :** From the field survey it is revealed that in both urban and rural areas most of the migrants are from middle class. Table 5.12 illustrates the annual income of migrants' households.

**Table 5.12 : Annual Income of Migrants' Household before Migration**

Yearly Income (Tk.)	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Up to 30,000	0	1	0	0	0	0	0 (00)	1 (1.39)	1 (0.47)
30,001 – 60,000	1	2	1	1	3	2	5 (3.63)	5 (6.95)	10 (4.76)
60,001 – 90,000	3	2	4	3	5	2	12 (8.70)	7 (9.72)	19 (9.05)
90,001 – 1,20,000	4	3	5	2	6	2	15 (10.87)	7 (9.72)	22 (10.48)
1,20,001 – 1,50,000	11	6	10	7	10	7	31 (22.46)	20 (27.78)	51 (24.29)
1,50,001 – 1,80,000	8	3	11	5	10	6	29 (21.01)	14 (19.44)	43 (20.48)
1,80,001 – 2,10,000	8	2	6	3	8	4	22 (15.94)	9 (12.50)	31 (14.76)
2,10,001 – 2,40,000	7	3	5	2	3	1	15 (10.87)	6 (8.33)	21 (10.00)
2,40,001 and above	4	2	4	1	1	0	9 (6.52)	3 (4.17)	12 (5.71)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field Survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

From the above table it is understood that in both urban and rural areas maximum migrants' household income range from Tk. 1,20,001 to 1,50,000 (22.46% and 27.78%) and is followed by Tk. 1,50,001 – 1,80,000 group (21.01% and 19.44%). Almost 80% of migrants' households' yearly income were Tk. 90000 – 240000. This means, majority of the migrants belong to middle and higher middle class. Actually, the member of these families can afford the huge cost needed to migration.

**Personal Income of Migrants before Migration :** Migrants mainly decided to go abroad due to lack of employment opportunities and very limited scope of high earning facilities. It is observed that the migrants mostly were unemployed or underemployed

before migration. Ultimately, their income was very low. Table 5.13 reflects monthly income of the migrants before international migration.

**Table 5.13 : Monthly Income of the Migrants before Migration**

Monthly Income (Tk.)	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
0	25	5	25	5	25	7	75 (54.35)	17 (23.61)	92 (43.81)
1 - 1000	2	7	3	5	4	5	9 (6.52)	17 (23.61)	26 (12.38)
1001 - 2000	6	4	7	6	5	7	18 (13.04)	17 (23.61)	35 (16.67)
2001 - 3000	5	4	4	3	5	3	14 (10.14)	10 (13.89)	24 (11.43)
3001 - 4000	4	2	2	2	4	1	10 (7.25)	5 (6.94)	15 (7.14)
4001 - 5000	2	1	2	2	2	1	6 (4.35)	4 (5.56)	10 (4.76)
5001 - 6000	1	1	2	1	1	0	4 (2.90)	2 (2.78)	6 (2.86)
6001 and above	1	0	1	0	0	0	2 (1.45)	0 (00)	2 (0.95)
Total	46	24	46	24	46	24	138 (100)	72 (100)	210 (100)

Source : Field survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

It is evident from the table that majority of the migrants' income before migration were zero (43.81%) as they were unemployed. 16.67% of the migrants monthly income were Tk. 1001-2000 and 12.38% of the migrants were Tk. 1-1000. That means, those who have no earning opportunities or limited opportunities within the country try to migrate abroad.

It is observed from the table that about 73% migrants' monthly income before migration were less than Tk. 2000. This reflects that majority of the migrants were unemployed or underemployed before migration.

### 5.3 Reasons for Migration

Field survey of the present study reveals that the causes of migration are manifold. It combines both macro-level historical-structural conditions with micro-level situational factors of the migrants.

In the present section, the responses of 210 respondents with respect to the causes of their migration have been presented. Almost all the respondents assigned more than one reasons for migration. The reasons have been demonstrated by dividing them into three categories viz. economic, social and others.

Table 5.14 presents reasons for migration. The respondents identified desire for economic upliftment as the most important reason for migration. This is reflected in the multiple-choice column where as many as 81 responses were recorded. Raising family income is the second most important reason assigned by the respondents.

Lack of employment facilities within the country is another important factor to go abroad. Poverty alleviation, environmental hazards, sudden economic shock and helping other family members to go abroad are also the significant economic factors for migration.

Political harassment and violence, insecurity and managing fund for marriage of sister / daughter are the important social causes to go abroad. Children's education, empowerment in the society, pressure of the parents, shouldering parents' responsibility and unhappy conjugal life are also marked social factors for migration.

Economic and social status of successful migrants has also influenced the later migrants significantly. This demonstration effect has been playing vital role for international migration. Travelling is also one of the remarkable factors for migration.

**Table 5.14 : Reasons for Migration**

<b>Reasons</b>	<b>Multiple Response</b>	<b>Most Important Factor</b>
<b>Economic</b>		
For economic upliftment	81	49
To raise family income	43	25
To alleviate poverty	33	20
Due to river erosion and other environmental degradation	21	7
To cope with sudden economic shock	27	11
Lack of employment facility	39	23
To ease migration of other family members	29	11
<b>Social</b>		
Insecurity	20	10
Political harassment and violence	27	11
Empowerment in the society	25	8
To ensure children's education and good future	29	5
To escape from unhappy marital and family relationship	16	3
To facilitate fund for marriage of sister / daughter	30	6
Shouldering responsibility of parents	18	4
Pressure of father / guardian / wife	20	11
<b>Others</b>		
Demonstration effect	26	3
Travelling	24	3
Not cited above	12	0
<b>Total</b>	<b>520</b>	<b>210</b>

Source : Field Survey (2002-2003).

The socio-economic profiles of the respondents also elucidate the causes of migration that are consistent with the above findings. Foregoing discussion of this chapter reveals that maximum migrants were young (26-35 age group) who could face adverse situations. Majority of the migrants were unmarried during their migration i.e. those who had less family burden were willing to migrate. Maximum migrants' pre-migration income was very low. This supports the view that the migrants' main intention to go abroad is to raise income. Maximum migrants belong to middle class. This indicates that they can afford migration cost at the same time this group of people are



more empowerment prone in the society. Educated young people are more inclined to migration because they are more capable to face the overseas adversities.

#### **5.4 Changing Face of Migration**

The various facets of migration changed significantly during the last half a century. Such changes underline the level of interest in migration, socio-economic background of migrants, institutional channels through which migration takes places, costs involved in the process of migration, and geographical concentration of migrants within the country. On the whole, international migration which was silent, concentrated in few geographical areas within the country, and confined to a selected group of people, has now become one of the most talked about issues, with widespread interest across different sections of the population, and dispersed across every nook and cranny of the country. The focus here is on the changes taken place overtime in socio-economic background of migrants.

Over the past decades significant changes occurred in the socio-economic background of the migrants. Four major aspects of such changes could be seen in terms of their demographic profile, education and training, employment status prior to migration, and economic background of respective families.

Although, data limitation does not allow tracing back the demographic profile of the earlier migrants, but based on the experiences with contemporary international migration it can be safely assumed that they belonged mostly to very young age groups. More than two thirds of the migrants to the Middle East-where the process started during the second half of 1970s are aged less than 30 years. And 30% of them are aged less than 25 years. Going further up in the age-ladder, about 90% of the migrants are aged 40 years or less (Mahmood, 1991a). Even such younger migrants are observed for those coming from different districts. For instance, 40% of the migrants to the Middle East as originating from Chittagong district are aged below 25 years as compared to the national average of 30%. The average age of migrants goes further down if one looks at the age distribution of migrants to newer destinations such as Malaysia. About 80% of them aged 30 years or less; and hardly 1% of them above 40 years (Mahmood, 1994).

Present study reveals that 70% of current and would be migrants are aged 30 years or below and none of them aged above 40 years.



This selectivity of migrants in very young age groups and their greater incidence over time, reflects not only the interest among the younger generation about international migration, more importantly, also the kind of work overseas that they are destined to and the mental and psychological strength thus required. As will be seen later, most of the migrants are involved in hard and tedious menial jobs abroad, which only the younger generation can be expected to undertake. Moreover, they can also face the various uncertainties associated with overseas jobs. Being young, they are capable to undertake risks, and adapt themselves with hostile environments abroad – not only in terms of hostile climatic conditions as in Middle Eastern deserts but also in terms of various institutional barriers as are the case with illegal migrants. Added to these will also be the preferences on the part of foreign employers for young and active expatriate work force to do jobs which indigenous young generation often shun (World Bank, 1981).

Being very young underlines the fact that most of those going abroad are unmarried (Table 5.7). And as the proportion of younger people in the flow of migration is on the increase so also are those who are unmarried. For instances, 87% of those who migrated to the Middle East prior to 1986 were married. And based on the experiences of migrants who returned home following the Gulf war of 1991, 59% of them were married. However, among those who migrated to Japan between 1985 to 1990 – and subsequently returned home, only 42% were married prior to migration (Mahmood, 1994).

Compared to the national average,<sup>1</sup> the average level of schooling among the migrants is quite high. More over, the proportion of those with higher level of education has been on the increase (Table 5.4). Migrants who went to the UK during the late fifties and early sixties were mostly illiterate. However, as the process of migration intensified, the level of education and training among the migrants has been rising. For instances, around 16% of those who went to different Middle Eastern countries had no education whatsoever; and 43% would had a maximum of 5 years' schooling. The corresponding figure for those migrating to Japan is hardly 8% (Mahmood, 1991a). The proportion of those with Higher Secondary level education (12 years of schooling) and above comprise 29% and 35% of the migrants going to the Middle East and Japan respectively (Mahmood, 1994).

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<sup>1</sup> Bangladesh has one of the lowest literacy rate in the world. Adult literacy rate is estimated at 53.4% in 2000. Based on the labour Force Survey of 1999-2000, 36% of the population aged 5 years and above had a maximum of 5 years of schooling; 18.2% completed 6 – 10 years of schooling. Only 6.2% of the population had a qualification of Secondary and Higher secondary level; and 2.3% degree and above level (BBS, Labour Force Survey, 1999-2000).



In the present study it has been observed that around 51% of the migrants have obtained HSC and above degree (Table 5.4).

Most of the overseas migrants have had some job experience prior to migration – whether as a salaried person or a self-employed. They comprise 56% of those migrating abroad (Table 5.8). Unemployed and students account for the rest. However, average duration of employment would not be that long, as 90% of them had been working for a maximum of 2 years before migration. Interestingly, students comprise a significant portion (about one fourth) of those who migrated to Australia, Canada and USA. This is in contrast to only 5.16% as in the case of Middle East (Mahmood, 1994). One possible explanation for this that jobs in the Middle East requires some experience which is not always applicable in the case of Canada, Australia and USA. Moreover, since migration to Canada, Australia and USA involves high risks – as being mostly outside the legal system of the countries, student – particularly with a rich family background, can afford to take that risk.

Given high cost of international migration, only those who come from relatively better off families can afford to migrate abroad. There was very little cost of migration for the pioneer migrants as were the seafarers as they simply landed from their ships. For those who followed them had to bear the cost of transportation and other incidental expenses. During the earlier years of migration most of such costs would be borne by the respective employers. However, as the process of migration intensified, and the interest in migration has been widespread, not only the level of the costs of migration soared up, most importantly, the incidence of such cost has been transferred to the prospective migrants.<sup>2</sup> Consequently, unlike in the past, migrants are increasingly being selected in the families, which are economically better off.

## 5.5 Differences of Background between Old and New Areas

As stated earlier, Noakhali and Sylhet were chosen as old as well as high migrated area, whereas Kushtia was chosen as new and low migrated area for this study.

Types of household have been observed more or less same in the three study areas. But size of household is bigger in Noakhali than that of other two areas. In respect of age

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<sup>2</sup> Such costs involve payments for visa, fees to recruiting agent, passport, medical, travel and various other preparatory expenses.

of the migrants there has been found no differences in the three districts. It is observed that the emigrants of Noakhali and Sylhet are more educated than Kushtia. At the time of first migration the migrants of Noakhali and Sylhet districts are found more unmarried than Kushtia. Occupations of the migrants before going to abroad are found more or less same. No significant differences are observed in land ownership pattern of migrants' families in urban areas of the three districts. But in rural areas, families of the Kushtia districts are found to be higher landowner than Noakhali and Sylhet. Economic solvency of the migrants' household of Noakhali and Sylhet are better than that of Kushtia. Maximum migrants of Kushtia district, especially from rural areas were migrated through recruiting agents with the help of middlemen. For this, it was observed during the field study that rate of exploitation in Kushtia is much more higher than Noakhali and Sylhet.

## 5.6 Summary

Socio-economic characteristics of migrants and their family members are diversified in nature. From the above analysis it is observed that maximum migrants belong to joint families (60.48%).

The average family size of migrants' household in urban areas is 6 and in rural areas 7.5. Majority of migrants belong to 26-30 years age group (23.81%). Level of education of majority of the migrants' of urban areas have bachelor degree and above. On the other hand, majority of the migrants of rural areas have SSC level education. Level of education of household head of migrants is higher in urban areas than in rural areas. At the time of migration maximum migrants were bachelor. Maximum migrants of the present study are construction workers, though highest numbers of migrants were unemployed and/or student before migration. Majority of remittance receivers are businessmen. Maximum migrants of rural areas belong to 0.41 – 1.00 acre land category, where as for urban areas it is 0-0.05 acre. Maximum migrants belong to medium and medium high income group. Main reason for migration is economic, though social causes are also important. Majority of the migrants are migrating through private recruiting agencies. Overtime, various issues of migration have changed significantly.



## Chapter Six

# Socio-economic Impact of Remittances

Remittances that earned by the migrants abroad ultimately percolated to the household of the migrants and their relatives and friends in different ways and means. Eventually, remittances affect various sectors and factors of the society and economy, which the migrants left behind. In the present chapter an attempt has been made to identify the different socio-economic consequences of remittances at micro level. The indicators which have been used to assess the economic impact are: income generation, saving and investment pattern, employment creation, asset lost and gained due to earn remittances, loan borrowed and repayment system etc. Moreover, to investigate social consequences, education of the migrants' children and family members, empowerment of the women of the migrants' family, social mobility etc. has been used as indicators. Social and economic impact of remittances have been demonstrated separately.

### 6.1 Economic Impact

Economic impact of remittances is very significant. It increases personal disposable income. At the same time expenditures, savings and investment at household levels are largely influenced by the remittances. Economic impact covers employment creation, income generation, changes in savings and investment, assets loss and gained etc.

#### 6.1.1 Duration of Stay Abroad

Quantum of remittance to be sent home by the migrants largely depends upon the duration of their stay abroad. Table 6.1 shows duration of stay abroad of current and returned migrants.

**Table 6.1 : Duration of Stay Overseas (in years)**

Area	No. of Migrant		Average Stay		Lowest Stay		Highest Stay		District Average
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Noakhali	40	20	7.30	6.90	2.00	2.00	20.00	16.00	7.17
Sylhet	40	20	6.69	6.53	2.00	2.00	18.00	17.00	6.64
Kushtia	40	20	5.27	4.62	2.00	2.00	14.00	8.00	5.05

Source : Field Survey (2002-2003).



It is observed from the table that the migrants of Noakhali district stayed for longer period than Sylhet and Kushtia. It is also seen that the urban migrants of Sylhet and Noakhali stayed longer period than rural migrants in all the three districts.

### 6.1.2 Cost of Migration

From the field survey it is experienced that the cost of migration varied substantially among the three areas as well as within the district in urban and rural areas. The cost of migration has been presented in the table 6.2. It divulges from the table that average cost of migration from Kushtia is comparatively higher.

**Table 6.2 : Cost of Migration (Taka)**

Area	No. of Migrant		Average Cost		Lowest Cost		Highest Cost		District Average
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Noakhali	46	24	92,230	93,620	1,000	10,000	3,10,000	2,50,000	92,904
Sylhet	46	24	93,970	95,140	2,000	40,000	2,70,000	2,75,000	94,371
Kushtia	46	24	95,400	96,000	60,000	65,000	2,00,000	2,15,000	95,606

Source : Field Survey (2002-2003).

There are mainly two reasons for difference in average cost of migration between the study areas. Firstly, due to the difference in destination countries and secondly, due to the operation of social network. Noakhali and Sylhet are old migrant producing areas and hence a large number of migrants of these areas had gone earlier and are still going to Middle East countries by procuring their visas through friends and relatives, whereas migrants from Kushtia mainly obtained visa through recruiting agents via middlemen, that led to an increase in costs. People from Noakhali and Sylhet have also migrated to Singapore, South Korea, USA and Italy. So, the average cost of migration in these districts is not as low as expected. It is needless to say that the cost of migration to the countries like, Italy is much higher than Middle East countries.

### 6.1.3 Sources of Cost for Migration

When a person takes decision to go abroad he tries to collect the fund by hook or by crook. Table 6.3 shows that the migrants realize fund from diversified sources.

**Table 6.3 : Sources of Cost for Migration (Percentage)**

Area	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Own saving	15.23	7.99	13.33	9.02	14.43	10.13	15.33	9.75	13.05
Family member	16.75	9.54	22.55	12.67	17.73	8.45	19.54	11.22	16.39
Relatives and Friends (Without interest)	22.54	15.43	24.41	19.44	11.35	9.58	20.43	15.87	19.99
Relative and Friends (With interest)	15.12	12.37	11.09	6.11	7.43	5.20	11.81	7.61	10.21
Informal money lender (With interest)	5.06	5.67	4.13	1.28	7.22	6.74	4.31	4.07	3.28
Loan from Bank	1.09	-	1.57	-	2.34	2.02	1.42	0.27	0.53
Loan from middle men	-	-	-	-	3.57	5.26	0.84	1.99	0.93
Sale of land	9.85	25.07	6.31	27.21	6.98	28.82	7.41	28.13	18.88
Land mortgage	2.11	9.45	-	8.52	1.56	8.41	1.02	8.69	4.06
Sale of Gold / Savings certificate	7.67	4.39	6.87	5.52	8.99	3.31	7.36	3.71	5.13
Sale of House / shop	4.54	1.12	6.39	1.05	12.13	1.06	7.19	0.88	3.72
Sale of property - cattle trees etc.	1.13	5.33	1.05	7.20	2.24	4.77	1.22	5.27	2.43
Dowry	-	-	-	-	1.55	3.26	0.27	0.98	0.19
Others	0.91	3.64	2.30	1.98	2.48	1.99	1.45	2.26	1.21
Total	100	100	100	100	100	100	100	100	100

Source : Field Survey (2002-2003).

It is observed from the table that highest amount of cost for migration was incurred from relatives and friends of the migrants. Land sale was the second highest source of migration cost, although, it was the source of procuring migration cost in rural areas. Borrowing from family members and own savings also constitute significant portion to cover up migration cost. Borrowing from informal moneylenders, bank loan,



loan from middlemen, sale of moveable and immovable properties have mentionable role in financing migration.

#### 6.1.4 Destination of Migrants

Many countries emerged as the destinations to the migrants. It reveals from the table 6.4 that highest number of migrants had gone to Kingdom of Saudi Arabia (51), followed by Malaysia (26). Other Middle East countries such as, Kuwait, UAE, Qatar, Oman, Bahrain are significant recipients of Bangladesh migrants. South Korea, Japan, Italy and USA do not officially import manpower from Bangladesh although Bangladeshis are going to those countries. So, it is evident that Bangladeshis are going there through undocumented means.

**Table 6.4 : Countries of Destination of the Migrants**

Area	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
KSA	10	5	11	7	10	8	31	20	51
Kuwait	4	3	5	2	3	1	12	6	18
UAE	5	4	4	3	5	2	14	9	23
Qatar	2	3	4	2	4	3	10	8	18
Oman	2	2	3	1	2	2	7	5	12
Bahrain	3	3	5	3	4	3	12	9	21
Lebanon	1	-	2	1	-	-	3	1	4
Singapore	2	-	-	-	-	-	2	-	2
Malaysia	4	3	4	3	8	4	16	10	26
Korea	3	-	1	-	2	-	6	-	6
Italy	3	-	-	-	2	-	5	-	5
Japan	3	-	1	-	2	-	5	-	5
UK	-	-	3	2	-	-	5	2	7
USA	2	-	1	-	2	-	4	-	4
Australia	1	-	1	-	1	1	3	1	4
Canada	1	1	1	-	1	-	3	1	4
Total	46	24	46	24	46	24	138	72	210

Source : Field Survey (2002-2003).

#### 6.1.5 Employment Generation and Nature of Employment

The most immediate economic impact of migration on the migrants can be understood by their employment pattern. Table 5.8 of the previous chapter shows the employment situation of the migrants before migration. Table 5.8 reveals that a significant number (56 i.e. 27%) were totally unemployed. Due to migration these people

became employed. Again, 17% of the migrants were student before migration. They may also be treated as unemployed. Moreover, remarkable number of employed persons was underemployed before migration. So, it may be opined that minimum 44% (27% + 17%) employment generation took place due to international migration. Table 6.5 exhibits nature of employment abroad.

**Table 6.5 : Nature of Employment Abroad**

Occupation	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Municipality labour	2	3	1	2	4	2	7	7	14
Mason	3	2	2	1	1	1	6	4	10
Business	3	-	3	-	3	-	9	-	9
Factory Labour	2	3	2	2	3	2	7	7	14
Tailoring	2	-	2	1	1	1	5	2	7
Agri. Labour	-	4	-	3	1	4	1	11	12
Guard/ Security	2	2	3	2	3	1	8	5	13
Salesman	4	1	2	2	2	1	8	3	12
Hotel boy	2	1	1	1	2	2	5	4	9
Salaried Job	2	1	3	2	2	1	7	3	11
Driving	3	-	2	-	3	-	8	-	8
Mechanic	3	1	3	-	2	-	8	1	9
Diploma Eng.	3	-	3	-	2	-	8	-	8
Welding	2	-	2	1	2	-	6	1	7
Electrician	2	-	3	-	2	-	7	-	7
House Servant	1	1	3	2	4	2	8	5	13
Others	4	1	5	1	3	3	12	5	17
Total	40	20	40	20	40	20	120	60	180

Source : Field Survey (2002-2003).

Note : Only current migrants and returned migrants have been included.

It reveals from the table that Bangladeshi migrants are engaged in diversified nature of jobs. However, they are deployed in the jobs of physical labour to a greater extent viz., Municipality labour, Factory labour etc.

Another important aspect of employment generation is the employment of relatives and friends abroad. The head of the household for current migrants and the returned migrant were interviewed as to how many persons have gone abroad with the help of the migrants. The outcome of the interview has been shown in the Table 6.6.



**Table 6.6 : Persons Went Abroad with the Help of Migrants**

Noakhali		Sylhet		Kushtia		Total		Grand Total
Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
31	19	25	13	9	5	65	37	102

Source : Field Survey (2002-2003).

Above table reflects that altogether 102 people went abroad with the help of 180 migrants (current and returned). Among the 102 new migrants most of them were unemployed or underemployed prior to migration. The pull effect creates an important employment opportunities for Bangladeshis abroad. In addition, remittances of migrants helped their family members have better employment opportunities within the country.

#### 6.1.6 Monthly Income Abroad

There have been major differences in the average monthly income in various destinations of the migrants. Even within a country due to the difference of occupation and skills monthly income varies significantly.

Monthly income in Japan, Singapore, and South Korea is higher in comparison to Middle East and Malaysia. Again, within those countries the monthly income of a skilled worker is much higher than an unskilled worker. Table 6.7 shows monthly income of remittances sending persons abroad.

**Table 6.7 : Monthly Income of Migrants Abroad (Taka)\***

Area and Nature of Migrant		Average		Lowest		Highest		District Average
		Urban	Rural	Urban	Rural	Urban	Rural	
Noakhali	CM	15,200	13,400	4,000	3,500	80,000	90,000	14,600
	RM	20,700	16,500	15,000	14,000	1,05,000	91,000	19,300
Sylhet	CM	16,300	13,700	4,500	4,000	77,000	75,000	15,433
	RM	19,900	16,400	14,000	14,500	1,00,000	91,000	18,733
Kushtia	CM	13,700	10,500	3,500	3,000	50,000	48,000	12,633
	RM	19,100	16,800	13,500	13,900	90,000	85,000	18,333

Source : Field Survey (2002-2003).

Note : CM= Current Migrant, RM= Returned Migrant

\*Calculated on the basis of exchange rate at January 2003.

It is observed from the table that the income of returned migrants was higher than current migrants. This may be due to deterioration of service condition and salaries abroad in recent years. Again, the average monthly income of the migrants of urban area was higher than that of rural area.

Table 6.8 indicates monthly income of the remittance senders according to their skills.

**Table 6.8 : Monthly Income Abroad according to Skillness (Taka)**

Occupation	Average	Lowest	Highest
Skilled worker	35,000	25,000	1,10,000
Semiskilled worker	28,000	20,500	45,000
Unskilled worker	5,500	3,000	15,000
Business	22,000	10,000	50,000
Salaried Employee	14,500	8,000	20,000

Source : Field Survey (2002-2003).

It reveals from the above table that monthly income of skilled worker was much more higher than unskilled worker. Even the highest monthly income of an unskilled worker was lower than the minimum monthly income of a skilled worker. Monthly income of semi-skilled worker, businessmen and salaried employee were more or less at the satisfactory level.

Monthly income of the migrants also varies according to the level of education. Table 6.9 depicts monthly income of the migrants according to their level of education.

**Table 6.9 : Monthly Income of the Migrants according to the Level of Education (Taka)**

Level of Education	Average	Lowest	Highest
No education	7,400	3,000	15,000
I – V	10,750	4,500	30,500
VI – X	12,900	6,500	42,600
SSC	13,800	6,700	85,700
HSC	16,700	15,000	90,000
Bachelor and above	20,500	14,500	1,05,000

Source : Field Survey (2002-2003).



It is evident from the above table that average monthly income of the migrant abroad increases as the level of education increases. That means, there exists positive relationship between level of education and monthly income.

### 6.1.7 Sending of Remittances

At first the migrants try to meet up their daily necessities and other expenses with their earnings abroad. Then they send money for their families. Table 6.10 reflects the proportion of the earnings migrant sent home as remittance.

**Table 6.10 : Percentage of Monthly Income Sent Home by the Migrants**

Area	Average (%)		Lowest (%)		Highest (%)		District Average (%)
	Urban	Rural	Urban	Rural	Urban	Rural	
Noakhali	66.25	65.68	21	17	95*	87	66.06
Sylhet	68.65	65.98	25	23	95*	90*	67.76
Kushtia	64.52	63.28	11	13	80	83	64.14

Source : Field Survey (2002-2003).

\* Residence, food and medical facilities were free.

It is evident from the table that the percentage of monthly earning sent home by the migrants ranged 63.28 to 65.68% in rural areas and 64.52 to 68.65% in urban areas. The proportion is highest at Sylhet (67.76%) and lowest at Kushtia (64.12%).

The importance of migrants' remittances can better be understood by drawing a comparison between incomes in home and abroad.

**Table 6.11 : Migrants' income as Percentage of Family Income before and during their Overseas Stay**

Family Income	Before Migration		After Migration	
	No.	%	No.	%
0	85	47.22	0	0
1 - 20%	27	15.00	28	15.55
21 - 40%	20	11.11	30	16.67
41 - 60%	27	15.00	39	21.67
61 - 80%	15	8.33	27	15.00
81 - 100%	6	3.34	56	31.11
Total	180	100	180	100

Source : Field Survey (2002-2003).

Table 6.11 shows that before migration 47.22% of the migrant contributed nothing to the family income, as they were unemployed and/or student. Only 3.34% of the migrant could furnish 81 - 100% of the family income. After migration, the situation changed drastically. Above table reveals that 31.11% of the migrants contributed 81-100% of the family income after migration as compared to 3.34% of before migration. Those who contributed nothing in the family income before migration, after migration their percentage disappeared. That means, after migration everybody have at least some contribution to their family income.

### 6.1.8 Flow of Remittances

The most tangible aspect of international migration is remittances. These remittances come into two forms-cash and kind. Again, the cash remittances come through various channels. At the same time, remittances in kind come through various forms.

**Cash Remittances :** Major portion of the remittances comes in cash form. Table 6.12 shows cash remittances sent by the 180 migrants (current migrant and returned migrant) estimated on the basis of information obtained by the interview of the respondents (for current migrant-head of the family and for returned migrant-migrant himself). It is seen from the table that Tk. 10,83,36,783 was sent by the migrants of urban areas. On the other hand less than half of this amount, Tk. 4,14,00,441 was sent by the migrants of rural areas.

**Table 6.12 : Flow of Cash Remittances**

Area	No. of Migrants		Average Duration of Stay (year)		Average Yearly Income Abroad Tk.		Flow of Rem. as % of Income		Total Remittance (Tk.)		District Total (Tk.)
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
1	2	3	4	5	6	7	8	9	10=2x4x6x8	11=3x5x7x9	12=10+11
Noakhali	40	20	7.30	6.90	215400	179400	66.25%	65.68%	42140856	16260732	57929862
Sylhet	40	20	6.69	6.53	217200	180600	68.65%	65.98%	39901247	15562705	55463952
Kushtia	40	20	5.27	4.62	196800	163800	64.52%	63.28%	26766406	9577004	36343410
Total	120	60	6.42	6.02	209800	174600	66.47%	64.98%	108336783	41400441	149737224

Source : Field Survey (2002-2003).

**Remittances in Kind :** A significant portion of remittances is also transferred in kind. Different studies show that transfer in kind constitutes a sizable proportion of migrant workers' remittances.



While returned back or coming on holidays the migrant himself carry or through relatives/friends send many things for their kith and kin. These goods are mainly used for homestead. But sometimes these are sold. Whatever may be the use, the value of these things is not negligible. Table 6.13 shows remittances flow in kind. Actually, these things have higher demonstration effect. However, among other things cassette players, VCR, VCP, television, camera, clothes, blankets, radio, and gold are generally favorite to the migrants.

**Table 6.13 : Remittances Flow in Kind**

Item	Noakhali		Sylhet		Kushtia		Total	
	No.	Approx. Value(Tk.)	No.	Approx. Value(Tk.)	No.	Approx. Value(Tk.)	No.	Approx. Value(Tk.)
Cassette	80	760000	72	684000	65	617500	217	2061500
VCR/VCP	17	170000	19	190000	13	130000	49	490000
VCD Player	17	510000	15	450000	11	330000	43	1290000
Computer	4	200000	5	250000	2	100000	11	550000
Camera	90	720000	92	736000	73	584000	255	2040000
Video Camera	5	75000	3	45000	3	45000	11	165000
Radio	50	75000	52	78000	47	70500	149	223500
Television	54	1620000	49	1470000	32	960000	135	4050000
Blanket	107	160500	87	130000	79	118500	273	409500
Clothes & Shoes	120	72000	150	90000	90	54000	360	216000
Kitchen Utensils	100	100000	110	110000	105	105000	315	315000
Briefcase	51	127500	56	114000	44	110000	151	377500
Watch	205	164000	175	140000	160	128000	540	432000
Gold (Tola)	70	490000	80	560000	60	420000	210	1470000
Fan	55	82500	50	75000	57	85500	162	243000
Others	97	48500	113	56500	88	44000	298	14900
Total		5375000		5178500		3902000		14347900

Source : Field Survey (2002-2003).

It appears from the table 6.13 that the migrants bring various items under baggage rules when they return back home or come back on holidays or send through their relatives and friends. Estimated market value of the items brought under baggage rules is Tk. 1,43,47,900 approximately, which is almost 10% of the cash remittances.



It may be noted here that above two kinds do not include those remittances, which the migrants carry while return they home or come on holidays and the remittances earned by selling visas. This thing will be clear from the following discussion.

### 6.1.9 Methods for Channelling Remittances

Remittances are channelled through two methods: official and unofficial. Official method includes demand draft issued by a bank or an exchange house, travellers' cheques, telegraphic transfer, postal order, account transfer, automatic teller machine (ATM) and electronic transfer. Unofficial channels are: hundi, friends and relatives, personal carriage and selling visa for cash. Table 6.14 presents channelling of remittances through different methods.

**Table 6.14 : Total Remittances Channelled through Different Methods**

Method	Noakhali		Sylhet		Kushtia		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Official	3,93,92,306	61.52	3,66,06,208	60.78	2,72,57,558	70.88	10,32,56,072	63.46
Hundi	1,44,82,466	22.62	1,49,75,267	24.87	54,51,511	14.17	3,49,09,244	21.45
Returning relatives/friends	40,55,090	6.33	38,82,477	6.45	36,34,341	09.45	1,15,71,908	07.11
Worker himself	50,82,980	7.94	45,40,660	7.54	21,15,400	05.50	1,17,39,040	07.21
Others	10,20,000	1.59	2,20,000	0.36	-	-	12,40,000	00.77
Total	6,40,32,842	100	6,02,24,612	100	3,84,58,810	100	16,27,16,264	100

Source : Field Survey (2002-2003).

It is evident from the table that 63.46% of total remittances are channelled through official methods. The second most important method of transfer is hundi and 21.45% of the total remittances are channelled through this media. The migrant workers also send remittances through friends and relatives who return home on holidays or forever. In the present case relatives and friends bring 7.11% of the total remittances. The migrants themselves personally carry 7.21% of the remittances. In most cases this money is undeclared and sold in informal money market.

Families of migrants also received remittances through another method other than those mentioned above. Migrants send visas to their family members either to take their family members abroad or for making profit by selling those visas. 'Others' category includes these cases.

Though this 'selling visas' method has very small contribution in transferring remittances but it indicates an important aspect of migration, that the migrants are also involved in the manpower export business. It is seen from the above table that mainly the migrants of Noakhali and Sylhet districts are involved in this process.

### 6.1.10 Transaction per Year

Table 6.15 reflects the number of yearly remittances transaction through different methods. It is seen from the table that the 180 families (current and returned migrant) received remittances each year in 609 instalments.

**Table 6.15 : Remittance Transaction per Year through Different Methods**

Method Used	Noakhali		Sylhet		Kushtia		Total		Grand Total
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	
Official	85	47	91	48	77	35	253	130	383(62.89)
Hundi	30	14	40	13	17	9	87	36	123(20.20)
Returning Friends/Relatives	11	9	15	11	7	5	33	25	58 (9.52)
Worker himself	9	5	7	7	6	5	22	17	39 (6.40)
Others	3	1	1	1	-	-	4	2	6 (0.98)
Total	76	76	154	80	107	54	399	210	609(100)

Source : Field survey (2002-2003).

Note : Figures in the parentheses indicate percentage.

It is observed from the above table that 383 times (62.89%) remittances comes through official channels, 123 times (20.20%) through hundi, 58 times (9.52%) through friends and relatives, 39 times (6.40%) by migrant workers themselves and 6 times (0.98%) by other means.

It may be mentioned here that there exists a difference between the amount of money received by the families through each channel and the number of transactions. Money received through official channel and hundi are 62.99% and 20.23% of total number of times respectively. Whereas, the amount received through these methods are 63.46% and 21.45% respectively. The number of transactions made through friends and relatives and carried personally by migrant workers themselves are 9.52% and 6.40% of the total number of transactions. On the other hand, the amounts received through these methods are 7.11% and 7.21% respectively.



### 6.1.11 Amount per Transaction

It was observed during the field study that the volume of transaction vary from one method to another method of transfer. Table 6.16 shows the amount of transaction through different methods.

**Table 6.16 : Average Amount Send per Transaction by Methods**

Method	Noakhali	Sylhet	Kushtia	Average
Official channel	47,978.54	46,040.91	55,947.37	49,988.94
Hundi	52,917.52	49,397.24	48,200.80	50,171.85
Returning Friend/Relatives	32,597.19	26,105.95	69,623.39	42,775.51
Workers Himself	58,371.38	56,701.55	44,208.97	53,093.97
Others	40,996.78	19,230.77	-	20,075.85

Source : Field Survey (2002-2003).

It appears from the table that the average amount transacted through the official system stands at Tk. 49,988.94. In case of hundi the amount of average transaction stands at Tk. 50,171.85. The average amount is relatively lower (Tk. 42775.51) when money sent through relatives and friends and it is higher when personally carried by the migrant workers when they came to Bangladesh on holidays or came back after completion of their contract. This amounts to Tk. 53093.97 per transaction.

### 6.1.12 Transaction Cost in Various Methods

**Official Channel :** To channel remittances each method incurs some costs. In this section an attempt has been made to quantify the cost incurred for transaction of remittances. First let us discuss the cost incurred by the remittance receivers through official channels. Official channels have a nominal service charge for handling the transaction of remittance. However, except for few persons none of the respondents could state the fee charged by the banks. Actually, charges for transaction varies a little from bank to bank. From the head office of the banks, information was gathered about the transaction costs of remittances. Sonali, Janata, Agrani and Rupali Banks charge Tk. 100 as service charge when they process a draft handed over to them by a remittance receiver in their local branches. But a section of remittance receiver respondents alleged that they were required to pay speed money in official transaction. Table 6.17 shows incidence and amount of speed money in official transaction.



**Table 6.17 : Speed Money in Official Transaction**

Taka	Times				Person			
	Noakhali	Sylhet	Kushtia	Total	Noakhali	Sylhet	Kushtia	Total
50-100	1	4	4	9	1	2	2	5
101-200	2	6	10	18	1	2	3	6
201-300	4	5	15	24	2	2	6	10
301-400	5	25	5	35	2	4	2	8
401-500	8	10	2	20	3	3	1	7
501-600	2	10	1	13	1	2	1	4
601-700	4	5	2	11	2	2	2	6
Total	26	65	39	130	11	17	15	46

Source : Field Survey (2002-2003).

Above table shows the amount paid as speed money, the number of incidents and the number of persons involved in such transactions. The amount ranges from Tk. 50 to 700. Speed money was paid 130 times by a total number of 43 remittance receiving persons. The total amount paid was Tk. 33,550. The rest 134 families did not pay any speed money.

The respondents reported a few reasons for the payment of bribe as speed money. Some mentioned that one had to pay an additional charge if the amount was large or if one needed to collect the money on an urgent basis.

**Service Charge :** Service charges for transferring remittances vary from country to country and also within a country for different methods. The returned migrants disclosed that there are three types of institutions for sending remittances through official channel. These are: host country's local bank or foreign banks, Bangladeshi Banks (in a very few country) and money exchange houses. At first a draft is prepared through any of these institutions, then it is sent to Bangladesh either by postal system or through courier service. Of the above institutions, Bangladeshi Banks charge lowest amount. Costs vary from Tk. 50 to Tk. 2000 at different countries in the above institutions.

**Unofficial Channel :** Transaction cost in unofficial method is very low or nil. In case of transaction through returning friends and relatives or by the migrant himself the transaction cost stands nil. For hundi, most of the respondents reported that there were no service charge, but few mentioned a nominal charge. But the main thing manifested by the respondent is the high risk in hundi method. Respondents reported that they lost money through hundi method. The amount lost was Tk. 6,50,000.

**Transport Costs :** There is hardly any conveyance cost involved for receiving or sending money through hundi or friends and relatives. Generally hundi agent personally collects money from the senders and then delivers to the migrants' homes. Banks are located in relatively close proximity of the three study areas. Remittances receiving families mainly go on foot to the banks for transactions. In the host country migrants had to face some transport cost for official channel because the branches of banks or exchange houses are not located in convenient sites.

**Other Costs :** In a few incidents the illiterate beneficiaries of remittances had to incur some additional costs, as they needed to secure help from others to process banking formalities. In such cases they treated them with food and pay for their transport cost.

### 6.1.13 Transfer Time

Time required in remittance transfer process is an important factor. To account the total transfer time through official channel, the number of days involved between posting of the draft by the remitter and its receipt by the recipient has been included. In case of hundi, the number of days calculated begins from the time they receive information from the remitter by either phone or fax. Table 6.18 indicates transfer time on various methods.

**Table 6.18 : Remittance Transfer Time in Different Methods (in days)**

Method	Highest			Lowest			Average		
	Noakhali	Sylhet	Kushtia	Noakhali	Sylhet	Kushtia	Noakhali	Sylhet	Kushtia
Demand draft	21	19	25	3	2	3	10.50	9.75	12.25
Hundi	3	2	3	.04	.05	.08	0.75	0.80	1.00
Relatives/Friends	3	3	4	1	1	1	1.5	1.5	2
Worker Himself	2	2	2	1	1	1	1.5	1.5	1.5
Others	5	4	-	3	3	-	3.75	3.50	-

Source : Field Survey (2002-2003).

From the above table it is seen that in case of Noakhali on an average it takes 10.25 days through banks, 0.75 day i.e. 18 hours through hundi and 1.5 days through relatives and friends. In case of Sylhet and Kushtia the times are 9.75 days and 12.25 days, 0.80 day (i.e. 19 hours) and 1.00 day, and 1.5 days and 2 days respectively.



### 6.1.14 Problems Faced in Transaction of Remittances

Receivers and senders of remittances face various problems at home and abroad. Table 6.19 demonstrates number of problems at home and abroad in transacting remittances.

**Table 6.19 : Problems in Transacting Remittance (No. of Families)**

Area	Official Channel		Unofficial Channel		Total	
	Abroad	Home	Abroad	Home	Abroad	Home
Noakhali	2	13	-	2	2	15
Sylhet	3	19	-	4	3	23
Kushtia	3	16	-	3	3	19
Total	8	48	-	9	8	57

Source : Field Survey (2002-2003).

From the above table it is evident that out of 180 families (current and returned migrants) 57 faced problems in receiving remittances, of which 48 are in official channel and 8 are in unofficial channel. Again, out of 90 returned migrants, 8 faced difficulties in sending remittances at overseas. It is important to note that the migrants face no difficulties in abroad in sending remittances through unofficial channels.

### 6.1.15 Relative Advantages and Disadvantages of Different Methods

The interviewees identified certain advantages and disadvantages of the methods they had used.

**Official Method :** Official method was considered to be the most secured method. There is little risk of losing money if it is sent by this method. None of the respondents reported any loss of drafts or cheques.

Relatively longer transaction time was seen as a major problem in transacting through bank. On many occasions, migrants' families needed immediate transfer of funds. But the banking system is not sufficiently geared to respond to such needs. Some respondents reported that they had to pay bribe to encash drafts. Some bank functionaries were reported to have harassed the respondents on flimsy grounds in order to secure extra money. Some delayed payment on different pretexts. Some illiterate and semi-literate respondents reported that they had to bring someone else along with them to help them to process the formalities of encashing a draft. This entails additional cost.

Beside the above problems in receiving remittances, migrants face few problems in sending remittance. The location of banks / exchange houses are not at his convenience. It takes relatively a longer time to prepare a draft. Some respondents (returned migrant) reported that the behaviour of some bank officials (Bangladeshi) were not congenial. The charges of official system are relatively higher. Lastly, banking hours coincides with their working hours.

**Hundi :** The foremost advantage of the hundi system is the transfer of money at a short period of time. Few of the respondent families had the experience of receiving remittances within hours of telephonic conversation with their migrant relative. Another important advantage is that hundi operators deliver money at home and all forms of transaction formalities could be avoided. In addition, recipients did not have to pay any charge, commission or speed money. The exchange rate offered by the hundi operators is 1-2% higher than the official exchange rate. In urgent situation this is the quickest method for sending money. The hundi operators provide door-to-door services to both sending and receiving ends. Most important is that, the undocumented migrants can transfer remittances through hundi system safely, that is without any legal penalties for their illegal staying.

It is interesting to note that there are other social reasons for sending remittances through hundi. Migrants send money to wives, father-mother or brothers separately and preferred to keep the sent amount secret, as it creates tension among the family members. Also, there is fear of extortionists. Hundi provides the opportunity to maintain such confidentiality.

The main disadvantage of hundi is the fear of losing money. During field study nine such incidents were observed.

**Hand-carried or Sent through Relatives and Friends :** Respondents felt that the safest method of remittances transaction is carrying personally by migrant workers themselves. The remittances receiving families treated sending remittances through friends and relatives are also secure method of transaction. However, migrant workers and their relatives and friends do not always travel frequently home. These methods cannot be used as frequently as the above two other methods i.e. bank and hundi method.



### 6.1.16 Use of Remittances

Remittances that earned by the migrants abroad are used for multifarious purposes at the household level. Field study reveals that bulk of the remittance money is used in daily expenditure for food and clothing. Another big segment goes into house construction/repair. Table 6.20 shows sector wise use of remittances in value terms by 180 respondents' families (current and returned migrant) under the present study.

**Table 6.20 : Use of Remittances**

Sectors	Noakhali		Sylhet		Kushtia		Total	
	Amount (TK.)	%	Amount (TK.)	%	Amount (TK.)	%	Amount (TK.)	%
Food and Clothing	16149083	25.22	14851389	24.66	11656865	30.31	42657337	26.22
Home Construction/Repair	10085173	15.75	10364656	17.21	7814830	20.32	28264659	17.35
Land Purchase (Village)	1504772	2.35	2023547	3.36	849940	2.21	4378259	2.69
Land Purchase (Town)	2087471	3.26	1716401	2.85	761484	1.98	4565356	2.81
Release of Mortgaged Land	480246	0.75	379415	0.63	334592	0.87	1194253	0.73
Repayment of Loan	3745921	5.85	2643860	4.39	3172852	8.25	9562633	5.88
Education of Children and Family Members	2049051	3.20	2137974	3.55	1088384	2.83	5275409	3.24
Medical Treatment	1312673	2.05	1668222	2.77	596112	1.55	3577007	2.20
Investment in Business	4559138	7.12	3023276	5.02	1949862	5.07	9532276	5.86
Savings/Fixed Deposit	3521806	5.50	2077749	3.45	1119151	2.91	6718706	4.13
Gift/Donation to Relatives	1075752	1.68	1138245	1.89	223061	0.58	2437058	1.50
Sending Relative For Pilgrimage /Umrah	806814	1.26	855189	1.42	253828	0.66	1915831	1.18
Sending Family member abroad	3041560	4.75	2143996	3.56	1280678	3.33	6466234	3.97
Purchase of Furniture	1415126	2.21	1270739	2.11	711488	1.85	3397353	2.09
Social Ceremonies	5359549	8.37	5450327	9.05	2476747	6.44	13286623	8.17
Community Dev. Activities	755588	1.18	1752536	2.91	265366	0.69	2773490	1.71
Purchase of TV, VCR, VCP, Freeze	1991421	3.11	2137974	3.55	1434514	3.73	5563909	3.42
Purchase of Vehicle	608312	0.95	1180402	1.96	511502	1.33	2300216	1.41
Purchase of Machine/Tools	441826	0.69	831100	1.38	457660	1.19	1730586	1.06
Land Cultivation	589102	0.92	343280	0.57	238445	0.62	1170827	0.72
Loan to Others	499456	0.78	162606	0.20	57688	0.15	719750	0.44
Religious Institutions	1613628	2.52	1656177	2.75	1026850	2.67	4296655	2.64
Others	339374	0.53	415550	0.69	176911	0.46	931835	0.58
Total	6,40,32,842	100	6,02,24,612	100	3,84,58,810	100	16,27,16,264	100

Source : Field Survey (2002-2003).

The sectors in which remittances were utilised are fooding and clothing, home construction/repair, land purchase in rural and urban area, release of mortgaged land, repayment of loan, education of children and family members, medical treatment, investment in business, savings/fixed deposit, gift/donation to relatives, sending relatives for pilgrimage, sending family members abroad, purchase of furniture, social ceremonies, community development activities, purchase of TV, VCR, VCP, Freeze etc., purchase of vehicle, purchase of machine/tools, land cultivation, giving loan to others, religious institutions and other purposes. The word 'other' includes payment of speed money, expenses for litigation, misappropriation of remittances by hundi operators or relatives.

It is observed from the table that on an average 26.22% of remittances were used by families in food and clothing. Home construction/repair also consumed a large portion of remittances (17.35%), 8.17% of remittances were used for social ceremonies. Repayment of loan, education of children/family members of migrants, sending family members abroad, and purchase of luxury goods, such as, TV, VCR, VCP, freeze etc. accounted for significant proportion of remittances. For investment in business only 5.86% of remittances were used.

**Dwelling Unit before and after Migration :** It is seen from the table that a large portion of remittances (17.35%) was used in home construction and repair. The houses owned by the families of migrants may be categorised as follows:

Pucca – brick house with concrete floor and roof,

Semi-pucca – brick wall and floor with tin roof,

Semi-katcha – tin structure with earth floor, and

Katcha – mud floor and wall (or bamboo fence) with roof tin or thatched.

Table 6.21 presents nature of house owned by the migrant families before and after migration (at present).



**Table 6.21 : Nature of House before Migration and at Present**

Type	Noakhali		Sylhet		Kushtia		Total	
	B.M	At present	B.M	At present	B.M	At present	B.M	At present
Pucca	6	10	7	9	5	10	18	29
Semi-Pucca	11	17	12	18	10	16	33	51
Semi-Katcha	35	30	34	29	36	29	105	88
Katcha	8	3	7	4	9	5	24	12
Total	60	60	60	60	60	60	180	180

Source : Field Survey (2002-2003).

Note : BM= Before Migration

The table shows upward trend of the house regarding structure. Before migration 24 migrants used to live in katcha houses, currently only 12 live in them. 105 used to live in semi-katcha houses, at present 88 live in similar houses. 33 used to live in semi-pucca houses, now 51 live in them. Before migration 18 used to live in pucca houses, now the number has increased to 29. It is important to note that in many cases although the types of homestead remain the same, but they have repaired sufficiently.

**Land Holding before and after Migration :** Use of remittances in housing or land purchase is unproductive since it does not add value to the country's productive capacity and also results in inflation (Arnold, 1992). But if considered from migrants' point of view that given the lack of viable avenues of investment, law and order situation and concomitant pressure from the extortionists, land and housing still constitute the safest avenue for remittances utilisation. Arable land immediately provides economic return through crop production and value of both arable and homestead land increases over time. Use of remittances in releasing mortgaged land is also quite important in the rural context as it re-establishes the right of the person to cultivate the land. It also adds to the social esteem of the family concerned. Construction of house is not also seen by early studies as productive venture. This is because such an investment is generally seen as improved economic status rather than avenue of economic activity. However, home construction may be seen as durable asset, which does have exchange value. Some UK based Bangladeshi expatriates of Sylhet district investing large amount in real estate business in Dhaka and Sylhet. During field study they argued in favour of such investment. Investment in house can also be treated having potential for migrant workers

as it can be used as collateral if any one wants to borrow for investment from bank. Table 6.22 depicts land size before and after migration.

**Table 6.22 : Average Land Holding before and after Migration (in acre)**

Area	Cultivable		Homestead	
	Before	After	Before	After
Noakhali	1.35	1.27	0.09	0.13
Sylhet	1.01	1.14	0.18	0.25
Kushtia	1.47	1.65	0.13	0.19

Source : Field Survey (2002-2003).

The table exhibits that some changes have occurred in landholding pattern of the remittances receiving households. In Noakhali there has been reduction in ownership in arable land, while in Sylhet and Kushtia it has increased. With regard to homestead land there has been an increase in both the three study areas.

**Repayment of Loan :** International migration involves huge cost and it was seen earlier that a significant portion of these cost was borne through borrowing. Therefore, the first thing the migrant families do when remittance starts flowing in, is to pay off the debts. Table 6.20 shows that 5.88% of total remittances went into repayment of loan. From the above table it is also evident that 5.85% and 4.39% of total remittances were spent in this purpose by the families of Noakhali and Sylhet respectively, where as the families from Kushtia spent 8.25% of their total remittance for the same reason. This was because the average stay abroad of the migrants of Noakhali and Sylhet was longer than the migrants of Kushtia. Table 6.23 indicates loan repayment situation.

**Table 6.23 : Repayment of Loan Incurred for Migration**

Area	Fully Paid	Partially Paid	Not Paid	Not Applicable	Total
Noakhali	19	14	10	17	60
Sylhet	21	13	7	19	60
Kushtia	11	24	14	11	60
Total	51	51	31	47	180

Source : Field Survey (2002-2003).

Table 6.23 shows that 28.33% (51) of the families paid back the total loan taken for migration, another 28.33% partially paid and 17.22% (31) could not repay their loans at all. Rest 26.11% (47) did not take any loan for migration.



**Investment in Business :** Only 5.86% of total remittance was invested in business. Such investment was made by 67 persons (37.22%). Of them, 29 from Noakhali, 23 from Sylhet and only 15 from Kushtia. Sectors of investment have been shown in Table 6.24.

**Table 6.24 : Sectors of Business Investment**

Sectors	Noakhali	Sylhet	Kushtia	Total
Stationary Shops	5	3	1	9
Super Market	1	1	-	2
Phone-Fax	3	2	1	6
Hotel	6	5	-	11
Tailoring	2	1	1	4
Irrigation Scheme	-	-	2	2
Stock Business	4	3	2	9
Poultry Farm	3	3	2	8
Fish Farm	2	1	2	5
Saw Mill	1	1	1	3
Hardware Shop	1	-	1	2
Bus/Truck	1	1	1	3
Handloom Factory	-	-	1	1
Others	-	2	-	2
Total	29	23	15	67

Source : Field Survey (2002-2003).

It is observed that out of 67 persons, majority people (16.42%) were engaged in hotel business, stationery shop (9) attained the second position. Poultry farm, construction of super market, phone-fax shop, tailoring, irrigation scheme, fish farm, saw mill, hardware shop, bus/truck business and handloom factory are mentionable sectors where the remittances money were invested.

**Savings :** In the study areas the amount of savings was very low. It was only 4.13% of the total remittances. Major amount of savings were kept in banks, a small amount made fixed deposits and still a minimum used by taking insurance policies.

**Social Ceremonies :** A sizeable portion of remittance (8.17%) has been used in social ceremonies, such as wedding, Eid, circumcision, naming and birth day of children and death ceremony of family members. Among these the highest portion has been spent in wedding of family members of the remittances senders. Migrants spent a lot of money in their own weddings also. Dowry was paid when their sisters and daughters were married

off. Slaughtering cow and goat and new dresses for kids and relatives during Eid are other avenues of spending. Circumcision of sons, naming and birthday of children and death ceremony of family members are the mentionable occasions, where the remittances are spent. The people of all the three areas considered that social status of the family is associated with those occasions, so they observed them as gorgeously as possible.

**Financing Migration of Other Family Member :** A remarkable portion of total remittances (3.97%) has gone into financing migration of other family members. Respondents treated it as a very important investment for further enhancing the family income.

**Purchase of Luxury Goods :** Apart from the baggage rule carrying, the migrants' families purchase TV, VCR, VCP, Freeze etc. from the domestic market. They spend a substantial portion of remittances (3.42%) for this purpose.

**Education of Children and Other Family Members :** Majority of the migrants' family stay at home. A significant portion of remittances (3.24%) is also used to educate the children, sisters and brothers of the migrants.

**Community Development Activities :** A small amount of remittances (1.71%) was contributed to community development activities, such as - school, college, madrasa, hospital etc.

**Other Activities :** Others activities include medical treatment of family members, gift/donation to relatives, sending relatives for pilgrimage/umrah, purchase of furniture, purchase of vehicle, purchase of machine/tools, land cultivation, donation for religious institutions and festivals, misappropriation, speed money, court settlement etc.

#### **6.1.17 Problems of Investment**

The returned migrants and family heads of current migrants identified different types of problems that they faced in investment within Bangladesh. The problems appeared to be very complex for them. Table 6.25 shows the problems those were identified by the 180 respondents.



**Table 6.25 : Problems of Investment**

Types of Problem	Yes	No
Lack of contact with mainstream economic forces	98 (54.44%)	82 (45.56%)
Lack of information about profitable sectors of investment	95 (52.78%)	85 (47.22%)
Lack of information about advisory service providing institutions	92 (51.11%)	88 (48.89%)
Unproductive use of remittance and lack of capital	86 (47.78%)	94 (52.22%)
Lack of access to formal credit	126 (70.00%)	54 (30.00%)
Bureaucratic red tapeism	129 (71.67%)	51 (28.33%)
Corruption in public office	140 (77.78%)	40 (22.22%)
Deterioration of law and order situation	158 (87.78%)	22 (12.22%)
Others	15 (8.33%)	165 (91.67%)

Source : Field Survey (2002-2003).

Above table indicates that migrants tend to lose contact with the mainstream economic activities. A large number of respondents identified deterioration of law and order situation as one of the major problems for investment. They also identified a host of other problems that they had to reckon with on investment and these include, bureaucratic red tapism, lack of access to formal credit, corruption in public offices, lack of information and advisory services. Most of the migrant workers knew that part of their remittances would be used for consumption purposes of their families. However, they expected that some amount would be kept aside for them for their use once they returned. Unfortunately on return some migrants found that their families had spent the entire amount or if kept the amount appeared to be very little.

## 6.2 Social Impacts

Like economic impact, international migration has some social bearings too and those are worth mentionable. Prolonged and recurrent absence of migrants from their families affects the children and wife, elderly parents and brothers and sisters of their households. The society, the migrants left behind is also affected. In this section an attempt has been made to identify the social tradeoffs and gains of migration both on for migrants and their families and the society they left behind.

### 6.2.1 Impact on Children

It is natural that the absence of migrants (father of the children) may have some consequences on their children. Children's education, age of marriage, exposure to peer group and coping in stress situations are the main issues used to assess the impact on children.

**Education :** In case of the married migrants, one of the major expectations was to ensure education of the children. The migrants expected that their income flow would enable them to enrol their children in better academic institutions and ensure access to their children's private tutoring services. However, experiences of these families showed that migration brought both positive and negative consequences with respect to children's education. Table 6.26 shows the education situation of the migrants' children.

**Table 6.26 : Education Status of the Migrants' Children**

Education Status	Frequency	Percentage
Improved	42	53.17
Deteriorated	28	35.44
Unchanged	9	11.39
Total	79	100

Source : Field Survey (2002-2003).

The above table reflects that in 42 cases the increased income from migration enabled the families to provide better educational opportunities to their children. This included ability to buy books and stationeries, admission in better schools and enabling access to private tutoring. 28 interviewees felt that the education of their children was hampered due to their absence. According to them, this was due to lack of guidance and insufficient income abroad. 9 respondents reported that their children's education remained unchanged. Those who accompanied children with them stated that medium of learning hampered education of their children.

**Marriage :** Many migrated with an objective to earn enough so that they can bear marriage expenses for their children, especially girl. This target was fulfilled in 37 cases. But, migration of principal members of the household sometimes resulted in the early marriage of their children. In the absence of the father, taking care of an adolescent girl was found particularly difficult for their mother. Early marriage for girl was a convenient way of



solving the problem. In some cases, the young girls established affair with young boys and resulted in an early marriage in absence of their father. Nine such incidents were observed in the three study areas. In the same way seven male children married at an early age.

In Sylhet, special type of marriage of the migrants' daughter was observed and it is called 'forced marriage'. The migrants who settled in UK desired to get married their daughters (known as 'Londonee Kaynna') to the bridegroom of his relatives in Bangladesh to pave the way for migration of the later

**Drug Addiction :** Drug addiction emerged as a warning feature of migration. Lack of fathers' guidance and supervision and love resulted in leading the young sons to the path of drug addiction. 7 such incidents were observed during field study. Five of these cases were in urban areas and rest three were in rural areas.

**Stress Situation :** In some cases children, especially male child had to bear the household burden due to the absence of their fathers. Sometimes they had to face few unwanted situations, such as, threats of extortionists, miscreants etc. In such situation, they felt very helpless in absence of their father.

Apart from the above impact, it was observed that the children of some migrants got exposed to the destination country of their father. Some respondents reported that their sons were inspired by their migration to the foreign land and that when they grew up they would like to go abroad. So, father's migration exposes his children to the way of life in other societies.

From the foregoing discussion it is clear that migration created mixed results on the children of the migrants. In some cases, their education process was improved through increased income and on some occasions, their education suffered due to the absence of their fathers. Father's migration on a few occasions was detrimental to children's education, specifically the elder ones had to sacrifice their studies for managing the household and looking after the younger ones. Some cases were also found in which children had gone through the traumatic experience due to the absence of their fathers. Again, some gained confidence and became more capable of taking care of them because of their father's migration.

Migrant families do not face the problems mentioned here only. Now a day the exposure of youths to drugs, violence and crime is a general phenomenon in our society. Whether such problems are more frequent for migrant families can only be assessed after conducting a comparative study of migrant and non-migrant families. However, many problems developed due to the fact that members of migrant families are left alone and do not have any social support or guidance from any institutions or other sources.

### 6.2.2 Impact on Wives

International migration may affect spouses in various ways. Wife of the migrant may feel depressed and lonely or may not be able to cope with the adverse situation.

As stated earlier 79 migrants were married at the time of first migration. Another 7 current migrants were found married at the time of interview. Out of these 86 migrants only five took their wives with them. So, the rest 81 persons kept their wives at home. Respondents were interviewed about the husband – wife relationship of these 81 couples. The outcome of the interview has been stated in the Table 6.27.

**Table 6.27 : Nature of Relationship between Migrants and their Wives**

<b>Nature of Relationship</b>	<b>Number</b>	<b>Percentage</b>
Improved	36	44.44
Deteriorated	15	18.52
Unchanged	30	37.04
<b>Total</b>	<b>81</b>	<b>100.00</b>

Source : Field survey (2002-2003).

It reveals from the above table that in 36 cases the relationship improved. Higher income and fulfilment of demands of wives are the main causes of such improvement. The relationships between 30 couples were unchanged. But in 15 cases the relationship of conjugal life deteriorated. The causes of such deterioration were husbands' long-time non-communication with wives, affair with other men, and misappropriation of fund by the wives or by her maternal relatives.

Some previous studies (Battistella, 1997; S.T. Hettige, 1997) have shows that as a general principle, when men migrate in search of work elsewhere, women's workload and responsibilities increase immensely. During field study it reveals that in the absence of the male partner the female partner takes over a double role, both of mother and that



of father. This, on many occasions, has resulted in breaking the traditional gender based division of labour.

### 6.2.3 Impact on Elderly Persons

International migration of adult male members may have some adverse effect on the elderly people, especially aged parents of migrants. During field study it was observed that the remittances might facilitate better medical treatment for the sick elderly persons in the family but in some cases migration causes difficulties to them. The elderly father and mother had to manage the household and also to take care of the children of the migrants.

It was revealed during field survey that some of the elderly people faced problems to cope with the needs of growing children. They faced different kinds of problem with children of different age groups. Some of these persons felt particular difficulties in coping with adolescent. Adolescents refused to take the type of discipline, they would have taken from parents, from grand parents. A few of these elderly persons were particularly concerned about their lack of ability to protect adolescent girls. In the absence of the father it was difficult to keep a constant eye on them and some of them could easily delude their grand parents.

### 6.2.4 Empowerment of Women

International migration of the male members of the family creates scope for the empowerment of women. In the absence of the migrant, his father acts as the family head but in his absence his mother or wife assumes the responsibility. In 68 household, out of 180 migrants' households, women (mother or wives or both) were family head during the time of migration of male members. The situation of empowerment of these women has been presented in the table 6.28.

**Table 6.28 : Condition of Women Empowerment**

Position of Women in Household	Frequency	Percentage of Total
Only Mother Head	37	20.56
Only Wife Head	22	12.22
Both Mother and Wife Head	9	5.00
Total	68	37.78

Source : Field Survey (2002-2003).

The women of the above families can take decision independently on spending the remittances, education of their children, marriage of the family members and managing other household activities. In some instances the system continued ever after the return of the male migrants.

### 6.2.5 Internal Migration

International migration caused internal migration in the study areas. Though there was no single incidence of urban – rural migration but urban – urban and rural – urban migration took place due to international migration. Five cases of urban – urban migration were observed. Three from Noakhali to Dhaka and two from Kushtia to Dhaka. 19 cases of rural – urban migration were documented. Table 6.29 shows rural – urban migration of the migrants and their families.

**Table 6.29 : Rural – Urban Migration**

Rural Area	Number	Total No. of Respondent	Percentage of Total
Noakhali	7	24	29.17
Sylhet	4	24	16.67
Kushtia	9	24	37.50
Total	20	72	27.78

Source : Field Survey (2002-2003).

It is seen from the table that internal migration trend of Kushtia district was higher in comparison with other two districts. This was due to the disturbances of the arms cadre extortionists in the rural areas of Kushtia district. Existences of such arms cadres were not felt in the rural areas of other two districts. In Sylhet urban – urban migration was nil and rural – urban migration was the lowest.

### 6.2.6 Social Mobility

International migration acts as a catalyst for social mobility. Successful migrants' income and wealth have infused them with a new life. In the study areas, upward social mobility of the migrants' family was recognised not only by the respondents themselves but also by the local leaders and elites. Table 6.30 shows the social status after migration according to the respondents.



**Table 6.30 : Social Status after Migration**

Social Status	Noakhali	Sylhet	Kushtia	Total	Percentage of Total
Raised	40	38	35	113	62.78
Reduced	6	7	10	23	12.78
Unchanged	14	15	15	44	24.44
Total	60	60	60	180	100.00

Source : Field Survey (2002-2003).

It reveals from the above table that 113 (62.78%) respondents are reported to have their social status raised due to the migration of their relatives. 44 (24.44%) interviewees reported that their social status remained same because overseas income of their migrant relatives was not sufficient. 23 (12.78%) respondents told that their social status reduced due to international migration as because the migrants' overseas income was very low.

Interview with the local Union Parisad chairman and Upazila Nirbali Officer (UNO) reveal that successful migrants' family members and returned migrants are respected by the society they belong to. They are selected for the honourable posts of the religious and social institutions, like mosque, madrasa, school, college etc., because they donate a handsome amount in the development of these institutions. They are also paid due respect in various social ceremonies, such as Eid, marriage, birth day and so on.

### 6.2.7 Social Empowerment

Social empowerment is another consequence of remittance inflow. People, especially of the rural areas have more or less fascination for such power. During last Union Parisad Election, 2003 (held between January to February) active involvement of the returned migrants or their family members was very much visible.<sup>1</sup> They spend significant amount of remittances for this purpose. During last Union Parisad election either the returned migrants or migrants' family members were found to have participated (Table 6.31).

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<sup>1</sup> Field study of this research was conducted just prior to this election. This was the picture of only one Union of each district.

**Table 6.31 : Candidature of the Migrants or Migrants' Family Member**

Nature of Candidature	Noakhali	Sylhet	Kushtia	Total
Chairman	2	1	0	3
Member	3	3	1	7
Total	5	4	1	10

Source : Field Survey (2002-2003).

Acting Union Parisad Chairman and UNO admitted that remittances have great influence in rural power structure. When the rural people become financially solvent they try to become socially empowered. During field study such truth was displayed by the activities of the returned migrants and current migrants' family members.

### 6.2.8 Education of Other Family Members

As stated earlier, in majority cases effect of remittances on the education of children of the migrants were positive. At the same time, remittances plays vital role in the improvement of education of other family members of the migrants, such as, brothers, sisters, nephew etc. It has been seen that 3.24% of total remittances was spent in educating the children and family members of the migrants. During field study it was revealed that a portion of migrants' income was spent for this purpose. Most of the respondents revealed that remittances played positive role for educating the family members. This was due to better school, better facilities of education and house tutoring. In few cases negative impact were also observed.

### 6.2.9 Social Development Activities

Migrants play a significant role in the development of his own society. In Sylhet it was very distinguishable than other two areas. Many schools, madrasas, colleges and roads were constructed and rural electrification was commissioned by the expatriate Bangladeshis of that region. Few organizations of expatriate Bangladeshis were found to be active in the poverty alleviation of the rural areas of Sylhet district. In Noakhali area, social development activities of the migrants are also mentionable. But in Kushtia such type of activities by the migrants was not so much significant.



### 6.2.10 Impact on Migrant Worker Himself

International migration affects the migrant workers in various ways. It exposes him to a new world, giving the migrant the opportunity of self realisation and income maximisation. This may result in tremendous hardship, increased vulnerability to exploitation and mental and physical abuse. This section attempts to highlight various experiences that the migrant went through during their migration period and after their come back in the country. This is based on reflections of 90 returned migrants.

**Exposure to New Environment :** It is natural that coping with a new environment is a big challenge for the migrants. None of the migrants knew the language of the country of destination (other than English), neither had they good command over English language. Therefore, when they migrated abroad they hardly possessed any communication skills. Also, they were unknown about the rules, regulations, customs and traditions of the host country.

However, according to the migrants, within a few months, they were able to learn the basics of the language of the host country. Gradually, they became accustomed to the new environment with their sincere effort and they became acquainted with the norms and traditions of the host country. Except a few, most migrants considered these transitions as a means of enriching their experiences which in tern increased their confidence level.

**Employment Experience :** Almost all the migrants went through extreme hardship during the period of their stay abroad. Long working hours, contract substitutions, non-payment or irregular payment of wages have been some of the problems faced by them at their working places abroad. The migrants have mixed experiences about their employer. Table 6.32 shows behaviour of the employers in the host country which the returned migrants disclosed during their interview.

**Table 6.32 : Behaviour of the Employer**

Behaviour	Frequency	Percentage of Total
Excellent	15	16.67
Good	27	30.00
Bad	34	37.78
Worst	14	15.55
Total	90	100.00

Source : Field Survey (2002-2003).

Above table reveals that highest number of respondents 34 (37.78%) opined that the behaviour of their employer was bad. 27 (30.00%) respondents exposed that their employers' behaviour were good. Another significant number of respondents 15 (16.67%) and 14 (15.55%) revealed that their employer's behaviour were excellent and worst respectively.

**Harassment at the Working Place :** Migrant workers were harassed in various ways. Out of 90 returned migrants 48 described their nature of harassment. Table 6.33 indicates the nature of harassment at the place of the migrants' employment.

**Table 6.33 : Nature of Harassment**

Nature of Harassment	Frequency
Underpayment	17
Irregular payment	21
Denial of holidays	32
Wage freeze	16
Longest working hour	35
Physical abuse	14
Discrimination	9
Wage cut	5
Importation threat	7
Service tax	21

Source : Field Survey (2002-2003).

Above table depicts that among the various types of harassment longest working hour (35) and denial of holidays (42) were the highest. Underpayment (17), irregular payment (21), wage freeze (16), physical abuse (16) and service tax (21) were remarkable types of harassment.



### 6.2.11 Problems Faced by the Returnees

Migrants face a lot of social problems after their coming back to the home country. These social problems identified by returned migrants constitute major impediments in their reintegration process. They reported that friends and relative considered them to be fortunate ones among them and made different types of claim on their resources that are very difficult to withstand. Table 6.34 shows social problems of 90 returned migrants.

**Table 6.34 : Social Problems Faced by the Returnees**

Types of Problem	Yes	No
Request for financial help from relatives	46 (51.11%)	44 (48.89%)
Request for financial help from friends	31 (34.44%)	59 (65.56%)
Pressure from extortionists	29 (32.22%)	61 (67.78%)
Pressure to arrange migration visa	4 (4.44%)	86 (95.56%)
Pressure to clear outstanding debt	5 (5.56%)	85 (94.44%)
Pressure for investment in business	10 (11.11%)	80 (88.89%)
Pressure for spend in social ceremonies	20 (22.22%)	70 (77.78%)
Help for weddings	19 (21.11%)	71 (78.89%)
Others	8 (8.89%)	82 (91.11%)

Source : Field Survey (2002-2003).

Above table expresses that request for financial help from relatives (51.11%) and friends (34.44%), and pressure from the extortionists (32.22%) were the major problems for the returnees. Some returnees stated that all these have contributed to a sense of distrust towards surrounding environment. Problems such as those mentioned above encountered by the migrant workers on return stifled their initiative to start afresh and make them yearn for the life they left behind abroad.

### 6.2.12 Delay in Finding Livelihood

Long time detouchments and various irregularities, and corruption in every sphere of social life in homeland caused delay to engage the returnees in income generating activities. Table 6.35 shows time that required by the returned migrants to engage in income generating activities.

**Table 6.35 : Time Required to Engage in Income Generating Activities**

<b>Time</b>	<b>Frequency</b>	<b>Percentage</b>
Up to 6 months	14	15.56
6 months – 1 year	26	28.89
1 year – 2 years	23	25.56
More than years	10	11.11
Still unemployed	12	13.33
Under remigration Process	5	5.55
<b>Total</b>	<b>90</b>	<b>100</b>

Source : Field Survey (2002-2003).

Above table demonstrates that 44.45% of the returnees got involved in one kind of income generating activities within one year of their return. On the other hand, about 18.88% could not get involved in any kind of income generating activities. Out the them, 5.55% opined that they were exploring fresh options for re-migration.

Those employed were asked if they were satisfied with their current employments. Majority of them reported that they were not satisfied with their jobs assigned for many reasons. Some of them disclosed that they did not get the type of job they wanted. A few others expressed their dissatisfaction comparing their present occupation with their work condition abroad.

### **6.2.13 Reduced Pressure on Basic Needs**

One of the important benefits of migration is that it has reduced pressure on basic needs such as, food, clothing, housing, medical facilities etc. If these people (migrants) did not go abroad then the families as well as Bangladesh would have to fulfil all their needs. It can be assumed that in such a situation Bangladesh would have to face enormous socio-economic problems.

### **6.2.14 Cost of Living**

During field study it was observed that cost of living was very high in Sylhet and Noakhali. In Kushtia it was comparatively lower. Local leaders, government officials and elites of Sylhet and Noakhali opined that it was mainly due to the remittances. But how much such increase in cost of living was caused due to remittances needs separate study to determine.



### **6.3 Benefits and Costs of Remittances**

So far we have discussed about the diversified impact of remittances. The foregoing discussion also reflects the various benefits and costs of remittances and migration.

The benefits and costs can be analysed from economic and social point of view. Again the economic benefits and costs can be considered at macro and micro levels. At the same time, social benefits and costs can also be interpreted from individual / household level and society level.

Chapter three and four discloses the various benefits of migration and remittances at macro level. Present chapter deals with the costs and benefits of migration and remittances at micro level.

It is observed from the foregoing discussion that international migration creates employment opportunities for the huge number of unemployed and underemployed young people. Remittances create better employment opportunities for the migrants' family members at home and abroad. Share of remittances in the total income of the migrants' household was very significant. It raised the personal disposable income of thousands of households. It also increases savings and investment at micro level. At the same time remittances exerted much positive influence on education, women empowerment, social mobility and social empowerment.

Instead of the above benefits some costs are also involved with the remittances. Cost of migration, inflationary effects on the society etc. are mentionable.

It appears from the above analysis that the benefits of remittances and migration are much more greater than its costs.

### **6.4 Differences of Impact between High and Low Migrated Areas**

Differences of impact between high and low migrated areas have been noticed. Average duration of stay in abroad of the migrants of Noakhali and Sylhet was longer than Kushtia. Average cost of migration was higher in Kushtia than Noakhali and Sylhet. Family members and relatives and friends were the main source of cost of migration at Noakhali and Sylhet. But for Kushtia their role was not so prominent. Social network of the migrants of Noakhali was demonstrated to be the strongest and Kushtia the weakest.



Monthly income of the migrants of Noakhali and Sylhet were higher than that of Kushtia. The migrants of Kushtia districts could send less amount of remittance than the migrants of Noakhali and Sylhet. A significant number of migrants of Noakhali and Sylhet used hundi method to channel remittances at home. The migrants of Kushtia used this method relatively to a lower extent. Average time of transfer of remittances in Kushtia was higher than Noakhali and Sylhet. Proportion of remittances used for food and clothing and home construction/repair in Kushtia (50.63%) was higher than Noakhali (40.97%) and Sylhet (41.87%). Proportion of remittances saved by the respondents of Kushtia (2.91%) was less than Noakhali (5.50%) and Sylhet (3.45%). Proportion of remittance used in investment in business in Kushtia (5.07%) was higher than Sylhet (5.02%) but less than Noakhali (7.12%). Rural-urban migration in Kushtia (9) was higher than Noakhali (7) and Sylhet (4). Social mobility and social empowerment of the migrants and their family members of Kushtia was lower than Noakhali and Sylhet.

## 6.5 Summary

Present study reveals that migrants, their family members and the society they left behind are influenced by remittances in various ways. Actually, remittances exerted both positive and negative effects but its positive effects are more prominent.

On average migrants stay abroad for 5.05 – 7.17 years. The average cost of migration was found Tk. 92904 – Tk. 95600, though sometimes this cost raised up to Tk. 3,10,000. Migrants incurred their migration cost mainly from informal sources.

Though Middle East countries are the main receiver of Bangladeshi workers, yet the Bangladeshi migrants are going to the various other destinations of the world. In many cases they are migrating through undocumented means.

Bangladeshis are deployed in various occupations at the destination country. Old migrants try to take their relatives and friends to the host country or help them to migrate any other country.

Monthly income abroad varies from country to country, for difference of skill and education. Migrants of rural areas earn less so they remit less.

Migrants' income contributes the major portion of their family income. Migrants sent remittances mainly as cash but goods (especially clothes and luxury goods) are also sent by them for their kith and kin. 63.46% of total remittances is channeled through official method and 21.45% through hundi method. In hundi method transfer time of remittances is very low. Though various measures have been taken to control hundi but still a significant amount of remittances is channeled through this method because of its certain advantages over official method.

Major portion of remittances are used in unproductive purposes such as purchase of land, construction of dwelling units, social ceremonies, buying luxury goods and the like. Use of remittances in productive purpose is very negligible. Main causes of such situation are: detachment with the mainstream economic activities, lack of information of profitable investment avenues, lack of advisory services at home, bureaucratic red tapism, corruption in public offices, deteriorated law and order situation and insufficiency of formal credit.

Remittances exerted positive impact on improvement of the education of migrants' children and his family members though sometimes negative impact were also observed. It (remittances) plays vital role in the empowerment of women, social mobility, social empowerment and internal migration.

In a nutshell it can be concluded that benefits of remittances outweigh its costs.



## Chapter Seven

### Determinants of Remittances

Previous chapter deals with various socio-economic impact of remittances and benefits and costs of migration as well as remittances. It was observed that benefits of remittances outweigh its costs so, the enhance flow of remittances into Bangladesh is needed to be ensured. To ensure such enhance flow it is necessary to identify favourable factors. That means, the factors that are responsible for enhance flow of remittances have to be determined. These factors or determinants may be at both macro and micro level.

Present chapter deals with the determinants of remittances at macro as well as micro level. Specific model has been used to verify the reliability of such factors so that the policy makers can formulate appropriate policy. In the following sections first, the macro economic determinants and then microeconomic determinants have been discussed.

#### 7.1 Macroeconomic Determinants of Remittances

Actually, remittances are a major source of foreign exchange for many developing countries where its limited availability acts as a major constraint on economic development programmes and stabilisation policy (Murinde, 1993). It is clearly of some importance for the economies of labour exporting countries like Bangladesh that the determinants of remittances flows are to be understood so that appropriate policies can be developed to access this important source of foreign exchange. In addition, since there has been well-established informal mechanisms through which remittances earnings can be channelled, it is important to establish the factors that influence the amount of migrants' savings that go through official channels as opposed to those that find their way into unofficial channels (hundi).

Several studies have considered the question of whether remittances flows are affected by key macroeconomic variables, such as interest rate and exchange rate differentials, the evidence regarding their impact is not conclusive. In a study, Swamy (1981) found that fluctuations in the level of economic activity in the host country were the dominant factor explaining movements in remitted earnings through time. But relative interest rate differentials between destination and sending countries and



exchange rates were not found to affect significantly total remittance flows. Since a number of labour exporting countries have attempted to attract remittances earnings using policies linked to both exchange rates and interest rates, Swamy's findings question the efficacy of such policies. Although this conclusion has found support in other empirical analyses (for example, Straubaar, 1986), a number of studies have found that the flow of remittances through official channels are influenced by the extent to which exchange and interest rates are competitive. A policy framework based on "realistic" interest and exchange rates would therefore enable governments to attract substantial remittances earnings through official channels (Wahba, 1991; Katselli and Glytsos, 1989; Chandavarkar, 1980).

Elbadawi and Rocha (1992) suggest that Swamy's failure to find significant relationship between incentive rates of interest and remittances flows may be because the former is potentially correlated with other variables included in Swamy's model. The contradictory findings reported in the literature may therefore reflect the fact that the focus of some studies is often limited to only a few macroeconomic variables often ignoring key determinants such as the black market exchange rate. Russell (1986) also note that the size of the interest rate and exchange rate differentials in Swamy's data are relatively small and that there may be a threshold difference that interest rate and exchange rate differentials have to reach before they have an effect.

In the present study further evidence on the role of macroeconomic variables in explaining variations in flow of remittances is presented using data for Bangladesh. Bangladesh is a major labour-exporting country and here remittance flows are the single most important source of foreign exchange accounting for around 30 percent of total foreign exchange receipts.

### 7.1.1 The Model<sup>1</sup>

Much of the current literature on the determinants of remittances has concentrated on individuals' motives to remit rather than on the macroeconomic variables that may influence the flow of migrants' savings to their countries of origin. Aggregate remittance flows will however reflect the underlying microeconomic considerations, which determine individual decisions about remittances.

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<sup>1</sup> Adapted from El-sakka and McNabb (1999).



At the macroeconomic level, factors operating in both the host country and country of origin will affect the flow of remittances. Looking first at the host country, one of the most important influences identified in previous work (Swamy, 1981) is the level of economic activity in the host country. On the one hand, this will directly affect the demand for migrant labour. Labour importing countries often set quotas, which limit the number of immigrants who can enter the country and how long they can remain. These quotas fluctuate over time usually according to what is happening to the state of the local economy. Secondly, the level of economic activity in the host country will affect the wages of the migrants. The level of migrants' earnings will determine their own consumption and saving behaviour and thus the potential amount that can be remitted.

Among the factors that are associated with the country of origin are those involving both the provision of support for migrants' families and portfolio decisions regarding saving and/or investment. Family support is an important cause of migration and it is expected that migrants will transfer more of their earnings home the lower the average level of income in the country of origin. For many labour-exporting countries, the domestic rate of inflation is a major source of fluctuations in real income levels. High rates of domestic inflation may therefore encourage more remittances in order for migrants to maintain family consumption levels at home. This will be offset, in part, if higher rates of domestic inflation lead to a depreciation of the domestic currency, reducing the pressure on migrants to remit foreign exchange.

Domestic inflation can affect remittances flows for reasons other than its impact on domestic real income and the purchasing power of migrants' families. One school of thought is that a high rate of inflation is a sign of economic, and possibly political, instability (Elbadawi and Rocha, 1992). A high rate of domestic inflation may thus act as a proxy for uncertainty and risk and therefore, discourage the flow of remittances earnings.

Remittances may also be used to finance investment projects used to purchase financial or real assets such as land and gold. In this case, remittance flows will reflect portfolio allocation decisions involving the relative rates of return on investment and on financial and real assets at home and abroad. If domestic rates of return are low compared with those in the host country, migrants will prefer to keep their savings abroad. Adams (1993, 1991b) has shown that in rural areas of labour exporting countries,



remittance flows are used primarily for the purchase of land, the rate of return on which has been higher than that on other assets. Unfortunately, suitable data on rates of return on the different uses of remittances are not available to enable us to examine this. We assume, however, that the larger the premium of foreign rates over domestic ones, the less likely migrants will be to send their savings home.

We have already mentioned that remittance flows are a major source of foreign exchange for labour exporting countries, many of which peg exchange rates of levels that differ significantly from market rates creating an over-valued domestic currency and on excess demand for foreign exchange. In those countries where a black market for foreign exchange is active, migrants have the option of exchanging their remittances either through the black market or through official channels. This decision will primarily depend on the differential that exists between the exchange rates available in both markets. The more significant is the black market, the higher the premium the larger the share of remittances will be diverted toward the black market. Migrants may also be more willing to transfer funds through the black market if the use of official channels means those remittances are subject to taxation. The decision to transfer remittances via the black market will also depend upon the penalties imposed by the government upon people involved in black market activities and upon the risk attached to involvement with black market traders. Migrants may also be willing to transfer funds through the unofficial channel if delivery of service is superior to that of the official methods.

Based on the above discussion, the aggregate flow of cash remittances ( $R_t^c$ ) can be represented by the following equation in log form.

$$\log R_t^c = \alpha_0 + \alpha_1 \log Y_{wt} + \alpha_2 \log Y_{dt} + \alpha_3 \log p_t + \alpha_4 \log(r_t - r_{wt}) + \alpha_5 \log(\phi_{ot} - \phi_{bt}) + u_t \dots (7.1)$$

Where,  $Y_w$  is the wage available to the migrant in the host country,  $Y_d$  is the level of domestic income,  $p$  is the domestic price level,  $r$  and  $r_w$  are the domestic and foreign rates of interest respectively and  $\phi_o$  and  $\phi_b$  are the official and black market exchange rates and  $t$  is the time. The official rate used here is the premium rate available to migrants who remit savings. The equation concentrates on the macroeconomics of remittances and assumes that changes in other variables, such as household size, the education of migrants, etc., are captured in the intercept term.



### 7.1.2 Empirical Results<sup>2</sup>

The empirical analysis is based on annual data for 1977-2000 for cash remittances. The dependent variable in the equation (7.1) is the value of total remittance flows that are reported through official channels. The wage level available in the host countries is measured as an average of real per capita income levels in those countries, which are the main destinations of Bangladeshi migrants.<sup>3</sup> The rate of return on foreign assets is a simple average of interest rates in these host countries. The real domestic income and inflation variables are measured by using official Bangladeshi GDP and Consumer Price Index (CPI) data respectively. The equation is estimated by using Ordinary Least Squares (OLS) method when an autoregressive procedure is used to correct for serial correlation. The results are presented in Table 7.1.

Column (1) in Table 7.1 presents coefficient estimates of the model shown in equation (7.1).<sup>4</sup>

Column (1) in Table 7.1 presents coefficient estimates of the model shown in Equation (7.1). The general finding that the level of economic activity in host countries has an impact on remittance flows is further supported in the present analysis. The level of real earnings available to migrants in the host countries where they work is found to have a significant positive effect on the inflow of remittances though it appears that the impact takes some time to work through. The elasticity of total remittances with respect to changes in the lagged value of the average level of real income in host countries is 0.036 which is lower than that reported in other studies (Swamy, 1981 and Elbadawi and Rocha, 1992). This possibly reflects the fact that we have used a composite variable to measure

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<sup>2</sup> Data on cash remittances are taken from the Bangladesh Bank's *Economic Trends* (Various issues). Information on black market exchange rate are taken from unpublished data of Dhaka Stock Exchange (DSE) and from NCBs and PCBs. Other data are taken from the IMF publication *International Financial Statistics* (various issues).

<sup>3</sup> The countries used are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates and Malaysia.

<sup>4</sup> The equation passes a variety of misspecification tests, though their power is limited due to the small sample size involved. The Durbin-Watson and tests for higher order (5<sup>th</sup> order) serial correlation will show that the residuals are white noise. Breusch-Godfrey and ARCH tests for heteroscedasticity indicate that the null hypothesis of homoscedasticity cannot be rejected. A Chow test for parameter stability indicates that there is no evidence of structural shifts in the relationship during the period under study.

the earnings in a range of countries. When we replaced this variable with one measuring average income in Saudi Arabia (the main destination for Bangladesh migrant workers) the elasticity was found to be 0.28, a value in line with previous empirical studies.

**Table 7.1 : The Macroeconomic Determinants of Cash Remittance Flows<sup>5</sup>**

Variables	(1)	(2)	(3)	(4)
Constant	-1.391 (1.21)	-1.937 (0.82)	-2.101 (2.93)***	-1.423 (1.12)
$Y_{wt}$	0.013 (0.51)	0.033 (1.75)*	0.004 (0.18)	0.018 (0.61)
$Y_{dt}$	0.171 (4.12)***	0.181 (4.88)***	0.113 (4.53)***	0.191 (3.98)***
$(r_t - r_{wt})$	-1.221 (2.01)**	-1.04 (1.99)**	-1.07 (2.10)**	-1.24 (2.00)**
$(\phi_{ot} - \phi_{bt})$	-3.261 (2.66)***	-2.72 (3.35)***	-2.73 (3.50)***	-3.35 (2.69)***
$Y_t$	0.0001 (0.59)			0.001 (0.46)
$Y_{wt-1}$			0.036 (1.73)***	
$Y_{t-1}$				0.00004 (0.57)
$R^2$	0.895	0.896	0.904	0.890
DW	1.791	1.661	1.832	1.751
(L-B)Q stat (1-5)	ns	ns	ns	ns
Chow test	0.543	1.159	0.548	0.907
ARCH	0.598	0.237	0.236	0.729
F-stat	41.22	51.27	48.05	34.17
Akaike IC	2.284	2.279	2.187	2.371

The level of real domestic income, in contrast, does appear to influence the flow of remittances earnings irrespective of whether it enters the model in its current (column 1) or lagged form (column 4). Dropping real domestic income from equation (column 2) increases the size of the coefficients on both the interest rate differential variable and the black market premium variable. It is possible therefore that remittance flows to

<sup>5</sup> i) t-statistics are shown in parentheses.

ii) (L-B) Q is the modified Ljung-Box Q statistic calculated for up to 5th order serial correlation.

iii) The equation are estimated in logs and thus, coefficients are elasticities.

iv) ns indicates not significant.

\* Significant at the 10% level.

\*\* Significant at the 5% level.

\*\*\* Significant at the 1% level.



Bangladesh are less likely to be used to boost consumption levels but are used to purchase domestic real and financial assets, the return on which are more favourable when the domestic economy is strong.

Turning to the impact of the black market premium and the differential between domestic and foreign interest rates, the results suggest, first, that remittance flows are highly responsive to the differential between the official and black market exchange rates. This supports the findings of, amongst others, Elbadawi and Rocha (1992) and contrasts with the view of Swamy that the differential between the official and black market rates is not an important determinant of the flow of remittances. As expected, the difference between the black market and official rates of exchange has a negative impact on the inflow of remittances. Migrants will divert their remittances toward the black market when differentials between the official rate and the black rate increase due to the extra return that is available to migrants and to the fact that a high black market premium is often associated with inconsistent macroeconomic policy (Elbadawi, 1992). Of course, directing funds onto the black market will also depend on whether these differentials justify the risk involved in black market transactions, which we have not been able to measure. Nevertheless, the elasticity of remittance flows with respect to black market premium is large.

The results also reveal that the differential between domestic and foreign interest rate has a negative and significant impact on the inflow of remittances through official channels. For much of period the domestic interest rates in Bangladesh have been pegged and the resultant widening difference between domestic and foreign rates have significantly restricted the inflow of remittances. Migrants are better off keeping their savings abroad (specially in UK or in other Western countries) or investing them in foreign exchange denominated assets where rates of return are higher. This result contrasts with Swamy's findings and those reported by Elbadawi and Rocha, and again suggests the potential for a more pro-active role for governments in attracting remittance flows. It also lends support Adams (1993) and Glytsos' (1996) findings.

Domestic inflation is found to have a positive and significant impact on the inflow of remittances. This may reflect the need to boost family support in times of rising prices. When the level of domestic income is dropped from the equation however the coefficient on the inflation variable is reduced in size but remains significant. In so



far as low income household, are the worse affected by rising prices, this might suggest that, holding constant the average level of income, migrants remit more during periods of high inflation to support families who are at the lower end of the income distribution. Migrants may also be more inclined to transfer their money through official channels during periods of high inflation in order to secure the delivery of transfer to their families that may have otherwise been at risk if sent through unofficial channels. An alternative explanation is that migrants remit more of their earnings during periods of inflation to purchase real assets, such as land and gold, the real value of which may be constant or actually rising in times of inflation.

### 7.1.3 Policy Implications

Bangladesh, like many other developing countries, has attempted to maximize the inflow of remittances that come through official channels and to encourage migrants to exchange their remittances into domestic currency denominated assets. Of the various policy options available, experience suggests that mandatory schemes, which seek to achieve this end through legal sanction, simply divert remittance flows through informal channels. Migrants will tend to underreport their earnings keep their savings abroad or transfer them into the black market. But, the result presented in this study highlight the critical role played by both the black market premium and the domestic to foreign interest rate differentials in encouraging migrants to remit saving through official channels. These findings are of major significance for policy makers who seek to attract remittances to boost official pools of foreign exchange to finance economic development. The results support the view that domestic interest rates and the exchange rates applied to remittances must both be competitive. The fact that the black market premium is significant can be interpreted as being an indicator of the government pursuing inconsistent macroeconomic policies.

From a policy point of view, a policy of sustained economic growth will mobilize remittance savings and enable them to be directed toward productive domestic investment. Second, in order to attract remittances earnings, policies have to be implemented which complement other economic tools. They have, in other words to be compatible with other policies. For example, using incentive exchange rates to attract remittances earnings will only work if accompanied by a realistic interest rate policy.



Similarly, favourable exchange rates and domestic rates of return will not succeed if fiscal and / or monetary policies are such as to fuel inflation and inflationary expectations.

## 7.2 Microeconomic Determinants of Remittances

Aggregate remittance flows reflect the underlying microeconomic consideration, which determine individual decisions about remittances. Lucas and Stark (1985) identify three explanations for why migrants remit a portion of their income to their families at home. *Firstly*, migrants may remit for purely altruistic reasons in order to increase the well being of family members at home by providing additional income and thus, higher consumption levels. *Secondly*, migrants may remit part of their savings for motives of self-interest to be used to finance the purchase of durable goods, real and financial assets and / or investment at home. *Finally*, remittances can be seen as a part of a mutually beneficial arrangement between the migrant and his or her family at home.

Only a few studies are found about the microeconomic determinants of remittances, such as Lucas and Stark (1985) and Strabhaar (1988). For Bangladesh no such study has so far been initiated. So, there is a need to understand and test hypotheses with respect to motivation to remit, ranging from pure altruism to migrants' self-interest.

The behaviour of a Bangladeshi migrant towards remitting may also be related to other variables such as his age, current career status, level of skills, education, intention towards his future plans, accumulation of property in Bangladesh stay abroad and his background in Bangladesh.

In the following section an attempt has been made to identify the microeconomic determinants of remittances of the migrants. It also distinguishes the behaviour of migrants with different level of skills and formal education using dummy variables.

### 7.2.1 The Model<sup>6</sup>

The level of the migrant's remittance is based on his behaviour as explained in an altruistic model where the migrant derives his utility  $U_t$  from the utility of those left back

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<sup>6</sup> Adapted from Nishat and Bilgrami (1993).

home. The latter utility is presumed to depend on the per capita consumption,  $C$ . In a life cycle setting the migrants maximises his own utility with respect to the amount remitted,  $R$ ;

$$U_t = U[C_A(Y_A - R), C_B(Z_t)] \dots \dots \dots (7.2)$$

where,  $Y_A$  is migrant's income abroad,  $C_A$  is his consumption abroad and  $C_B$  is his consumption in Bangladesh,  $Z_t$  is the vector of exogenous variables such as his education (EDU), age, level of skills (S), family living abroad or back home, accumulated property and wealth (W) in Bangladesh and magnitude of his stay abroad (EXO) etc.

$$C_B = C(Y_A, W, R, \text{Age}, S, \text{EDU}, \text{EXO}, \text{FS}, U_t) \dots \dots \dots (7.3)$$

Now, choosing a level of remittances to maximize the utility function in equation (7.2) subject to equation (7.3) provides:

$$R = f(Y_A, W, \text{Age}, R, S, \text{EDU}, \text{EXO}, \text{FS}, U_t) \dots \dots \dots (7.4)$$

It may be mentioned here that in the literature the theory of remittances may undertake the other sets of variables to explain altruism and self-interest hypothesis. For example, a migrant with education may not only be from a different background but is also expected to behave differently. The other aspects of these remittance phenomena are that the migrant with a higher level of skills will earn more.

The other phenomenon, which is related to their return home, is a conscious and deliberate part of their future planning. This might motivate a migrant to remit more. Similarly for self-interest the migrant remits for investment in fixed capital such as, land, house or physical assets (accumulated wealth which might enhance the prestige and could be termed as social assets). However, once a certain level of these social assets is attained it may affect the tendency to remit. In our model the dummy variables are included to differentiate the behaviour of the migrant with different socio-economic background, such as, income, education etc.

To test the above theoretical discussion empirically the following remittance equation model has been adopted to explain the determinants of remittances;

$$\text{REM} = \beta_0 + \beta_1 \text{INC} + \beta_2 \text{EXO} + \beta_3 \text{NDEP} + \beta_4 \text{FS} + \beta_5 \text{PTY} + \beta_6 \text{AGE} + \\ \beta_7 \text{RES} + \beta_8 \text{CHRP} + \beta_9 \text{EDU} + \beta_{10} D_1 + \beta_{11} D_2 + \beta_{12} D_3 + \beta_{13} D_4 + \ell_t$$



Where

REM	=	monthly cash remittances in Taka.
INC	=	monthly income abroad in Taka.
EXO	=	experience overseas in years.
NDEP	=	number of dependents.
FS	=	family status 1=if family residing abroad 0=otherwise
PTY	=	value of property in Taka
AGE	=	age of the migrant in years
RES	=	area dummy for residence in Bangladesh 1=if residing in urban areas 0=otherwise
CHRP	=	choice of profession on return 1=if business 0=otherwise
EDU	=	years of schooling
D <sub>1</sub>	=	dummy variable for skillness 1=if skilled 0=otherwise
D <sub>2</sub>	=	slope dummy= D <sub>1</sub> multiplied by INC
D <sub>3</sub>	=	slope dummy=Dummy RES multiplied by INC
D <sub>4</sub>	=	slope dummy=EDU multiplied by INC.

Data used to analyse the above model were collected from the field survey. To obtain information about the above variables a detailed questionnaire was prepared and it was duly filled up through interview. A sample of 90 returned migrants were randomly selected for this purpose.

The summary statistics appear in Appendix A-XIV. The appendix presents the average level of remittances with respect to explanatory variables included in the model. The level of remittances for income, expenditure abroad, number of dependents and age variable given at the average level of these variables.

The summary statistics depicts that for those who have a family status job those migrants who have sufficient income to maintain their family abroad, the level of remittances is higher than the individual who did not have a family status job. Similarly, the migrants who belong to urban areas seem to remit more than the migrant from a rural area. Likewise for skilled migrants the average level of remittances is higher as compared to unskilled labour. Comparing the education level it reveals that the average level of remittances increases with the increase of level education. However, the uneducated workers seem to remit more than a worker with primary level of education.

The statistics also indicate that on average the migrant worker who has planned for their own business on return remit more.

### 7.2.2 Empirical Results

The equation of the model has been estimated by using Ordinary least Squares (OLS) method. The results are presented in Table 7.2.

The OLS estimation of the model has shown significant results for most of the variables explaining the behaviour of migrants towards remittances and all the coefficients indicate the correct signs.

**Table 7.2 : The Microeconomic Determinants of Remittance Flows<sup>7</sup>**

Variable	Estimated Value
Constant	6.5424 (0.5167)*
INC	0.6935 (0.4861)*
EXO	0.0019 (0.0011)*
NDEP	0.0134 (0.0091)*
FS	0.0029 (0.0025)
PTY	-0.0212 (0.0119)*
AGE	0.0005 (0.0015)
RES	2.1634 (0.6958)*
CHRP	0.1257 (0.0813)*
EDU	0.0934 (0.0501)*
D <sub>1</sub>	0.6751 (0.4152)*
D <sub>2</sub>	0.0712 (0.0625)***
D <sub>3</sub>	-0.3162 (0.0719)
D <sub>4</sub>	0.0628 (0.0129)***
$R^2=0.0976$	SE=1.1921
$\overline{R^2}=0.0902$	F=49.3417

<sup>7</sup> i) t- statistics are shown in parentheses.

\* Significant at 95 percent level.

\*\*\* Significant at 85 percent level.



From Table 7.2 it is seen that individual income variable seems to be one of the most important factors for an individual to decide the portion of remittances to his home country. At the present analysis the income coefficient is 0.6935, which indicates that if migrants' income increases by 1 percent, then they (migrants) will remit 0.69 percent more.

The other important variable, which reflects the amount of remittances, is related to his duration of stay abroad. This variable has a positive impact and indicates that the individuals with a longer stay remit a higher amount. The coefficient does not indicate a higher value because the increase in income may not be that significant and in fact the incremental income per year is not known. However, an additional year of their stay would result in an increase of almost 0.19 percent in remittances.

Based on the pure altruism theory, these migrants support their families which include their immediate relations who are taken as dependents here. The coefficients of the number of dependents indicate a positive significant impact on the remittance flow. It is seen that an increase in the additional dependent number the individual remits almost 1.34 percent more.

Though not many migrants get a family status job, but keeping family with them increases their liabilities abroad and hence reduces the remittances. In contrast, the family status co-efficient indicates a positive impact on the level of remittances. However, the co-efficient is insignificant.

The coefficient of the value of the property variable has negative sign but it indicates significant impact on remittances. The sign of the coefficient is explaining the obvious behaviour that once these migrants accumulate a required level of property in Bangladesh the flow of remittance might decline.

The co-efficient of age variable indicates a positive impact on the flow of remittances. However the co-efficient is insignificant and hence not different from zero.

International migration is more or less equally popular among the workers of urban and rural areas. But the workers living in urban areas remit more than the workers of rural



areas. The coefficient of this variable supports this hypothesis as the workers living in urban areas remit more by 2.16 percent as compared to workers from rural areas.

The variable, which highlights some intention about future planning of these migrants on return, is captured through their choice of business or otherwise. The coefficient of this variable bears positive sign and indicates significant impact on their level of remittance flows, in case preference is indicated in favour of business. The value of the coefficient indicates that if the migrant is interested in business on his return he would remit 12.57 percent more than those who are interested in jobs or otherwise.

The co-efficient of the education variable bears also a positive sign and it indicates significant impact on remittance flow. It depicts that the behaviour of a migrant with more schooling is likely to remit 9.34 percent more as compared to migrant with less education. Similarly, the dummy variable for skill indicates a significant positive impact on remittance flow. The value of the coefficient indicates that a skilled worker remits 6.75 percent more than the unskilled worker.

As mentioned earlier the impact of income is highly significant on remittance flows. The level of income of the migrants of urban areas and skilled and educated migrants are higher as compared to others. The same is captured through slope dummy variables. The results indicate a significant impact in all three cases.

### **7.2.3 Policy Implications**

Above analysis identifies the microeconomic determinants of remittances of migrants. The findings also distinguish the motivational behaviour of these migrants towards remittances based on pure altruism and self-interest theories. It is observed from the analysis that the results are supportive in explaining both theories what a typical migrant enjoys remitting on the basis of pure altruism and self-interest together.

The altruism behaviour variable such as his supporting of family significantly explains remittance flows. The other variables of self interest which relate to individuals such as, education, income level, skillness, family status explain the flow of remittances

correctly and in most cases significantly. Similarly future planning for business motivates them to remit more.

So, to increase the flow of remittances government has to take proper steps to develop the skill of the workers and to educate them properly. At the same time, government should provide attractive investment opportunities to attract more remittances, which would help these migrants after completing their contractual arrangements with their employers.

From the above discussion it is clear that migrants' real income in the host country, price level in the country of origin, domestic and foreign rates of interest and official and black market exchange rates are the important macroeconomic variables that significantly influence the flow of remittances into Bangladesh. On the other hand, income of the migrants' abroad, skill, level of education and choice of profession as business after return are the distinguished microeconomic determinants.



## **Chapter Eight**

# **Migration on Global and Regional Context**

International migration is a multi-national and multi-country phenomenon. Out flow of nationals as well as inflow of remittances of a particular country is largely affected by immigration policies of labour receiving countries and also by the emigration diversities of other labour exporting countries. So, various dimensions of international and regional migration are needed to be analysed. Again, the problems of labour exporting countries of the South Asian and South East Asian regions are identical. For this, an attempt has been made to give a short view about the nature and extent of migration of major labour exporting countries of these regions.

This chapter comprises of level and trend of international migration, various components of international migration and sex composition of international migrants. A brief description of immigration trends in Gulf States and the nature and extent of emigration from Bangladesh, India Pakistan, Sri Lanka, Indonesia, Thailand and Philippines have also been incorporated.

### **8.1. Level and Trend of International Migration**

The number of long-term international migrants (that is those residing in foreign countries for more than one year) has grown steadily. According to the United Nations population division only 75 million persons fitted the definition in 1965, rising to 84 million by 1975 and 105 million by 1985. There was an estimated 120 million international migrants in 1990. In 2000, there was an estimated 150 million international migrants (IOM & UN, 2000).

Between 1965 and 1990, the number of international migrants increased by 45 million, giving an average annual growth rate of 1.9 percent. Estimates of the average annual growth rates during the international periods show that the stock of migrant people has been increasing steadily. It grew on an average annual rate of 1.2 percent during 1965-75, 2.2 percent during 1975-85, and 2.6 percent during 1985-1990. Applying the minimum observed growth rate over the different period, i.e. 1.2 percent as during 1965 to 1990, as of 1998, the stock of international migrants stands at 132



million. Their highest possible level is estimated at 145 million -based in the growth rate of 2.6 percent as observed during 1985 to 1990.

All geographical regions of the world contain international migrants. The continent of Asia has their highest concentration. The second largest concentration is in Europe, which contains 21 percent of the total, closely followed by North America 20 percent. Combined together, Asia, Europe, and North America contain more than 80 percent of the global migrant stock.

During the past decades, different geographical regions had varying experiences with respect to the growth of international migrant population. Between 1965 and 1990, compared to the global average of 1.9 percent per annum, the stock of migrant population increased by 2.7 percent in Africa, 2.5 percent in North America and Oceania, and 2.1 percent in Europe. Asia, containing the highest number of international migrants, experienced an average growth of 1.3 percent during the same period.

Regional experiences with respect to pattern of growth of migrant population have been most varied. Two contrasting observations are for North America and Europe. In North America, the stock of migrant population has consistently been increasing. It grew at an average annual rate of 1.7 percent during 1965-70, and 3.1 percent during the subsequent years. In contrast, the stock of migrants in Europe would seem to demonstrate a consistent downward trend. From an annual growth rate of 2.8 percent during 1965-70, it came down to 1.8 percent in 1990. For other regions, there is no visible consistent pattern.

Differential growth rates experienced by individual geographical regions have resulted in changes in their relative importance over time. For instance, in 1965, Asia contained the highest level of international migrants. Europe was the second most important location, followed by North America. In 1990, while three regions still contain more than 80 percent of the global migrant population, their relative shares have changed. Between 1965 and 1990, the relative share of North America has increased from 17 percent to 20 percent; Europe from 20 percent to 21 percent; Africa from 11 percent to 13 percent. On the other hand, Asia share of the global migrant population declined from 42 percent to 36 percent. Latin America and the Caribbean also experienced a similar fall in its relative importance in global migration.



The developing countries contain more international migrants than the developed. In 1990, of the total 120 million migrants across the globe, 66 million or 55 percent lived in various developing countries. However, over time, both their relative share also relative growth has been falling. For instance, their relative share of the total fell 60 percent in 1965 to 55 percent in 1990. This has been underlined by a slower growth of international migration experienced by these countries during the past decades. For instance, during 1965 to 1990, the stock of migrant population increased by 1.5 percent per annum compared to 2.3 percent experienced by developed countries. Only during 1985 to 1990 that developing countries had a faster growth of migrant stock compared to the developed.

As of 1990, the stock of international migrants across the world comprised 2.3 percent of the global population. Their proportion has been the same between 1965 and 1990, declining only marginally during the intermittent periods. However, there are variations between developed and developing countries in terms of the stock of migrants compared to total population. Migrants comprised 4.5 percent of the population of the developed countries as compared to 1.6 percent for the developing. Interestingly, while their proportion has been declining in developing countries, it has been increasing consistently in developed countries.

Significant regional variations persist regarding the proportion of migrants to total population. North America has the highest proportion of migrant population, and this has been increasing over time. From 6 percent of total population in 1965, it went up to about 9 percent in 1990. The similar has also been the case with Europe where it increased from 2.2 to 3.2 percent during the same period, Oceania – 14 percent to 18 percent. In Asia, migrants' share of total population declined from 1.7 percent to 1.4 percent.

Beyond the broad regional domains, in different countries international migrants comprise a significant proportion of respective population. Based on United Nations estimates (UN, 1995), in 1990, there were 19 countries across the world where international migrants comprised more than a fifth of the country's population. Among them, in six countries migrants comprised more than 50 percent of the country's population. These include, in particular, UAE- 90 percent, Andorra – 79 percent, Kuwait – 72 percent, and Monaco 67 percent. There are seven other countries where migrants comprised between 30 percent and 40 percent of the population. In absolute size, 20

countries across the globe have a migrant population of more than 1 million; five with more than five million; and another six between 3 million and five million. On the top of the list is the United States of America – 20 million. The two next important countries are India 9 million and Pakistan 7 million. France and Germany which come next to have migrant population of 6 and 5 million respectively (UN, 1995). Table 8.1 shows the countries with largest international migrant stock in 1990.

**Table 8.1 : Countries with the Largest International Migrant Stock in 1990**

<b>Countries</b>	<b>Stock of Migrants (in '000)</b>
United States of America	19,603
India	8660
Pakistan	7272
France	5897
Germany	5037
Canada	4266
Saudi Arabia	4038
Australia	3916
United Kingdom	3718
Iran	3588
Cote d' Invoire	3440
Argentina	1661
Italy	1549
Kuwait	1503
United Arab Emirates	1478
Israel	1427
Poland	1350
Netherlands	1167
South Africa	1118
Jordan	1112

Source : UN, International Migration Policies, 1995.

## **8.2. Various Components of International Migration**

As we have mentioned earlier, international migrants comprise of at least six distinct types of people, viz. permanent settlers, temporary contract workers, temporary professional transients, undocumented workers, asylum seekers, and refugees. Each of



these different types of migrants has varying implications for their legal status, political and economic desirability, sustainability, underlying causes, and consequences.

**Refuges :** According to the United Nations high commissioner for refugees, by early 1990, globally there were 15 million refugees. Compared to the stock of foreign population, discussed earlier, refugees compare to about 13 percent of the total. Almost half of them—46 percent or 7 million, were in Asia, 31 percent or 5 million in Africa, and 13 percent or 1 million in North America. Regionally, refuges constituted 3 percent of the migrants in Europe, 4 percent in North America, 15 percent in Asia, and 31 percent in Africa.

The numbers of refugees across the world are most unstable. They are prone to such events as war, ethnic strife, natural calamities and political instability. For instance, globally their number was 8 million in 1981, going up to 11 million in 1985, and 15 million in 1990. Regional experiences with refugees further highlight their volatility. In Asia, for instance, the number of refugees increased from 1.1 million in early 1980 to 5 million in 1985, then 6.6 million by 1990. Table 8.2 shows the refuges by region of asylum.

**Table 8.2 : Distribution of Refugees by Region of Asylum (in percentage)**

Region of Asylum	Early 1981	Early 1985	Early 1990	Early 1995	Early 1996
Africa	44.6	28.0	30.9	46.6	43.0
Asia	27.7	47.7	45.6	34.6	33.8
Europe	7.2	6.5	5.4	13.0	15.9
Latin America and the Caribbean	2.4	3.7	8.1	0.7	1.0
North America	14.5	13.1	9.4	4.7	6.0
Oceania	3.6	0.9	0.7	0.4	0.3
Total number (in million)	8.2	10.5	14.9	14.5	13.2

Source : United Nations, World Population Monitoring, 1997.

**Immigrants and Permanent Residents :** Immigrants or permanent residents comprise a sizable proportion of foreign population in traditional countries of immigration such as the USA, Canada, Australia, and New Zealand. Many other countries which do not refer to themselves as immigration countries but allow immigration on various grounds. These include developed countries such as Germany, Italy, Japan and developing countries such as Argentina, Venezuela, and Philippines.



Between 1975 and 1990, the three traditional immigration countries, viz. USA, Canada and Australia, together allowed immigration to 17 million people, averaging 800,000 per year. Of this, 12 million is due to USA, 3 million Canada, and 2 million Australia. The yearly level of immigration into the USA peaked at 880,000 in 1993, coming down to 798,000 in 1994 and 716,000 in 1995 (UN, 1997).

Under the law of return, Jewish people around the world are entitled to immigrate to Israel and opt for citizenship. During 1971 to 1994 Israel admitted 46,000 immigrants annually. Similarly, the German basic law provides constitutional guarantee to citizenship for individuals with German blood. Under the law, Germany received more than 2 million ethnic Germans from Eastern Europe and former Soviet Union (UN, 1998). The figure has now been restricted to 200,000 per year. Under ethnic reunification programme, by 1991, Japan received 148,000 people of Japanese descent and the figure had gone up to 170,000 by 1996. In Africa, South Africa has traditionally been an immigration country. In Latin America and the Caribbean, Argentina, Brazil and Venezuela host a sizable numbers of immigrants. Historically, 73 percent of them originated from the Latin European countries - France, Spain, Italy and Portugal. Table 8.3 indicates the countries with the highest percentage of migrants in total population in 1990.

**Table 8.3 : Countries with the Highest Percentage of Migrants in Total Population in 1990**

Countries	Migrants as % of Total Population
United Arab Emirates	90.2
Andorra	79.1
Kuwait	71.7
Monaco	67.0
Qatar	63.5
Nauru	53.0
San Marino	37.9
Liechtenstein	37.7
Bahrain	35.1
Oman	33.6
Luxembourg	31.5
Israel	30.9
Brunei Darussalam	30.2
Cote d' Ivorie	29.3
Jordan	26.4
Saudi Arabia	25.8
Niue	24.0
Australia	23.4
Cook Island	23.4

Source : United Nations, International Migration Policies, 1998.

Besides, many countries have the policy of allowing permanent residency to foreign nationals who have been living in those countries for a long time subject of course to the fulfilment of certain requirements. In Europe, by 1990, there were 16 million legally resident foreign born population (United Nation, 1998). These legal residents are not, however eligible to fully participate in the society of the host country, and have no voting rights.

Similarly, there are about 700,000 Korean residents in Japan who have been living there for generations. Singapore also allows permanent residency to qualified foreign nationals with provision to apply for citizenship after a certain period of time. Even in the Gulf States there are sizable numbers of permanent residents of foreign origin. But they are barred from applying for citizenship.

In recent years, many countries have shown much interest to allow immigration to the so-called business or investments. They include both traditional immigration countries such as Canada, USA, New Zealand, Argentina, also non-traditional ones such as Costa Rica, Mexico and Philippines. Their basic interests have been to attract investment capital towards creating job opportunities.

**Temporary Workers :** Until the beginning of the oil crisis of 1973, Western Europe was the major importer of temporary migrant workers. Between 1950 and 1973, 10 million workers were imported into the region, initially from less developed parts of Europe - Italy, Greece, Spain and Portugal, and later from the New Commonwealth ( UK), Maghreb (France), Turkey and former Yugoslavia (Germany and Switzerland). The post-1973 era witnessed a strict control over the import of temporary workers.

The Middle East offers a classic example of international migration of temporary workers. Unlike in Europe, workers here are destined to return home after the completion of their job contracts which though are subject to renewals. As of 1990, there were 8 million migrant workers in the six member states of Gulf Cooperation Council (GCC), viz., Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. This is



compared to 1.9 million such workers back in 1975. In North Africa, Libya has also been importing a sizable number of temporary workers (UN, 1997).

In North America, the USA allows temporary migration of workers and trainees. Their number averaged 125,000 per year during 1987 to 1990; going up from 73,00 during 1983 to 1986 and 48,000 during 1974 to 1979. More than 75 percent of these workers are imported from developed countries, and Central America and the Caribbean. Under the 1990 Immigration Law, a yearly quota of 140, 000 employment based visas have been earmarked for temporary migrants.

In the Far East, Hong Kong, South Korea, Japan, and in South East Asia, Malaysia and Singapore have established themselves as importers of temporary workers. In 1990, 95,000 foreign workers were admitted into Japan, which went up to 110,000 in 1992. These figures excluded descendants of Japanese origin entering into Japan mainly to redeem country's labour shortage. However, the authority does not define them as temporary workers.

Hong Kong (China) is now the largest importer of foreign workers among the NIEs. Its import of professional and managerial workers reached the level of 11,000 in 1992. The single most important category of temporary workers imported by the country are domestic aids, mainly females. In 1991, their number was 75,000. During the early 1990s, on an average, 13,000 operatives were allowed entry into Hong Kong (China). In Singapore, the number of foreign workers stood at 150,000 in recent years (UN, 1998).

South Africa has been a traditional importer of temporary foreign workers. Since 1980, the gold and coalmines have been importing on average 200,000 foreign workers. In the early 1970s, their number averaged around 308,000 per year (UN, 1997). Table 8.4 denotes stock of migrant population by region.

**Table 8.4 : Stock of Migrant Population by Region**

Region/Year	World total	Africa	Asia	L. America	N. America	Europe	Oceania
Estimated foreign born population (thousands)							
1965	75214	7952	31429	5907	12695	14728	2502
1975	84494	11178	29662	5788	15042	19604	3319
1985	105194	12527	38731	6410	20460	22969	4106
1990	119761	15631	43018	7475	23896	25068	4675
Foreign born population as percentage of total population							
1965	2.3	2.5	1.7	2.4	6.0	2.2	14.4
1975	2.1	2.7	1.3	1.8	6.3	2.7	15.6
1985	2.2	2.3	1.4	1.6	7.8	3.0	16.9
1990	2.3	2.5	1.4	1.7	8.6	3.2	17.8
Annual rate of change in the size of foreign born population							
1965-1975	1.2	3.4	0.6	0.2	1.7	2.8	2.8
1975-1980	2.2	1.1	2.7	1.0	3.1	1.6	2.1
1980-1990	2.6	4.4	2.1	3.1	3.1	1.8	2.6
1965-1990	1.9	2.7	1.3	0.9	2.5	2.1	2.5
Percentage distribution by region							
1965	100	10.6	41.8	7.9	16.9	19.6	3.3
1975	100	13.2	35.1	6.8	17.8	23.1	3.9
1985	100	11.9	36.8	6.1	19.5	21.8	3.9
1990	100	13.1	35.9	6.2	20.0	20.9	3.9

Source : United Nations, World Population Monitoring, 1997.

**Undocumented Migrants :** The current stock of migrant population, as discussed above, is exclusive of undocumented migrants. However, following increasingly restrictive admission policies adopted by the traditional immigration countries and labour importing countries, undocumented migration has become a fast emerging global phenomenon. In certain parts of the world, such migrations have been parts of the local tradition.

The United States of America contains the world's largest stock of undocumented migrants. Despite regularisation of 2.7 million people under the Immigration Reform and Control Act (IRCA) of 1986, it is estimated that, in 1994, there were 4 million illegal migrants in the USA. Their stock is believed to be increasing by some 300,000 persons per year, about a third of those granted immigration into the USA every year.



In the main European countries, undocumented migrants - including non-deserving asylum-seekers, now account for more than 50 percent of their immigration. This is as compared to 25 percent in mid-1980s (UN, 1998). New restrictions on asylum-seekers have added impetus to the emerging trend in undocumented migration. More than 1 million undocumented migrants live in Italy even following the most recent amnesty.

In Asia, the major labour receiving countries are increasingly being poised with the presence of more undocumented foreign workers than those legally entered. In Malaysia, for instance, the number of undocumented migrants is believed to range from 1 to 2 million (UN, 1997), the number in Japan is estimated at 300,000 compared to non-resident foreign population of about 700,000. Thailand is believed to host about 500,000 undocumented foreign workers as of 1994. Highly regulated countries such as Singapore also have a significant numbers of undocumented foreign workers.

Africa is believed to host the largest concentration of undocumented migrants, not so much for being illegal or unauthorised more so by tradition. In West Africa, Cote d'Ivoire hosted 3 million undocumented migrants back in 1988. In Middle Africa, in 1993, Gabon hosted about 100,000 undocumented migrants. Undocumented migrants are also to be seen in Latin America and the Caribbean. In Argentina, in 1996, undocumented migrants were estimated at around 1 million. The Dominican Republic has long been hosting undocumented temporary migrants from Haiti.

### **8.3. Sex Composition of International Migrants**

An increasing involvement of females features the present day international migration. As of 1990, globally, female migrants constituted about 48 percent of the stock of foreign-born population. In developed countries they comprised half the stock of migrant population. The respective figure for developing countries was 46 percent. During 1965 to 1990, their relative shares changed very little both in total and as between developed and developing countries.

Regional variations exist in relative importance of females in the stock of migrant population. Their highest relative share is due to North America-51 percent, and lowest in Asia-46 percent. Female migrants concentrated most in Asia- 34 percent of the global total, followed by Europe-21 percent, and North America-21 percent. Africa contained 13 percent of the female migrant stock as of 1990.



During 1965 to 1990, the stock of female migrants distributed across different regions underwent various changes. In Asia their relative share declined from 41 percent to 34 percent between the two periods. Africa and Latin America also experienced a similar decline. The two regions experiencing the opposite are Europe and North America.

Among the different types of migrants - immigrants, refugees, temporary workers, etc. relative shares of females vary widely. Females occupy a dominant position among the immigrant population. In the USA, during 1930 to 1980, females outnumbered men among immigrants. They are most predominant among those admitted as spouses. Excepting for periodic variations, this has more or less been the case in all traditional immigration countries (UN, 1996). Table 8.5 demonstrates year wise number and percentage of women among the migrant stock by region.

**Table 8.5 : Number and Percentage of Women among the Migrant Stock**

Region	Number (thousands)				Percentage			
	1965	1975	1985	1990	1965	1975	1985	1990
World Total	35042	40127	49998	57138	46.6	47.5	47.5	47.7
Africa	3369	4873	5712	7327	42.3	43.6	45.6	46.3
Asia	14529	13522	17379	19524	46.2	45.6	44.9	45.4
Latin America	2679	2736	3122	3613	45.3	47.3	48.7	48.3
North America	6233	8171	10630	12207	49.1	54.3	52.0	51.1
Europe & USSR	7099	9254	11169	12263	48.2	47.4	48.6	48.9
Oceania	1136	1571	1986	2293	45.4	47.3	48.4	49.1

Source : United Nations, World Population Monitoring, 1997.

In 1993, women and children constituted about 80 percent of the refugees in many countries particularly in the developing world. In terms of assistance provided by the United Nations High Commissioner for Refugees, at the end of 1993, females constituted 45 percent of the total. In Africa, female refugees, of the 88,000 refugees and asyles granted lawful permanent status in the USA during 1983-1991, women constituted 45 percent. In Canada, women constituted 40 percent of all the refugees and the like admitted during 1983 to 1990 (UN, 1996).

## 8.4. Regional Migration Trends

Most labour migration in South and South East Asian region gravitates to the Gulf States. These States focus primarily on temporary labour migration and recruit increasingly from the South Asian countries of India, Pakistan, Bangladesh and Sri Lanka and South East Asian countries of Philippines, Indonesia and Thailand. So, the immigration trends of Gulf States and emigration trends of South and South East Asian countries have been discussed below separately.

### 8.4.1 Immigration Trends in Gulf States

Six countries comprise the Gulf Cooperation Council (GCC) - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. With the exception of Saudi Arabia, each has a small national population that necessitates the inflow of foreign workers. Oil is the major source of revenue for all the Gulf States, and conditions rise and fall on its fate. The economic boom in the region brought about by the rise in oil prices in the 1970s caused an immediate need for workers in all categories of industry. Owing to British links, South Asian migrants have had a small foothold in jobs in the region since the 1930s, but their opportunities widened further with increased demand. Foreign workers in the Gulf were primarily of Middle East origin, but following the Gulf War in 1990-1991, even more opportunities for South Asian workers opened up as hundreds of thousands of workers from countries that supported Iraq in the conflict were not welcomed back.

A number of economic, demographic, and political factors underlie the attraction of migrants to the Gulf. One characteristic unique to the Gulf is the extremely high percentage of non-nationals in their populations, especially in their labour forces (Table 8.6). More than one-quarter of the labour force in most countries is expatriate, ranging from 28 percent in Saudi Arabia and Oman to more than 76 percent in Qatar. The proportion of non-nationals was even higher earlier in the 1990s. Policies are in place in all countries to maintain or increase birth rates in order to reduce dependency on foreign labour. As a result, increasing numbers of nationals enter the workforce each year. Population growth rates have been quite high starting from a low base, although there has been some recent evidence of fertility decline (Al - Rashoud & Farid, 1997; Farid, 1996).

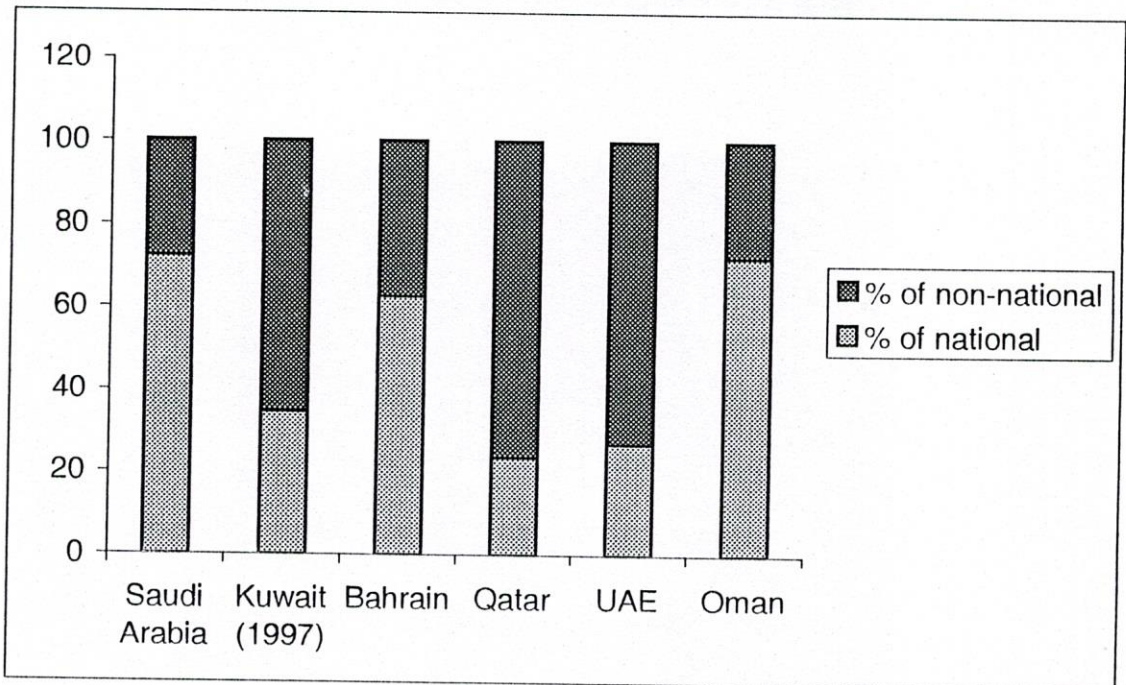


**Table 8.6 : Total Population by Nationality and Percentage of Non-Nationals in the Labour Force**

Country	Population Total (1996)	% of national	% of non-national
Saudi Arabia	19,814,330	72.3	27.7
Kuwait (1997)	2,152,775	34.6	65.4
Bahrain	566,726	62.6	37.4
Qatar	568,242	23.5	76.5
UAE	2,392,927	26.9	73.1
Oman	2,240,073	72.4	27.5
Total	27,735,073	48.6	51.4

Source : World Migration Report, 2000.

**Figure 8.1 : Proportion of Nationals and Non-nationals Population**



Source : Table 8.6.

Among other reasons for the high foreign labour demand are the low wages for the work carried out by foreign workers, the variety of skills foreign workers offer, and their willingness to work in dirty, dangerous, and demanding (3-D) jobs that nationals shun. In addition, a whole range of intermediaries in host countries as well as countries of origin earn financial benefits from arranging labour migration. Within the host country, trading in residence permits benefits the sponsor. In Kuwait, as in other GCC members, labour is sometimes brought in not to satisfy genuine economic activity but to earn transfer fees (Kuwait Ministry of Planning, 1997).

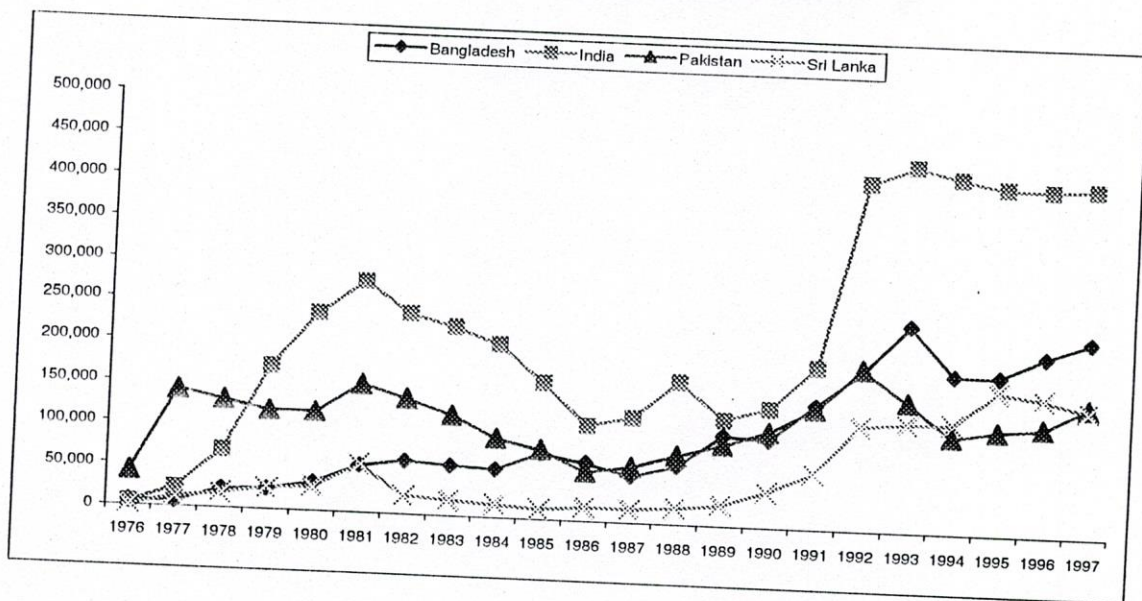


Another major reason for the high demand for foreign labour is the structural imbalance in the labour force participation of national workers. In some countries, such as Kuwait, the Government guarantees a job to each national. Thus, native-born workers are employed overwhelmingly in the public sector - about 94 percent in Kuwait and 93 percent in Saudi Arabia. Some tensions are evident in attempts to employ the growing national population as, for the first time, Gulf countries are facing rising unemployment levels (UN, 1998). In Kuwait, the private sector employs about 75 percent of the total labour force, but only 1.3 percent is Kuwaiti (Kuwait Government, 1997).

South Asians now predominate in the foreign work force in the Gulf. In 1997, for example, the expatriate labour force in Kuwait was 65 percent Asian, 33 percent Arab, and only 2 percent other nationalities (Kuwait Government, 1997). A similar breakdown is evident in other Gulf States.

Data on South Asian migrants demonstrate a pattern of growth that began in the 1970s and became particularly strong after the 1991 Gulf War (Appendix A-XV).

**Figure 8.2 : Annual Outflow of Labour Migrants, 1976-1997**



Source : Appendix A-XV.

It is seen from the above Figure 8.2 that twice as many Indian labour migrants went to the Middle East in 1992 as migrated in 1991, and labour migration to the Middle East also rose considerably from other major countries of origin in South Asia. The largest



numbers of migrants from South Asia are from India. Table 8.7 illustrates the magnitude of migration, specifically to the Gulf. At least 750,000 temporary workers from just four countries in South Asia migrated to the GCC countries in 1994, among them Indian 405,000, Bangladeshi 133,000, Pakistani 114,000, and Sri Lankan 111,000 migrants. Since then, the numbers of South Asians working in the Middle East has remained substantial, although migrants - especially from Sri Lanka and Bangladesh have begun to diversify their destinations to include South-East Asian countries (Table 8.7).

**Table 8.7 : Major Destinations of South Asian Migrants**

Sending countries		Receiving countries				
		Saudi Arabia	Other GCC	Other Arab	Others	Total
Bangladesh (1994)	Number	91,385	41,990	2,258	51,270	186,903
	%	48.9	22.5	1.2	27.4	100
India (1994)	Number	265,875	139,034	na	20,476	425,385
	%	62.5	32.7	-	4.8	100
Pakistan (1997)	Number	78,327	69,508	76	6,018	153,929
	%	50.9	45.2	0.05	3.9	100
Sri Lanka (1997)	Number	48,123	78,615	15,414	7,691	149,843
	%	32.1	52.5	10.3	5.1	100

Source : World Migration Report, 2000.

Note : Other GCC countries include Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates.

Above table reflects the number of registered migrants arriving in the Middle East. The actual flow, including unauthorized workers, is much higher. No precise figures of unauthorized migrants exist, but insight into the magnitude of the problem may be found in the level of expulsions each year. For example, the United Arab Emirates expelled more than 160,000 unauthorized workers in a three-month period in 1996 (Kuwait Times, 1996), and Saudi Arabia reportedly expels from 350,000 to 450,000 unauthorized residents each year (Kuwait Times, 1996).

The major nationalities of the foreign workforce in the Gulf changed as a result of the Gulf War. Migrants from countries that supported Iraq in the conflict were expelled from Kuwait and other Gulf countries. The departure of 350,000 Palestinians from Kuwait and the expulsion of 750,000-800,000 Yemenis from Saudi Arabia began to change the nationality composition of foreign workers. Kuwait banned the return of five nationality groups - Iraqis, Palestinians, Jordanians, Yemenis, and Sudanese (Shah, 1995). In the labour market vacuum that occurred, Asians and Egyptians were the major beneficiaries.



Development plans of the GCC countries indicate the need to reduce overall dependence on outside labour. Because of the near-total concentration of nationals in the public sector, with foreigners occupying nearly all employment in the private sector, one of the major government policies is to encourage employment of nationals in the private sector. Rising unemployment among nationals adds to pressure for these changes. A related policy restricts the employment of foreign workers in the public sector by the imposition of a hiring limit of 35 percent foreign workers in government offices and departments. Recent reports state that the GCC nations intend to "replace 75 percent of foreign workers with their own citizens by 2020" (CIS News, 1998). Even more important is the need to unauthorize migration. Governments took steps to curb visa trading that encourages the inflow of unauthorized foreign workers. Governments also became increasingly selective in granting visas to foreigners and in maintaining control over the migration process.

Host countries in the Gulf restrict migrants to fixed-term (renewable) contracts that link migrants to employers. Migrants are not permitted to transfer to another employer during a specified time without permission and may not change residence to work for another employer. If caught in Kuwait, for example, migrants are imprisoned and later deported. Migrants are discouraged from bringing family and only those professionals earning high salaries (US\$ 1,500 per month in public sector and US\$ 2,200 per month in private sector) receive authorization for spouse and children.

In an attempt to control the growing migrant population that is necessary to run the economy, yet discourage its permanent settlement, mass repatriations have taken place in recent years (Table 8.8). From mid-1996 to mid-1998, all six Gulf nations declared periods of amnesty during which they allowed unauthorized workers to leave or regularize their status without facing jail or fines. The United Arab Emirates took the lead in offering an amnesty after the issue was discussed at a ministerial meeting in the Gulf; other nations quickly followed suit.



**Table 8.8 : Amnesty Returnees From GCC Countries, 1996-1998**

Country	Total repatriated
Saudi Arabia	752,241
UAE	200,000
Bahrain	32,365
Oman	24,000
Kuwait	11,502
Qatar	3,000
Total	1,023,108

Source : World Migration Report, 2000.

#### 8.4.2 Emigration Trends of South Asian Countries

In 1947, India gained independence from the United Kingdom and Pakistan was partitioned into two wings, East and West. East Pakistan separated in 1971 and became the independent nation of Bangladesh. These events shaped the subsequent direction of migration within South Asia. Historical links to the United Kingdom and other Commonwealth nations provide an emigration avenue for the relatively affluent and professional sectors in these countries. However, most migration movements within and from South Asia today are related to labour migration across borders and outside the region to the Middle East.

While there was some labour migration from South Asia to the Gulf as far back as the 1930s under British rule, a remarkable upsurge in such movement occurred after the 1973 oil embargo. Bangladesh, India, Pakistan, and Sri Lanka lead the region in out-migration. During 1994-1995, it is estimated that 4 to 5 million workers from these countries were overseas, mainly in the Middle East (Table 8.7). Substantial outflows continued, with small yearly fluctuations. In 1997 alone, nearly 1 million migrants from Bangladesh (231,000), India (416,000), Pakistan (154,000), and Sri Lanka (150,000) left home to join their compatriots working abroad.

As these data reflect only documented migrants, they are likely to underestimate the real numbers by 30 to 50 percent. The total stock of South Asian migrants abroad, including unauthorized migrants, is not known, although it is believed to be increasing. A very rough estimate of unauthorized migration can be based on deportation or the

numbers of migrants in jail on visa violations. However, these data are often confidential and difficult to obtain. The Sri Lanka Government estimates that as many as 100,000 unauthorized migrants are staying overseas, including 10,000 in Japan and 20,000 in Italy (Gunatilleke, 1998b).

Until the early 1990s, more than 90 percent of all registered workers from South Asia moved to the GCC countries. This situation remains true today for Indians and Pakistanis, but Bangladeshis and Sri Lankans now move to other destinations (Table 8.7), about 28 percent of Bangladeshis sought non-GCC destinations in the mid-1990s. By 1996, the Bangladesh Government had registered 1.5 million temporary labour migrants, an average of 100,000 migrants per year, to 59 countries around the world, mostly in Asia (Mahmood, 1995b). Some 5 percent of Sri Lankans sought non-GCC destinations in the mid-1990s. Malaysia is a major new destination for Bangladeshis, while Lebanon, Jordan, the Maldives, and Singapore are new hosts to Sri Lankan migrants (Yapa, 1995).

All four of these South Asian countries have high participation in temporary labour migration, but permanent settlement abroad is common only among Indians and Pakistanis. About 1.5 million persons of Pakistani origin are estimated to reside in North America and the United Kingdom, and some 220,000 Bangladeshis in the United Kingdom (Mahmood, 1995b). Emigration of Pakistanis to the United Kingdom and the United States continues, based primarily on family reunification. Indian professionals and technical workers migrate in large numbers more or less permanently to jobs in the United States, the United Kingdom, Canada, and Australia. The annual outflow of permanent migrants currently is estimated at about 50,000 (Premi, 1998). In all, an estimated 15 million Indians live abroad. The impact of these numbers on India, however, is relatively insignificant given the total population of about 1 billion. In recent years, the Indian Government has encouraged expatriates to invest in their home country, particularly in India's emerging information technology sector.

Starting in the 1980s, there were new flows of South Asian migrants to southern Europe that took on permanent characteristics (Zlotnik, 1993). By 1990, some 49,000 citizens, mostly from the four nations profiled here, were registered as legal residents of Italy; in Spain, some 8,000 legal residents were of Asian nationality.



Numerous factors underlie the decision to migrate. In addition to the strong demand for labour in the Middle East outlined above, conditions at home help set the stage for migration. Key among the push factors that motivate migration is the desire to improve one's standard of living. The lack of opportunity at home, combined with the lure of higher wages and the encouragement of friends and family who migrated earlier, work together to facilitate migration. The population of these four countries alone totals more than 1 billion people (Table 8.9). The 1997 Human Development Report recorded that in South Asia there are more people affected by poverty than any other region (UNDP, 1997).

**Table 8.9 : Selected Demographic and Socio-economic Indicators of Four South Asian Sending Countries**

Indicators	Bangladesh	India	Pakistan	Sri Lanka
Total population, 1997 (in millions)	122.2	969.7	137.8	18.7
Population growth rate (%) 1994-2000	1.6	1.6	2.7	1.0
GNP annual growth (%) 1980-1993	4.5	5.0	6.1	4.6
GNP per capita (US\$) 1994	220.0	320.0	430.0	640.0
Human poverty index value (%) 1990-1996	48.3	36.7	46.8	20.2
Adult literacy rate (%) 1994	37.3	51.2	37.1	90.1

Source : UNDP (1997), Human Development Report, pp. 126-127, 147-148, 164-165, 194-195, 202-203; Population Reference Bureau (1997). World Population Data Sheet (for the total population).

Note : The human poverty index is based on the percentage of people not expected to survive to age 40, adult illiteracy rate, and percentage of population without access to safe water and health services, and of underweight children under age 5.

There are many disparities between the South Asian countries of origin and their Gulf country hosts. The population size difference is notable. The combined population of the four major sending countries is 45 times larger than the combined population of the six GCC countries. Differences in income also are phenomenal: the per capita income is 29 times higher in Saudi Arabia and 74 times higher in the United Arab Emirates than in Bangladesh. Labour demand exists in host countries for the plentiful supply of workers who are available and are willing to work under harsh conditions in jobs that the nationals are neither trained for nor willing to accept.

The wage differential between the home country and the Middle East is a tremendous pull - unskilled workers from Sri Lanka earn eight times more in the Middle East, while unskilled workers from Bangladesh earn about 13 times more. Further,



foreign wages can be worth significantly more at home at times of currency devaluations. It is thus not surprising to find that 50 to 60 percent of return migrants would like to re-emigrate. Many of the unemployed are return migrants waiting to return to the Middle East.

The formation of informal networks of friends and relatives facilitates movement and allows migration to become a self-perpetuating phenomenon. Case studies of housemaids from Sri Lanka clearly demonstrate the outward expanding nature of social networks. In one case, 18 primary migrants arranged for the employment of 154 others, indicating a multiplier of 8.5 (Gunatilleke, 1998b). Not all communities have an equal propensity to migrate, as the exceptionally high concentration of emigrants from Kerala demonstrates.

In Kuwait, a 1996 survey among 800 skilled and unskilled male migrants from South Asian countries also showed the salience of social networks (Shah, 1998). Of all migrants interviewed, work visas had been arranged through friends and relatives for 34 percent; Pakistanis (56 percent) registered the highest rate of assistance from networks.

Networks provide several advantages, including social support to the migrants and their families back home, a place to stay if needed, and financial or other assistance. Migrants assisted by a network are also more successful in earning a higher salary and in overall job satisfaction (Shah, 2000). Further, the survey revealed that networks reduce the financial cost of migration; a smaller percentage of those who migrated through the network (63 percent) had to pay for their visa, compared to workers who migrated using recruitment agents (94 percent). However, network migration was risky in the sense that more of such workers migrated without a job offer in hand and more migrants were in an unauthorized status because of the type of entry visa they held. Among Sri Lankans, effectively organized social networks absorb unauthorized migrants readily and encourage repeat temporary migration (Gunatilleke, 1998b).

The Governments of Bangladesh, India, Pakistan, and Sri Lanka are highly pro-emigration. Labour migration often is viewed as a panacea to help to resolve problems of unemployment and poverty. Remittances from overseas workers are a life-saver for the economies of some countries and a powerful force in shaping government policies. Sri Lanka and Bangladesh, in particular, pursued active migrant promotion campaigns that led to diversification of destinations, especially in Asia.



Emigration rules and procedures were revised during the 1970s or 1980s as migration volume increased. Each country also developed an administrative machinery to regulate outflows, ensure worker welfare, and promote further worker emigration. Data on annual outflows now are routinely collected by migration bureaus, although their accuracy varies.

A separate government bureau provides oversight of the labour contracting process and regulation of recruitment agents. While rules and procedures exist for punishing fraudulent agents, many loopholes remain. What is reported to and handled by the protectorate offices in sending countries is usually only a fraction of the instances of abuse. Migrant workers often are unwitting parties to exploitation when they are willing to pay the higher fee in order to get a visa. On the positive side, government-established welfare funds in each country provide assistance for migrants' families at home against the death of migrants overseas or for family use for education or housing. The Bangladesh Government also turned its attention to halting the trafficking of women and children by instituting criminal penalties; the Government is also providing some oversight of working conditions in host countries.

The governments attempt to maintain close ties with the host governments and to minimize controls on labour outflows. Pakistan, for example, waived minimum wage and return passage conditions of employment. Among the four countries, India dedicates the least effort because international migration is small compared to internal migration within India and involves a relatively smaller portion of the overall population. Nevertheless, India, too, waived the need for emigration checks of semi-skilled workers in order to preserve workers' share of the overseas labour market (Shah, 1995).

Return flows are not documented in any of these countries of origin. Some programmes exist to help migrants invest in land or housing on return, although governments generally do not have return or reintegration programmes. Research from India and Pakistan suggests that the savings and skills of returnees usually are not adequately utilized (Azam, 1995; Nair, 1998).

A majority of migrant workers from all countries, except Sri Lanka, is male. In the case of Sri Lanka, most studies report the percentage of women among all labour



migrants to be 60 percent or higher. Recent data suggest an increasing feminisation of the registered migrant workforce - 72 percent of the migrants in 1992 and 75 percent in 1997. One major reason for this is the increasing demand for housemaids in additional countries. When examining the gender composition of migrants from other countries, it should be remembered that published data are based on registered migrants and do not cover undocumented workers. Research from Kuwait shows, for example, that in April 1996 there were 40,000 Indian women domestic servants employed in Kuwait, even though they are not reflected in published statistics in India, nor does the Indian government permit the legal movement of such workers to Kuwait. As the workers are not allowed to migrate, the Indian embassy does not certify their movement, unlike that of workers who have legal permission to move (Shah and Menon, 1997).

In 1994, a small minority of emigrants from the four countries were professionals - doctors, engineers, judges, teachers, computer operators, and managers. Professionals range from 1 percent in Pakistan to 6 percent of the migrant workforce in Bangladesh. More than one - half of all workers from each country are unskilled or semiskilled workers, employed as labourers, servants, cleaners, and gas station attendants. Even with the slowing down of the construction boom in the Gulf, a large percentage of migrant workers are still absorbed in unskilled occupations, given the labour market structure in the Gulf.

Outside the gulf in Singapore, Pakistan, Thailand, and India, low-skilled, temporary migrants from Bangladesh work in various industries, including the construction and hotel/restaurant industries and personal services (female domestic service workers). In Malaysia, Bangladeshi migrants work in assembly and small manufacturing plants. Different flows of Bangladeshis who are educated and have some religious qualifications occupy positions in religious institutions in India and Pakistan (Mahmood, 1995b).

The relationship between population size and the number of migrants appears to account for much of the differential impact of international migration on these four countries of origin. Migrant numbers, especially from India, may appear quite large in comparison to the population of the host countries, but generally are not significant given the populations of the countries of origin. At the other extreme, about one-third of workers in Sri Lanka participate in labour migration.



Dependence on migrant remittances as a contribution to the national coffers as well as to family income is unmistakable (Table 8.10). The amounts remitted home vary, but reliance on this source of income was once strong in Pakistan and is strong today in Bangladesh. In 1994, remittances from overseas workers accounted for 34 percent of the revenues from all goods and services exported from Bangladesh. In the three other countries, the contribution of remittances to the economy ranged from 14 to 17 percent. The funds are channelled through both official and non-official channels. Resources are most commonly used to purchase consumer items, homes, or land, or to celebrate weddings and other occasions.

Migration results in a skills drain on the local economy. The loss of certain skills even results in some wage increases. Nevertheless, given the levels of unemployment in society - especially among returnees - migration does not appear to have major negative impact on the economy of the country of origin.

**Table 8.10 : Migrant Workers Remittances as Percentage of Export Earnings**

Country		Net Workers Remittances (Million US\$)	Remittances as Percentage of Revenues Earned from Exports
Bangladesh	1980	197	20.2
	1994	1,090	33.9
India	1980	2,786	22.6
	1994	4,976	14.2
Pakistan	1980	1,748	58.1
	1994	1,446	17.2
Sri Lanka	1980	152	11.3
	1994	698	17.1

Source : World Migration Report, 2000.

### 8.4.3 Emigration Trends of South - East Asian Countries

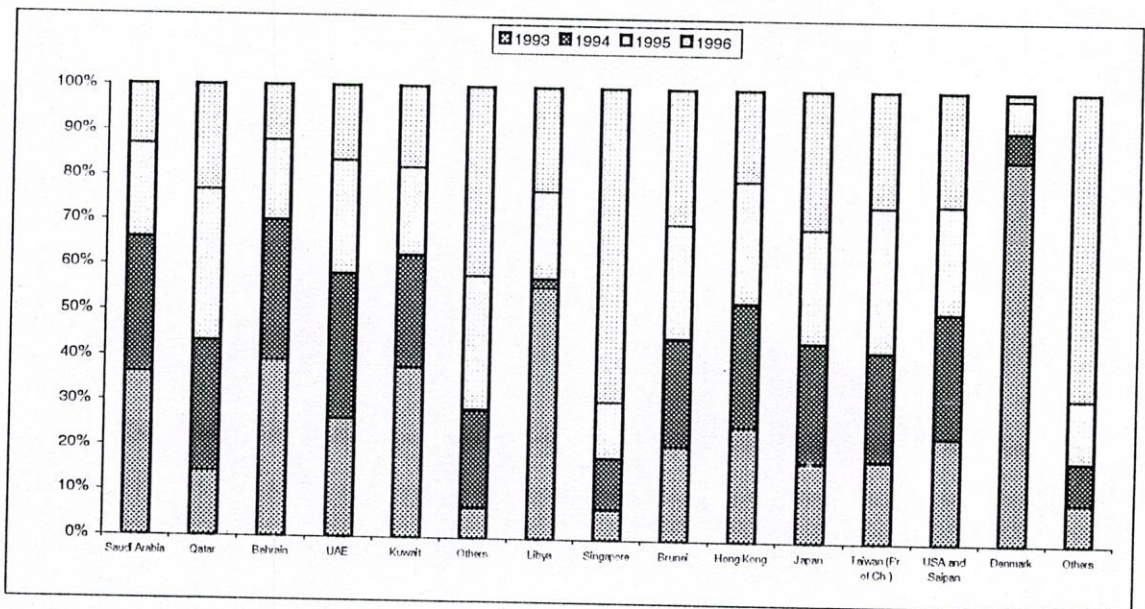
**Thailand** : In recent decades, Thailand assumed economic leadership within the northern part of South-East Asia. Fast development temporarily decreased Thai out-migration and quickly transformed Thailand into a labour receiving country in the international labour market. But Thailand maintains a role in labour export as well as a role as a country of first asylum for refugees in the troubled peninsula.



Thailand began its own labour migration programme in earnest in the 1980s when migrant numbers jumped from 20,000 to 125,000 in a decade. At that time, almost 70 percent of the migrants were deployed to the Middle East, particularly Saudi Arabia. Following a diplomatic incident with Saudi Arabia in 1991 (and changes that affected a number of other labour exporting nations as well), the entry of Thai workers to Saudi Arabia dropped drastically. Thai migrants switched to Asian nations, especially Taiwan (136 thousand in 1997), where Thais are the dominant migrant group and work in construction jobs (Lee, 1998) (Appendix A-XVI).

Thailand received significant number of workers from Myanmar, Laotian and Cambodia. At the same, the Thai Government encouraged workers to seek employment abroad. The target for 1998 was to deploy 215,000 workers overseas. According to official estimates, more than 190,000 Thais left the country to work abroad and remitted back some 65.2 billion bath, or 340,000 bath per person. The number of Thai overseas labourers rose by 4 percent during 1997 (Asian Migration News, 30 June 1998).

**Figure 8.3 : Thai Overseas Workers to Selected Countries**



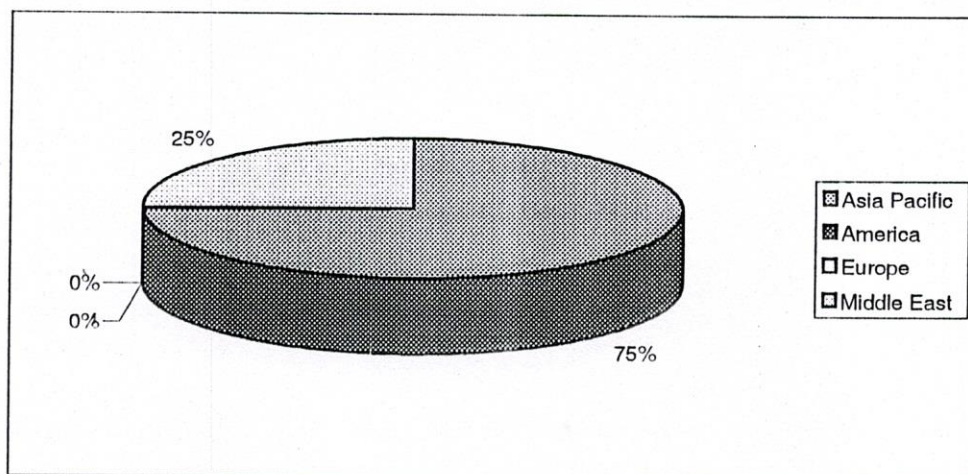
Source : Appendix A-XVI.

**Indonesia** : Indonesia developed its overseas labour contract programme in the 1980s. The programme maintained a modest outflow (less than 100,000 workers) for many years, mostly domestic workers to the Middle East and Malaysia. Their number

and destinations increased in the 1990s (now surpassing 500,000 workers) (Appendix A-XVII). The Indonesian community in Malaysia numbers approximately 1.4 million people. The regular overseas labour programme is overshadowed by the large number of unauthorized Indonesian migrants present in Peninsular Malaysia and Sabah. Several agreements and regularizations have not succeeded in managing the illicit movement.

Ethnic, linguistic, and religious similarities facilitate the outflow from Indonesia. Marked demographic and economic disparities, geographic proximity, and well established migration networks all contribute to the large-scale movement of both regular and unauthorized workers. Although unauthorized migration can be attributed in part to the involvement of intermediaries (illegal recruiters, travel agents, and transportation operators) in other cases Indonesians become unauthorized migrants by entering with a visitor visa and remaining illegally as workers.

**Figure 8.4 : Indonesian Migrants Deployed to Selected Countries, 1997**



Source : Appendix A-XVII.

Social networks play an important role among Indonesians - as they do among other migrants in South-East Asia. Access to information is crucial to migrants; migrants often base their decisions upon information coming from networks, even though outside observers consider government information more reliable.

The increase in emigration among Indonesians has profited the country. Migrant remittances through official channels to Indonesia amounted to US\$ 828 million in 1995,



declined to US\$ 586 million in 1996, and increased again to US\$ 1.2 billion in 1997 (Ananta *et al.*, 1998). Total remittance levels may be much higher, considering the large number of migrants who may not use banks for money transfers.

The South East Asian economic crisis had a severe impact on Indonesia, economically and politically. Because of the economic slow-down after the currency devaluation, unemployment reached 15.4 million at the end of 1998, representing some 17.1 percent of the 90 million labour force. More indicative of the impact, however, is the number of people who fell below the poverty line. According to Central Bureau of Statistics estimates, there are now 79.4 million Indonesians below the poverty line (39.1 percent of the population, up from 11.3 percent in 1996) (Ananta *et al.*, 1998).

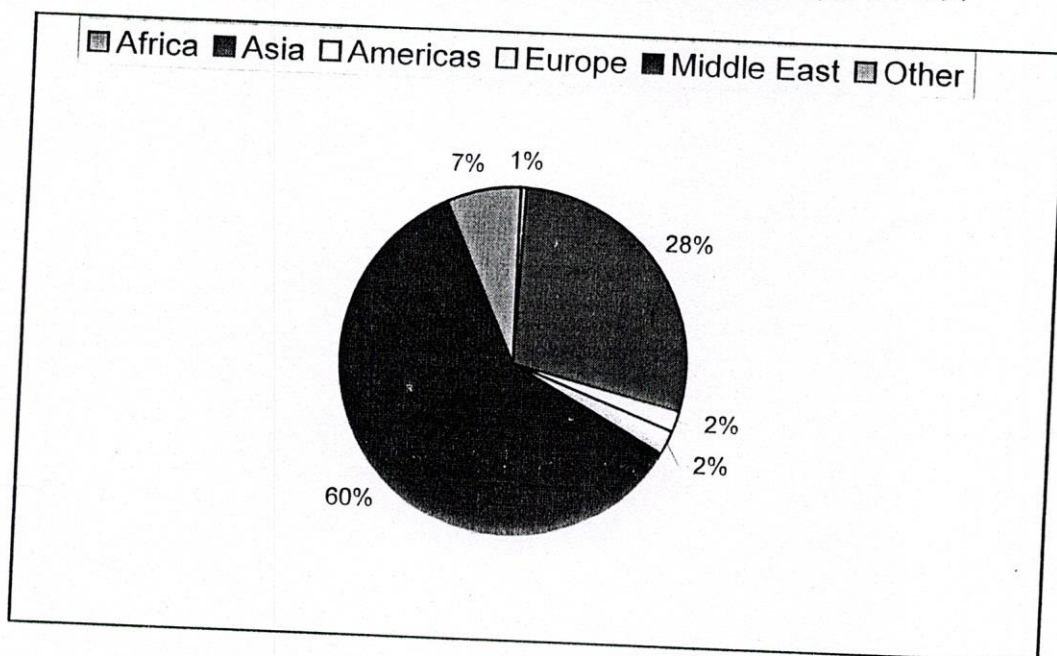
The political turmoil generated by the crisis that brought an end to the 32-year rule of Suharto also produced ethnic strife against the well - off Chinese community. Consequently, ethnic Chinese fled by the thousands to Singapore, Hong Kong, Taiwan (Province of China), and Australia, and the international community threatened sanctions.

**The Philippines :** The Government of the Philippines estimates that about 7 million Filipinos work abroad, remitting more than US\$ 7 billion in 1999. The Philippines deploys migrants on contract to more than 150 countries. However, particularly in the 1970s and 1980s, the bulk of migration was directed toward the Middle East. Recently, migration shifted direction, declining in the Middle East and expanding in the East and South-East Asian markets (Appendix A-XVIII). In 1997, for the first time, the number of Filipino migrants deployed to Asian countries was higher than that sent to the Middle East. The annual emigration flow of Filipino migrants, including those who work on the high seas, remained more than 600,000 in the 1990s. The flow to South-East Asia in 1997 was less than one-fifth of the outflow to all Asian countries and 7 percent of total deployment. However, these figures do not include those Filipinos who go to Singapore as tourists and obtain a work permit once in the country or the unreported flow between southern Mindanao and Sabah in Malaysia. Emigrating outside the region, Filipinos

represent the second largest source of legal immigration to the United States, averaging around 55,000 per year, most motivated to join family already in the USA. The Philippine Government estimates that about 1.9 million Filipinos abroad are in unauthorized migration status. Given the uncertainty in conditions of Filipinos abroad, it is difficult to assess the accuracy of this estimate.

An estimate of the Filipino population resident in South-East Asia could be as many as 350,000, considering the uncertainty of the number of migrants in Sabah. Filipino migrants in Sabah are engaged in production, services, and entertainment as well as a variety of other occupations (Table 8.11).

**Figure 8.5 : Deployed Filipino Overseas Workers by Regions, 1984-1997**



Source : Appendix A-XVIII.

In Peninsular Malaysia and in Singapore, Filipinos predominantly work in the service sector, especially as domestic help. Thus, the Filipino population in West Malaysia and Singapore are mostly female, while in Sabah, Filipinos are present with dependents. The small stock of Filipinos in Brunei (less than 20,000) is comprised mostly of labourers and teachers.



**Table 8.11 : Deployment of Overseas Filipino Workers by Skill Category (New Hires)**

Skill	1992		1993		1994		1995		1996		1997	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Professional	72,848	28	66,105	26	43,976	29	43,976	21	36,055	18	51,228	23
Entertainers	49,996	19	42,056	16	23,434	21	23,434	11	18,487	9	25,636	12
Administrative	495	0	405	0	352	0	352	0	568	0	555	0
Clerical	4,943	2	3,801	1	3,386	1	3,386	2	3,169	2	3,534	2
Sales	2,725	1	2,576	1	2,090	1	2,090	1	1,938	1	2,560	1
Service	82,440	32	89,154	35	81,306	35	81,306	38	84,745	41	76,402	34
Maids	58,700	23	71,444	28	62,653	28	62,653	29	61,986	30	47,544	21
Caretakers	11,399	4	7,885	3	10,410	4	10,410	5	14,695	7	19,225	9
Agricultural	1,920	1	1,706	1	972	0	972	0	822	0	538	0
Labourers	94,525	36	92,664	36	81,857	33	81,857	38	75,683	37	83,560	38
Not classified	698	0	506	0	219	0	219	0	3,345	2	3,027	1
Total	260,594	100	256,197	100	214,130	100	214,130	100	205,791	100	221,560	100

Source : World Migration Report, 2000.

Owing to its early entry into overseas labour, the Philippines developed a complete system for migrant recruitment and contracting that has ensured its place as the number one source of contract workers in the world. The Governmental system is responsible for licensing recruiters, providing information to workers, extending protection, and offering services for reintegration. The system also provides for private - sector involvement in expanding market opportunities and recruiting candidates for overseas labour. The Migrant Workers and Overseas Filipinos Act of 1995, basically a protection bill, codifies the system, gives policy direction, and mandates the deregulation of recruitment by the year 2001. Although it is regarded as a model by other labour-sending countries, NGOs and migrant associations remain critical of the overseas labour programme, which they claim diverts attention from improving the country's own development policies.

Even though the number of migrants from the Philippines remained fairly constant in the 1990s, remittances quadrupled after 1991, reaching US\$ 5.7 billion in 1997, the first notable increment (31 percent) coming between 1991 and 1992 and the second between 1994 and 1997. In 1996, remittances represented 13 percent of GDP. In



addition to moneys remitted through banks, remittances are channelled through friends and agents, and brought home personally by migrants at the end of their contracts. The more recent surge in remittances is believed to be associated with the elimination of restrictions on foreign exchange transactions and a healthy Philippine economy prior to the 1997 crisis that provided an incentive for investment at home.

Because of the variety of destinations of its migrant labour force and because not many Filipinos were in the crisis-stricken countries (with the exception of Sabah), the Philippines did not experience massive returns. Estimates projected that the number of overseas Filipinos would decline by 100,000 by the end of 1999 (Bohning, 1998). However, after a decline in the first half of 1998, the year ended with an increase of 0.5 percent in the deployment of workers. A drop in the flows to Malaysia, Singapore, Hong Kong, and the Republic of Korea was compensated by an increase in flows to Taiwan, Japan, and the Middle East.

The government of Philippines is very much pro-active for the welfare of the Pilipino migrant workers. Pilipino government has deployed Philippines Overseas Labour Officers (POLOs) in proportionate to the migrant worker to ensure the well being of the later (Achacoso, 2000). Table 8.12 shows country-wise number of Philippines Overseas Labour Officers (POLOs).

Pilipino government has not only deployed POLOs but also they have taken various other specific measures to ensure the welfare of the migrant workers which are not present in many labour sending countries.

Appendix A-XIX shows areas of government intervention and specific measures taken by Bangladesh, India, Sri Lanka and Philippines.

**Table 8.12 : Ratio of POLO Presence to Filipino OCWS (As of March, 1995)**

Region/Country	Stock Estimate of Pilipino OCWS	No. of POLOs	Ratio of POLOs to Filipino OCWs
<b>Asia and the Pacific</b>			
Singapore	65000	7	1:9285
Malaysia	44000	3	1:14666
Saipan	24000	2	1:12000
Hong Kong	120000	9	1:13333
South Korea	18000	3	1:6000
Taiwan	70000	7	1:10000
Japan	120000	9	1:13333
Brunei	10000	7	1:1429
<b>Middle East</b>			
Saudi Arabia			
Riyadh/Alkhobar	350000	19	1:18421
Jeddah	150000	8	1:18750
UAE	50000	14	1:3571
Kuwait	45000	7	1:6428
Libya	16000	4	1:4000
Oman	24000	2	1:12000
Qatar	22000	3	1:7333
Bahrain	25000	2	1:12500
<b>Europe and Americas</b>			
Italy	100000	7	1:14285
Spain	90000	2	1:45000
Greece	60000	2	1:30000
USA	60000	2	1:30000
<b>Total</b>	<b>1463000</b>	<b>119</b>	<b>1:12294</b>

Source : Achacoso (2000).



It is observed from the above discussion that international migration has become one of the most dynamic and diverse aspects of the present day world. In 2000, 150 million people observed their birthday other than their native land. In spite of the various restrictions imposed by the labour receiving countries, the numbers of international migrants are increasing day by day. Almost half of the total international migrants of the last decade were female.

Middle East countries, especially the six GCC countries receive significant number of temporary migrants every year. These migrants are mainly recruited from South Asian countries of Bangladesh, India, Pakistan and Sri Lanka. Philippines, Indonesia and Thailand are also senders of marked number of migrants to the Gulf States.

Among the South Asian countries Bangladesh and Sri Lanka have begun to diversify the destinations of their migrants.

Not only among the South-East Asian countries but also among the labour sending countries of Asia Philippines became a model. Well-planned policies, rules-regulations and pro-welfare activities of government, NGOs and civil societies have helped to established rights and dignity of Pilipino migrants at home and abroad. Also the productive use of remittances in Philippines have been materialised to a greater extent. Philippines can be a model for solving the various problems prevailing at the migration and remittance sectors of Bangladesh.



## **Chapter Nine**

### **Problems and Government Measures**

Since international migration is a multinational issue its problems can be solved through the combined effort of labour receiving and sending countries. In the 1970s, and early 1980s migrant workers were perceived by the Bangladesh society as the fortunate section who have had the opportunity to change their economic status in a short span of time. But from the mid 1980s due to downward trend in oil revenue, supply of labour more than the demand, over competition and for other reasons, the global market witnessed a continuous trend of wage decline. Moreover, due to lack of conscious policy and concerted effort of the labour sending countries, the labour market has become a buyer's market where the terms and conditions are mainly determined by the receiving countries. Low level of remuneration, unfavourable terms and conditions of employment, questionable deportation, forced labour, hazardous job condition, lack of proper safeguards and legal protection and health care services constitute the job scenario of unskilled and low-skilled migrant workers of Bangladesh. Problems faced by the migrant workers within the country are also no less severe. It is time that problems of migrant workers are to be highlighted and necessary measures to be taken.

The present chapter concerns with the problems related to migration, inflow of remittance and its productive uses in Bangladesh and government measures to solve those problems.

#### **9.1 Major Problems**

Problems akin to migration and remittances can be divided into two broad headings, for example, problems in the country of origin and problems in the host country.

##### **9.1.1 Problems in the Country of Origin**

Major problems that migrant workers face within the country of origin are of two types; one is related to the recruitment procedure related, and the other, with the weakness in policy making.

**Recruitment Procedure :** Migrant workers in Bangladesh are recruited by four methods: government agency (Bureau of Manpower Employment and Training BMET), public limited company (Bangladesh Overseas Employment and Services Limited-BOESL), private recruiting agencies (BAIRA) and individual order. During the initial stage of overseas employment, a majority of the workers were sent through the government initiative. According to experts, such a process involved lengthy bureaucratic formalities, but it was transparent and terms of employment were relatively favourable to the workers. Recent statistics shows that only 1.18% and 0.27% of the migrant workers are now recruited through the first two channels respectively. Since 1976, 4.67% of these workers have been recruited through private recruiting agencies and 8.60%, have been recruited under individual orders obtained by friends, relatives and middlemen (dalals). There are 730 authorised recruiting agencies (December 2002) and innumerable unauthorised ones. People who control the business seem to have strong political connection. A good number of recruiting agencies are owned or patronised by persons involved in policy making and it is estimated that about 80% of the recruiting agencies have their own travel agencies (Siddiqui, 1998).

**Sending People Without Valid Document :** A common practice which has pauperised many aspirant migrant families is that some recruiters send people to various labour receiving countries with false documents. In this process, individuals spending Tk. 90,000 to Tk. 160,000 end up being stranded in a foreign country. Some have been deported immediately upon arrival. Those who can get through immigration try to stay back as undocumented persons and end up working in extreme exploitative conditions. Persons who are involved in such recruitment, in many instances, not only have access to political patronage, but also have the power to coerce and mete out violence. Again, there seem to have developed an alliance of interests of the offenders, functionaries of regulatory bodies, law enforcing agencies and immigration officials. Under such conditions, individual victims feel powerless to seek legal redress. Yet, there exists no formal association or forum of migrant workers which will take up the role of documenting such individual cases and ensure collective action.

**Unhealthy Competition :** It is evident that over the years recruiters are bringing in job contracts with poorer terms. Unhealthy competition among the recruiters is one of the



major reasons for such a situation. The nature of work permit also creates problems for the migrant workers. In most cases, various aspects of terms and conditions between the employer and the employee are not laid out clearly.

**Sending People without Following Specification :** A common problem, both for the employers and the migrant workers is that the recruiting agencies do not recruit people according to employer's specification. Sometime they send people for positions which are not available. This results in the workers getting stranded in an unknown land or being deported. Another common allegation is that the agencies collect fees from potential migrants for overseas placement but fail to send them. At times deceitful advertisements are placed in newspapers. People are given the impression that they are being recruited as labourers where as in reality they were being sent under cleaners' quota. Some are recruited as waiters for hotels, but in reality they end up as kitchen help.

**Lack of Understanding of the Market :** Some problems directly emerge from the fact that GOB does not have a comprehensive policy on migrant issue. Lack of understanding of global labour market is one such issue which is decreasing work opportunities of Bangladeshi migrant workers. Bangladesh is exporting migrant labour in the low skill end of the market. It is evident that during the last 15-20 years, the wage of low skilled workers has been declining. While the demand for semiskilled and skilled workers is increasing. Successive governments of Bangladesh have failed to realise that Bangladesh is competing in a global labour market where countries like Sri Lanka, the Philippines, Indonesia and India have made significant investments in developing skills of their workers, according to market demand. Lack of similar effort ought to affect Bangladesh's ability in exporting migrant workers.

**Harassment After Return Home :** Migrants face a lot of problems after their come back. Harassment at Zia International Airport and Osmani Airport (Sylhet) by the Immigration and customs authorities and also by the miscreants are common phenomena. They also face innumber problems at their homes by the extortionists and relatives and friends.

**Lack of Effective Rehabilitation Programme :** An important aspect of the migrants issue is the rehabilitation of the returnees. The returnee migrants find it very difficult to



reintegrate in the national economy. There is no formal avenue of linking them with mainstream economic activities or for providing them information on possible job opportunities commensurate with their expertise gained abroad.

There is also a lack of initiative to harness the skills acquired by migrant workers in foreign lands. A section of returnee migrant workers have developed expertise for high-level technical work such as oil and gas exploration. In the recent negotiations with the foreign companies on oil and gas exploration, no effort was made to keep provision for involving such local expertise. In fact, proper data on the number and area of specialisation of such professional and skilled returnees is not maintained. Therefore, GOB do not have the information based on which it will pursue a national strategy for making the best use of its human resource lack of proper record also hinders the private sector from accessing to the returnees' skill.

**Lack of Effective Use of Remittances :** This study and other related studies reveal that a substantial portion of the capital accumulated through migrant labour is not used in productive ways. A major segment of the amount is spent on purchase of land and consumption. There is yet to emerge a comprehensive programme (both by government and private sector) for letting the migrant workers know about possible avenues of investment. Bangladesh still lacks special incentive package for encouraging the migrant workers to save. Such a situation has led to misuse of scarce resources. Proper use of remittances could be highly beneficial for the economic development of the sending countries like Bangladesh.

### **9.1.2 Problems in the Country of Destination**

The migrant workers face innumerable problems in the country of destination. Insensitivity of the government of the host/destination country, exploitation by the employers and unwillingness of recruiting agencies to bear any responsibility, are some of the major areas of concern.

**Policies of Labour Receiving Countries :** It was stated earlier that the international labour market has completely turned into a buyer's market. The presence of millions of migrant workers in the receiving states demonstrate that they need relatively cheap labour to fulfil their national development goals. But they are reluctant to take any measure to ensure basic minimum standard and quality of life for the migrant workers



and perceive them only as mere economic tools. It was known that South Korea officially imported 81,000 foreign workers, but recruited only 13,000 on work visa, while the rest 68,000 were accepted on training visa. Another 130,000 migrant workers are serving their economy with undocumented status (Siddiqui, 1998). None of the labour receiving Middle Eastern and East Asian countries has signed international conventions on migrant workers' rights. Most of them are not favourably disposed to sign bilateral and multilateral agreements with sending countries. Since they are not in any obligation, during crisis situations, migrant workers are their first victims. In March 1998, South Korea sent back most of the Bangladeshi workers (trainers) as a step for coping with recent financial crisis.

Malaysia has signed a memorandum of understanding with Bangladesh; therefore, they could not send back the Bangladeshi migrant workers before their contract period had expired. However in order to show the Malaysian nationals that the government is taking actions to cope with the recent economic crisis, it has announced a new policy on migrant workers which entails that once the contractual obligations are over, Malaysia will repatriate one million migrant workers. This number is one-third of their total migrant work force. Again, in order to create jobs for their own nationals, migrant workers have been removed from the service sector. They are being transferred to plantation sector. It is obvious that in order to gain back the confidence of its nationals, the Malaysian government is targeting the most vulnerable - the migrant workers. Same is the case of Middle East Countries.

**Seizure of Personal Documents :** Some employers, both in the Gulf region and in East Asia, seize personal documentation from the workers including passport, immediately on arrival. This is to restrict the worker from taking job in any other company. Without those papers the individuals concerned become undocumented and vulnerable. For all practical purposes, these persons become bonded labourers.

**Termination of Original Contract :** The employers often terminate the original contract on the basis of which the migrant workers were recruited. They are compelled to sign a second agreement on arrival. As the first contract was legal, by signing the second contract their status often becomes illegal. The second contract is signed usually for



undercutting the terms of employment originally agreed upon, and made to work for longer hours. There are also instances where migrant workers are threatened with criminal prosecution if they do not comply with unfair demands of the employers. The employers often do not register the job contract with the concerned authorities. Such registration is a pre-condition for the workers to avail benefits and legal remedies.

**Health, Work and Living Conditions :** There are many other dimensions of the abuse of workers. Sometimes their wages are not paid on time and their living conditions are poor and unhygienic. Workers at construction sites are particularly prone to accidents due to lack of adequate safety measures. In most cases migrant workers have very poor access to health care. The receiving governments exercise strict health checks prior to recruitment and on arrival, but if the workers become indisposed they have difficulty in accessing to health services. There have been incidents where Bangladeshi migrant workers have been thrown out of the host country for contracting disease like Hepatitis. They were not even allowed to collect their own belongings. These workers also lack access to preventive health care information. Recently a migrant support group of Malaysia noted that the migrant workers do not have access to proper preventive measures and they constitute the high-risk AIDS victim group.

**Insensitivity of the Bangladesh Embassies Abroad :** Insensitivity of Bangladesh embassies in labour receiving countries is one of the most unfortunate aspects of migrant labour issue. The Bangladesh mission staffs are yet to properly comprehend their role with regard to the migrant workers. They are not usually imparted any special training to deal with such specialised caseload. A common complaint of the migrant workers is that the embassies do not help them when they are in need.

**Problems of Women Migrant Workers :** It has been stated earlier that GOB pursues a policy, which does not allow unskilled women workers to migrate. This policy was made as a protective measure. However, as there is increasing demand for women worker, many Bangladeshi women are leaving the country in extra-legal way. Research findings suggest that an understanding between travel agencies and immigration officials make such exit possible. This group of women often work under most unfavourable terms, ranging from restriction on movement and long working hours to physical and even sexual abuse.



**Undocumented Migrant Workers :** It has been amply demonstrated that various irregular practices occur during the process of sending and receiving migrant workers. This, on many occasions, creates a situation where a large section of the migrant workers become undocumented. According to a recent estimate, Malaysia has one million such undocumented persons. A significant section of this is from Bangladesh. The undocumented migrant workers do not have any right at all. They are harassed and abused at every level; employers, local police, immigration authority etc. For many the option of returning home is restricted by the fact that they had incurred debt at home for migration purpose. They live in constant fear of being arrested. Many, of these who have been arrested, are kept in prison for indefinite periods, as they do not have access to legal aid. According to a Malaysian human rights group, Tenaganita, fifteen thousand undocumented migrant workers are detained in various detention camps of Malaysia. Approximately 30% of that, is from Bangladesh. Conditions of the detention camps are sub-human. All of them are overcrowded; basic amenities like water, sanitation are grossly inadequate. In addition to these detention camps, many Bangladeshis are locked up in jail. Instances are replete where undocumented migrant workers were denied access to their years of savings before deportation. Recent press reports suggest that a large number of undocumented Bangladeshis are stranded along the Thai-Malaysian border in sub-human condition (Siddiqui, 1998).

## 9.2 Government Measures

Government of Bangladesh is trying to solve the problems related to migrants and remittances. Government has taken following initiatives to mitigate the above problems :

**Establishment of New Ministry :** To handle the enormous problems faced by expatriate Bangladeshis by high-powered body Government of Bangladesh has established a new Ministry namely, "Expatriates Welfare and Overseas Employment" on 20.12.2002 vide SRO No. MO/PO/B-4/2/2001 - Bidhi/156, dated 20.12.2002. Establishment of a separate ministry to deal with the problems of expatriate Bangladeshis was their long time demand. The main objective of this ministry is to ensure protection of rights and interests of Bangladeshi migrant workers, both at home and abroad and to facilitate employment creation through economic growth.



**Welfare Activities for Expatriates :** GOB has taken various steps to ensure the welfare of the Bangladeshi expatriates.

One stop service centre, a multi storied building is under construction to save expatriate workers from cheating and harassment. The expatriates and their family members will be allowed to stay in the centre safely for a short period.

Envisaged to distribute 4000 (approx.) plots in collaboration with RAJUK among the expatriates in foreign currency. Application has already been received by RAJUK. Terms and conditions have been simplified to facilitate expatriate applicants.

Two buses have been provided to carry the Bangladeshi expatriates from Zia International Airport to other places of Dhaka to ensure their safe movement.

Tax and Immigration system for expatriate Bangladeshis has been simplified.

A welfare desk has been established in the airport to facilitate safe arrival and departure of expatriate workers. Officials of BMET are working 24 hours in the airport to solve the problems immediately if any.

A new arrival channel has been established namely 'Probashi Channel' for smooth departure and arrival of the Bangladeshi expatriates at both Sylhet and Dhaka airport.

**Training of Manpower :** In collaboration with International Organization for Migration (IOM) an English language training has been initiated by GOB. Nurses and Hotel workers have received training recently. This programme will be extended in the district level in future and feasibility has already been identified.

**Wage Earners' Welfare Fund (WEWF) :** Although the 1982 Emigration Ordinance provided for the welfare of migrant workers as one of the work areas of BMET, it was only in the 1990 that the Wage Earners' Welfare Fund was created to undertake welfare activities for the migrant workers and their family members. An eleven-member inter-ministerial management board was created under the chairmanship of the Secretary, Ministry of Expatriates' Welfare and Overseas Employment. It may be noted that the migrant workers or their associations are not represented in the committee.

The Wage Earner's Welfare Fund is constituted with subscriptions from the migrant workers, interest earned from the deposit of licences of recruiting agencies, 10% surcharge of the fees collected through Bangladesh missions abroad, and personal and institutional contributions. The bulk of the fund was raised from the subscription of the migrant workers. They are required to pay a fee of Tk. 1500 per person to the Welfare Fund. The Fund was created with eight specific objectives: (a) establishment of a hostel cum briefing centre; (b) organization of an orientation and briefing programme; (c) establishment of a welfare desk at the airport; (d) bringing the dead body of deceased migrant workers; (e) providing assistance to sick, disabled and stranded migrant workers, (f) providing financial help to the families of deceased migrant workers, (g) providing legal assistance to the migrant workers through the embassies, and (h) establishment of a hospital, a recreation club and information centre under the auspices of the Bangladesh missions abroad. The government through another circular added two elements to the list of the objectives. These are establishment of hospitals/keeping reserve seats in existing hospitals for migrant workers and their families and providing education facilities to the children of the migrant workers. The circular also stated that if needed the Fund could also be disbursed to schools where the children of migrant workers were studying.

**Table 9.1 : Wage Earners' Welfare Fund (Welfare and Briefing Fees)**

Year	Amount Taka
1992	24,636,205.00
1993	45,789,724.00
1994	76,256,095.00
1995	77,079,730.00
1996	63,120,420.00
1997	110,221,010.00
1998	134,525,365.00
1999	172,517,900.00
2000	157,357,620.00
2001	115,397,500.00
2002	140,921,000.00
Total	1,117,822, 569.00

Source : BMET.



Table 9.1 shows year wise amount receipt in WEWF from migrant workers as welfare and briefing fees.

This fund has been used in organising orientation and briefing programmes for migrant workers since 1992. Until 1998 BMET has organized briefing sessions for 267,623 workers before their departure for Saudi Arabia, Kuwait, South Korea and Malaysia (Rahman, undated). Theoretically, all the workers recruited for overseas employment should receive such briefing. However, given the high number of workers that go every year this number is rather low. The BMET officials inform that sometimes the work orders are received at the last hour, leaving very little scope for providing such briefing. As briefing of the migrant workers is immensely important, BMET officials felt that such briefing should be organized by the recruiting agencies in collaboration with NGOs prior to approaching BMET for clearance. BMET in that context should monitor that workers selected have indeed attended such briefing sessions. A Welfare Desk at the airport was established in 1982.

The use of the Welfare Fund has become quite controversial. It has been pointed out that very little share of the fund is spent to directly benefit the migrant workers. Till 1998, 4950 bodies of deceased migrants were brought home by using money from this fund. During the same period nineteen migrant workers in distressed situations were provided Tk. 284,872 as financial assistance. A disproportionate share of the fund was spent in providing assistance to schools and Islamic educational institutions. Until August 1999, 1043 schools have received Tk. 302,079,124 from this fund on the ground that migrant workers' children also attend those schools. Building a hostel complex with resources from the fund led to another major controversy.

**Initiative for Enhance Flow of Remittances through Official Channels :** GOB has undertaken several schemes-initiatives to raise the flow of remittances through official channels. Among them Non-Resident Foreign Currency Deposit (NFCD), Wage Earners' Development Bond, Non-resident Investor's Taka Account (NITA), US Dollar Investment Bond and US Dollar Premium Bond schemes are mentionable.

GOB has decided to select some Important Non Residence Bangladeshi (INRB) from the expatriates to show them honour, as recognition, for contribution to the national economy and for earning highest amount of remittances.

A committee has already been constituted headed by the State Minister for Expatriates' Welfare and Overseas Employment Ministry. 50 expatriates will be selected every year as INRB from various countries of the world.

**Money Laundering Prevention Act :** To prevent illegal transfer of remittances, especially to curb the hundi system, GOB has enacted 'The Money Laundering Prevention Act, 2002'. A person involved in hundi system or any other illegal transfer of foreign currency should be punishable under this act. Favourable results have already been achieved by the enactment of this act. Inflow of remittances through official channel in 2002 has raised 42.22% in comparison to previous year (2001).

**Emigration Rules and Conduct Rules for Recruiting Agents :** It was long cherished demand for the migrant workers as well as for the civil society to formulate an emigration policy and a conduct rules for the recruiting agents. For the absence of these there was no discipline in the manpower export sector. Recently, GOB has promulgated Emigration Rules, 2002 from 31.12.2002 vide SRO No. 370 Law/2002 dated 30.12.2002 and Recruiting Agent Conduct and Licence Rules, 2002 from 31.12.2002 vide SRO No. 371-Law/2002 dated 30.12.2002.

In the Emigration Rules, 2002- registration system of emigrants, appointment of Labour Attaches, duties of Labour Attaches, registration system of expatriate workers, bio data of recruiting agents' personnel, deployment of sub-agents and other emigration related issues have been clearly described.

Accordingly, Recruiting Agent Conduct and Licences Rule, 2002 has described the following things elaborately-terms, conditions and procedure in getting a recruiting licence, renewal procedure of licence, detailed conduct procedure of a recruiting agent to maintain agent office and to collect demand letter from abroad, selection procedure and other related issues applicable for an agent for the welfare of migrant workers.



Proper application of these rules may ensure the welfare of migrant workers at home and abroad.

**Fixation of Minimum Monthly Salary :** GOB has fixed the minimum monthly salary for the skilled and unskilled worker. Table 9.2 shows minimum monthly salary of migrant workers in the major worker receiving countries.

**Table 9.2 : Country wise Minimum Monthly Salary of Bangladeshi Workers (Approved by the GOB)**

Country	Skilled/Semi-Skilled		Un-Skilled		Exception	Comments	
	Food/Housing Free	Food/Housing Free/Own	Food/Housing Free	Food/Housing Free/Own			
KSA	600 SR	Food Own, Housing Free - 750 SR (600+150) SR Housing Own, Food Free-750 SR -(600+150) SR Food, Housing Own-900 SR (600+150+150) SR	400SR	Food Free, Housing Own 550 SR (400+150) SR Food Own, Housing Free - 550 SR (400+150) SR Food and Housing Own-700 SR (400+150+150) SR	Export of Workers in 300 SR/month can be considered only if any reputed company make suitable arrangement for food and housing accommodation with minimum 3 (three) years contract period.	In all cases period of contract shall be minimum 2(two) years	
Oman	55 OR	Housing Free, Food Own-70 OR	40 OR	Housing Free, Food Own - 55 OR			Do
Bahrain	60 BD	Housing Free, Food Own - 75BD	40 BD	Housing Free, Food Own - 55 BD			Do
Qatar	600 QR	Housing Free, Food Own-750 QR	400 QR	Housing Free, Food Own - 550 QR			Do
UAE	600 Dirham	Housing Free, Food Own - 750 Dirham	400 Dirham	Housing Free, Food Own - 550 Dirham			Do
Kuwait	47 KD	Housing Free, Food Own - 60 KD	35 KD	Housing Free, Food Own - 47 KD			Do
Malaysia		125 US \$	-	100 US \$			Do
Brunei	250 BD	-	-	-			Do

Source : Ministry of Expatriates Welfare and Overseas Employment.

Field survey reveals that this minimum monthly salary rules are frequently violated by the foreign employers with the knowledge of the concerned Bangladeshi recruiting agents.

**Maximum Fees for Emigration:** GOB has fixed up the maximum fees chargeable by a recruiting agent from an emigrant. From 01.09.2002 the minimum fees chargeable by an agent is Tk. 70,000.00 vide circular no. Sakha-5/Bibidah-6/2002/802 dated 01-09-2002,



Ministry of Expatriates Welfare and Overseas Employment. From field survey of this study it was found that recruiting agents are not following this government rule. Actually the recruiting agents realised Tk. 90,000 to 1,50,000.00 for Middle East countries and Tk. 2,00,000.00 to Tk. 3,10,000.00 for European and North American countries.

**Funeral of the Dead Body and Compensation :** GOB has decided to bring the dead body of the expatriates Bangladeshis with free of cost through Bangladesh Biman. Government takes necessary action to collect compensation for the successors of dead person from the employer. Table 9.3 shows number of death compensation recipients, number of death compensation disbursed, amount received in Taka and distributed amount from June 16,1977 to December 31,2002. (Table 9.3)

**Table 9.3 : Year wise Compensation Received and Disbursed for the Workers Died Abroad (June 16, 1977 to Dec. 31, 2002)**

Year	Number of Death Compensation Recipients	Number of Death Compensation Disbursed	Undisbursed Number	Amount Received (Taka)	Distributed Amount (Taka)	Comment
Up to Dec.'01	9528	8738	790	687197147.01	635945572.30	Under process
Janusry'02	58	38	20	23272225.00	10058926.81	
February'02	18	37		65583.00	3662387.07	
March'02	58	45	13	6450864.00	5923316.96	
April'02	19	24		3508862.95	4278675.65	
May'02	104	54	50	9388721.00	8224936.42	
June'02	3	42		7291245.43	7604942.95	
July'02	61	15	46	4155541.00	8602809.52	
August'02	80	52	28	7230953.00	8916372.85	
September'02	28	37		14958397.00	9888507.36	
October'02	6	25		4916528.20	3750170.00	
November'02	68	43	25	2309141.00	6431646.93	
Decmber'02	38	36	2	7856538.00	8993917.36	
Total of 2002	541	448	184	91404599.61	86336609.88	
Grand Total	10069	9186	974	778601746.62	722282182.17	

Source : BMET.

**Resolving Disputes :** Dispute arises in the process of emigration resolved into two ways, complaint procedure and case file. Complain submitted by an emigrant or would be emigrant against recruiting agencies are disposed of by BMET. Every year a lot of such complains are disposed of by this authority. Table 9.4 reflects the picture of such complaints from January to December 2002.



**Table 9.4 : Complain Against Recruiting Agencies**

No	Description	Number
1.	Number of recruiting agencies against whom complain submitted	165
2.	Total number of complain	241
3.	Number of disposed of complain	147
4.	Licence cancelled	2
5.	Licence suspended	12
6.	Realized amount against complain	Tk. 91,65,000.00

Source : BMET.

In the case file method any complain submitted by a migrant or by a would be migrant is being investigated by the proper authority. If prima-facie is made out then it sent to the labour court for trial. In Bangladesh there are seven labour courts of which three are located in Dhaka, two in Chittagong, one each in Khulna and Rajshahi. These labour courts are authorized to hear and dispose of cases under the statute relating to migrant worker-Emigration Ordinance, 1982. It may be mentioned here that these labour courts are not only vested the power to dispose of cases related to migration but also they are empowered to decide other labour related disputes.

From the above discussion it is clear that Bangladeshis are harassed in various ways in foreign countries, especially by the employers. Seizure of personal documents, termination of original contract, longer working hour, irregular payment, underpayment, physical abuse, unhealthy living condition etc. are among the problems. Bangladesh embassies abroad are not very active to solve the problems of Bangladeshis.

Though GOB is trying hard to solve the various problems of the migrants yet the measures so far taken are not sufficient to solve those problems. Many things are yet to done for the migrants at home and abroad.

# Chapter Ten

## Summary, Conclusions and Recommendations

### 10.1 Summary and Conclusion

Over the past 25 years labour migration from Bangladesh has registered a steady increase. From 1990 onwards on an average 2,25,000 Bangladeshis are migrating on short-term employment, mostly to 13 countries. In the past the bulk of the migrants consisted of professional and skilled labour. However, the recent trend is more towards semi and unskilled labour migration.

Outflow of Bangladeshi labour generated significant financial inflow to the country in the form of remittances. However, due to increase in the flow of unskilled and semi-skilled labour instead of skilled and professional, remittance flow is not increasing at the rate of the labour flow. Remittances are crucial for the economy of Bangladesh. It constitutes more than one-fourth of the foreign exchange earning. In 1998-99, remittances contributed 22 percent in financing imports. Studies have shown that it has strong positive impact on GDP, and also on consumption and investment (Murshid *et al.*, 2000; Afsar, 2000).

The migrants on an average are staying overseas for more than five years. 71 percent of them were less than 35 years of age. 6.19 percent of the remittance sending persons was illiterate, and about 43.33 percent of them had an educational background from Class 1 to Secondary School Certificate. It was found that a good number of migrant workers had education up to Higher Secondary and degree levels. About 17 percent of remittance senders were students when they went abroad. 26 percent of them were unemployed at the time of migration. During their migration period a large segment of them were working as construction labourer, another group worked as agricultural labourers. UAE, Saudi Arabia, Kuwait and Malaysia constituted important destinations of these migrants.

The study traces the socio-economic background of the migrant workers and establishes the fact that this group of people does not belong to the category of the poorest of the poor. The major destination of the migrants has been the Middle East,



followed by South East and East Asian countries. It was further seen that most of them migrated at a young age.

On an average, the interviewee households annually received about Tk.163800 - Tk. 217200 as remittances. It was found that on an average each migrant remitted 63.28 - 68.65 percent of his income abroad. Again remittances constituted major portion of the total income of the migrants' households.

Transfer of remittances took place through different methods. 63.46% of the total volume of remittances was channelled through official sources, around 21.45% through hundi, 7.11% through friends and relatives, and about 7.21 percent of the total were hand carried by migrant workers themselves when they visited home. Others include sale of work visas. Migrants sent work visa from his country of destination. Their families either sent another member abroad with that visa, or sold it for cash.

Remittance senders also brought in items while they came on holidays or sent through friends. This included cassette player, radio, television, computer etc. These can also be treated as remittances in kind. If the amount is added with the total remittances in value terms its percentage share stands at 10%.

There is also variation in the average amount transacted under each method. Under official method the average amount was Tk. 49,989 whereas the average amount per transaction under hundi was Tk. 50,172. However, the amount per transaction was the highest when it was personally carried by the migrant workers (Tk.53094). On an average each of the household received remittances about 3 times per year. A few, of course, received remittance regularly each month.

The cost of remittances transfer through official method included service charge, speed money, conveyance and other costs. For hundi, the costs involved phone charges, conveyance and remittance lost.

Under official transaction, the time required for receiving cash after depositing the draft in the bank was 10-12 days. For hundi, the average time per transaction following receipt of information was less than a day.



From the pattern of use of remittances it was observed that for some families remittances were the major source of income to maintain subsistence. However, remittances was also used in other avenues. In the Bangladeshi context land is the safest and a very profitable investment. Therefore, receiving households made all kinds of land related investments, arable, homestead and commercial. Some of them have been successful in releasing mortgaged land and others had taken in land mortgaged as an avenue for income. Savings of these households was relatively low. A substantial portion of remittances was used to finance migration of other family members. This was seen by families as a major investment for further enhancing their household income.

The interviewees represented different occupation: skilled garments and factory workers, self employed, salaried employees, small enterprise owners and large enterprise owners. Except a few all were regular remitters. There was a degree of similarity in methods used in remittances transfer and average number of annual transactions per year between the experience of 180 remittance receiving households.

The study also deals with the magnitude of unofficial transfer and the role that financial institutions play in transferring and utilising remittances. It identified several factors that work for a large portion of remittances to flow through unofficial channels. These include efficiency of the hundi channel, smuggling, exchange rate differentiation, need for recruitment fees in the destination countries and collusion of interest between business, banks and hundi operators.

Detailed discussions with high official of central bank and others financial institutions lead us to believe that there is growing awareness about to develop proper strategies and gear up existing financial institutions, both at government and private levels for mobilization of resources. In that context, the Bangladesh government has adopted several policy measures that include encouraging Bangladeshi banks to open correspondent relationship with financial institutions in the destination countries, developing and liberalizing the existing financial instruments to attract the migrant remittances and promoting remittances by allowing it tax free status.



The study found that not much effort geared by financial institutions with regard to utilization of remittances. Their principal activity in this regard has been offering a few saving and investment instruments.

This study has detailed the processes to return migration and identified the experiences of migrants. It was found that information regarding return migration is sparse and that in their efforts for re-integration the returnee migrants go through a difficult process of socio-cultural adaptation. They also face major problems in their efforts to economic rehabilitation. This study therefore has been a modest beginning to understand the dynamics of return migration of Bangladeshi migrant workers.

It is found that there hardly exist any advisory service or information channel to help migrants plan after their return. This information gap exists both in the host and home countries. The study established the fact that there is an absence of formal initiative to harness the specialised skills that are acquired by the migrant workers while working abroad.

There is an information gap in gauging the extent of return migration. The absence of a data-base on migration makes it difficult to have a clear idea about the rates and patterns of return flow.

Government, private and non-government sectors are all very poorly equipped to provide reintegration assistance to the returnee migrants. BMET is hardly concerned with the reintegration process. The recent decision to mobilise part of the wage Earner's Welfare Fund for helping the reintegration process is a long over due step. BAIRA, the most important from the private sector involved in the labour migration process, has also remained oblivious to the problems of returnee migrants. The initiatives of civil society organisations have been also weak and limited.

Problems faced by the returnees were documented and found that most of the returnees did not have any concrete idea about their rehabilitation plan. The bulk of the remittances of the returnee migrants was used by their families in their absence and very little amount was left for their economic rehabilitation. Only a small portion of the remittance was used in productive purposes. Returnee migrants also faced enormous



pressure to part with resources that they still commanded. A section of them managed to engage in economic activities on their own initiatives, without any institutional support. However, a good number of them were still unemployed. Some were left with no choice but to explore options for fresh migration.

The study also traced the changing pattern of employment of the migrants. It found that most of the migrant workers were unskilled when they went overseas. A good number of them had acquired new types of skill. However, a large segment of the skilled returnees migrants are currently engaged in occupations that do not have any link with the skills they acquired overseas. Only a handful was earning their livelihood by utilising their skills. Many, while staying overseas are amenable to take up menial jobs, but at home there is a general reticence to do such job.

For their effective reintegration the returnees underscored the need for business support and creation of enabling environment so that they could invest. This included improvement in the law and order situation, controlling of extortion, access to business information, access to credit and technical assistance. Those returnees interested in setting up of production oriented enterprises wanted the government to allot plots of land while others emphasized the need for access to capital, training on business organization and management, accounts keeping and marketing. Some of the returnees expressed their desire to migrate again.

## **10.2 Recommendations**

In the light of the findings of this study, the following recommendations are made to eradicate the problems of migration, enhance flow of remittances through official channel and its productive uses. The recommendations can be divided into two main parts (a) within Bangladesh (b) outside Bangladesh.

### **10.2.1 Within Bangladesh**

**Skilled Manpower Development :** Skilled workers are able to earn more and obviously they can send more remittances. So skilled manpower is an urgent necessity. The present technical training centres and other technical institutions cannot cope with the demand for manpower export of such category and also the internal demand. Skilled manpower is necessary not only for higher remittance earnings but also to meet up demand only for

this category of workers in some countries. For examples, Australia, South Korea, Countries of European Union import only skilled manpower. So, more nursing training institutions and more technical training institutions should be established at various parts of the country. At the same time, efficiency and quality of education of the present institutions should be improved sufficiently.

For this BMET may take following steps:

- (i) It may identify areas of future foreign labour needs;
- (ii) It may disseminate the information to potential training providing organizations;
- (iii) It may strengthen its 20 training institutes through upgrading and purchasing necessary equipment;
- (iv) It may expand the training outreach through private training institutions;
- (v) It may encourage NGOs and private sectors to take up training targeted to foreign employment.

**Law Reform :** 1982 Emigration Ordinance needs to be updated and necessary rules to supplement the law have to be framed. Stiffer penalties are to be imposed on individuals and agencies that violate the law. In recent years a few initiatives have been undertaken by civil society organizations to update the Emigration Ordinance. The relevant recommendations of these initiatives and the measures suggested in this strategy document need to be taken into account while updating the Ordinance and framing the rules. New legislation should reflect the concerns of section 2.2, 2.3, 3.2 and 3.3.

International agencies, such as the ILO provided technical assistance to Egypt and Kuwait in developing legal framework for labour migration. If needed, GOB may approach ILO and IOM to provide such assistance.

**Curbing Undocumented/Irregular Migration :** Surveys conducted in the recent past have shown that larger numbers of Bangladeshis are leaving for overseas employment without taking BMET clearance. Their irregular status puts them in low wage condition and if apprehended they are often imprisoned. In many cases they are deported back home. In almost all cases they depart Bangladesh through the airports and irregular migration becomes possible through cooperation of a section of immigration officials. In that case immigration officials are to be made accountable.



BMET has developed a computerized data-base of those who have been issued clearance. The data-base has to be made available to the immigration authority through establishment of computer network. The network is to be expanded so that Bangladeshi missions overseas can access it.

Steps are to be ensured so that those found guilty of promoting irregular migration face stern disciplinary measures. Instead of relying on traditional service rules, specific rules are to be framed for making those responsible face punitive actions. Such increased penalty measure should come under the existing legal regime on Emigration Ordinance, 1982.

Coordination on policies and action among Home, and Expatriates' Welfare and Overseas Employment Ministry have to be institutionalized to implement the above-mentioned steps. The Advisory Committee in this regard has to be well activated.

**Eradicate Malpractices in Visa Procurement :** It has been reported that a group of expatriate Bangladeshis along with a section of recruiting agencies, has developed sophisticated channels for visa procurement in the Middle East. The group maintains regular contacts with potential employers, and by now has established a near-monopoly in procurement of visas. Through a network of agents and sub-agents the group manages to obtain visas from the potential employers and then puts them into 'auction' before the Bangladeshi recruiting agents. The cost of migration registered a steep increase due to this malpractice. If costs of migration are to be reduced then steps are to be taken to stop procurement of demand letter and visa, in exchange of money from intermediaries and the employers.

High ranking delegations should visit countries such as Saudi Arabia, Malaysia, UAE, and Kuwait, and draw attention of the authorities there to the negative consequences of work visa manipulation on both parties, and urge the later to take necessary steps to curb the activities of the intermediaries.

In order to curb visa purchase process the GOB will have to play a proactive role in visa procurement. With this aim it will take initiative for signing MoUs and other bilateral agreements with labour receiving countries. Bangladesh missions in receiving countries, particularly in Middle East, should act as the prime facilitator of procurement.



In doing so, missions will gather information on labour needs for the foreseeable future from the concerned government agencies and the private sector, and negotiate with them.

To curb the activities of visa manipulating syndicates based in destination countries both the government and BAIRA have to demonstrate their commitment. The government will take necessary legal and administrative actions against identified Bangladeshi procurers and middlemen engaged in visa trade. Purchase of visa is illegal under the laws of both Bangladesh and also of countries of employment. The recruiting agencies should renounce this practice. BAIRA's challenge will be to deter its members from purchasing of auctioned visas from intermediaries.

BMET should refrain from issuing recruiting licence to anyone who is staying abroad on a work-permit. Existing standard for securing licence should include a clause that a person holding a work permit in destination country cannot apply for licence. If he wants to apply for a licence, then he will have to surrender the work permit. If a person is found holding a licence violating the rule, his licence will be cancelled immediately and the security deposit will be forfeited by the authority.

**Abolition of Middlemen System :** An important source of exploitation in the recruitment process in Bangladesh is the existence of the middlemen (dalal) system. Recruitment of labour in the home country is a complex process. Currently, more than 700 recruiting agencies are engaged in such activities. Most of them are based in the capital city, the rest in Chittagong and in a few other towns. However, the bulk of their clientele are based in the rural areas, and hardly any agency has branches in towns other than where their head - offices are located. Under such conditions, they depend on a host of informal agents and sub-agents who bring them business and work as intermediaries between them and the potential migrants.

Following steps may be taken to overcome the above problems:

- a) making it compulsory for the aspirant migrants to register in nearby manpower employment office;
- b) recruiting agencies will recruit only from among those registered;
- c) linking district manpower offices with BMET head office, BAIRA and individual recruiting agencies through computer network and making it possible for the Bangladesh missions abroad to access such information;

- d) recruiting agencies are required to register names of those migrants with BMET when they process individually secured visa cases;
- e) ensuring all transactions through banks.

Changes in the recruitment system must be accompanied by a vigorous campaign that highlights the plights and problems of the current system, and advantages of the revised arrangement.

**Measures For Reducing Cost :** A number of factors have contributed to high cost of migration from Bangladesh. This include policies by some parties that restrict migrant workers' choice of carrier, arbitrary cost of airfare for the Gulf region and imposition of travel tax and advance income tax on migrant workers. Some diagnostic centres charge more than market price for health check up.

GOB should immediately initiate discussions with the concerned embassy so that migrant workers can select carriers of their choice. Government should take up the issue of over charged fare for some sectors with the civil aviation authorities/airlines concerned. It may also consider introducing labour fare for migrant workers.

Revoking travel tax on migrant workers and steps against delegations of the diagnostic centre should be taken. For proper monitoring diagnostic centres have to be registered with the BMET. A code of conduct should be prepared for the diagnostic centres.

**Strengthening BMET :** Currently BMET is involved in all kinds of functions - control and regulation of recruiting agents, collection and analysis of labour market information, registration of job seekers for local and foreign employment, development and implementation of training programmes in light of specific labour needs both in national and international labour markets, materialization of apprentice and in-plant programmes in the existing industries, organizing pre-departure briefing sessions, and resolving legal disputes. Without adequate resource and institutional capacity, performing all these tasks has affected the quality of work. A committee can be formed to evaluate the present activities and formulate suggestion to strengthen its present efficiency. But idea should be kept in mind that BMET should also be a service delivery organization.

**Abolition or Reshuffle of BOESL :** BOESL was created by GOB in 1984 to as competitor of the private sector. Since its inception up to December 2002, BOESL

recruited 9636 workers which is only 0.27% of total recruitment. So, either this white elephant should be closed or a thorough re-shuffle should be made immediately.

**Ensure Transparency and Accountability of BAIRA :** BAIRA, as the trade body of the recruiting agencies, is committed to bring about discipline in the labour export sector. But the reality is a far cry.

Transparency and accountability of BAIRA should be ensured. By annually updating and publicizing its list of members, along with the names of their local agents in various districts so that aspirant migrants have access to registered agents of licenced recruiting agencies. Currently list of BAIRA members is printed annually with addresses and phone and fax numbers in a directory. BAIRA circulates that among government and other relevant authorities. Same information has to be made available to the potential migrant workers who are mostly based at rural areas.

To further demonstrate its commitment to causes of migrant workers, it should make annual contribution for skill development training of migrant workers.

**Information Dissemination in Bangladesh :** In Bangladesh there is yet to emerge any formal source of information on labour market, placement and recruitment procedure and assessment of costs and benefits of migration.

So, there is an urgent need for exploring ways to channel information on migration procedures. Legal steps taken for streamlining the sector will only be effective when all necessary information is available to the potential migrants, their families, community leaders, civil society activists, journalists and other professional groups and the masses.

The proposed measures are: (a) media campaign on radio, television and in the newspapers (b) workshop for potential migrant workers and families of migrant workers, community leaders, NGO activists, bank officials, human rights activist, Journalists, Foreign Ministry official and BMET functionaries and (c) pre-departure orientation and training for the migrants.

**Co-ordination Among Various Agencies :** Labour migration involves different ministries, agencies and migrant workers. Inter-agency collaboration is a pre-requisite for



the establishment of programmes and services for streamlining the labour migration process. In order to institutionalize this inter-ministry/agency/migrant workers collaboration, establishment of an Advisory Committee is required.

The Advisory Committee will act as an inter-ministerial/inter-agency watchdog who will have the legal authority to monitor the progress made in implementing the recommended actions made above. This will include authority for asking periodic reports and power to make (binding/non-binding) recommendations. The Advisory Committee may also suggest law reforms, policy measures and codes of conduct with the regard to labour migration. It can also facilitate consultation among government, private sector and civil society pertaining to labour migration.

**Steps to Curb Hundi :** Recently, GOB has promulgated Money laundering Prevention Act, 2002 to check hundi system. But it is not sufficient to curb this deep rooted and old practiced illegal system.

The study further informed that a large segment of hundi money is channeled to finance smuggling. This necessitates reevaluation of taxation policy, tariff and duty structures. Such revision has also become necessary for reducing under-invoicing of imports that has become another contributing factor to hundi. Exemplary action should be taken against those government official whose involvement should be proved in the illegal process.

The Bangladesh Bank's policy of not allowing private banks opening branches in foreign cities where nationalized commercial banks have their branches needs to be reconsidered. Such protectionism is against the principle of liberalization and private sector development. If banks gear themselves adequately for harnessing migrants' remittances then opening of branches by private banks would lead to a healthy competition and thus is likely to contribute increased flow of remittances.

**Efficiency Development of Bank Officials :** Banks are the major actors in remittance transfer. On the issue of transfer of remittances the banking services have to be made more attractive to wean clients away from hundi. Banks have to match the level of services currently provided by the hundi operators such as cost and speed. Different steps may be undertaken to improve the quality of services provided by the banks.

The study has found a good percentage of those who are remitting money and are the beneficiaries are less educated or illiterate. In most cases they are not familiar in dealing with formal institutions and are not aware about the need for having a bank account. In that context, one of the first tasks is to establish a mechanism under which those who are going overseas open accounts before their departure. This can be ensured through existing BMET clearance process. Before issuing clearance certificate BMET can ensure if the migrant has opened a bank account.

A segment of Bangladeshi migrant population is undocumented. There is a tendency of irregular migrants sending remittances through informal channels. Therefore, along with efforts towards encouraging flow of regular migration, procedures must be simplified so that irregular migrants can send remittances through regular channels. In this regard following the Filipino example Bangladeshi banks overseas may be instructed to facilitate opening of account by accepting documents, other than passport.

Quality of services of Bangladeshi banks overseas should be improved and be made migrant friendly. These banks should periodically mount drive in a planned way for opening of accounts of Bangladeshi migrant population overseas. Branches of each bank should set specific targets for opening new accounts of migrants and a concrete plan of action for attaining such target be envisaged.

Bank officials are to be trained, regularly updated and motivated about the importance of migrant remittances. Proper disciplinary action, against officers, who impede efficient and smooth transfer of remittance has to be ensured.

Due to low level of education migrant workers have difficulties in filling up forms for making drafts. In this context, initially they require assistance and guidance to avail services of formal financial institutions. By taking lessons from Filipino and Sri Lankan practice Bangladeshi representatives need to be posted in the destination cities in greater numbers. At least one person should be posted in each of the major cities of Gulf states and Malaysia. By basing themselves in major towns they can cover the adjoining areas.

In view of adoption of improved technology by banks in host countries in transferring money, the system of sending remittance through drafts and postal system is becoming obsolete. Efforts must be made by concerned agencies, of both government

and banking sectors, to develop appropriate system and gear up their programmes so that they can continue to provide services to their clientele in the face of changing technology. The central bank may consider allowing banks to appoint brokers/agents on payment of commission who help mobilizing individual remittances. This appears to be an effective tool to mobilize remittances of Bangladeshi migrants.

**Savings and Investment :** Most of the migrants of Bangladesh are remitters of small amounts. In order to encourage small savers proper incentive programmes may be undertaken. Bonds, shares and mutual fund at attractive rates may be offered targeting the small savers.

The government may also consider launching a special mutual fund for migrant workers. It may provide the initial capital and offer shares to wage earners for further capitalization.

Information on various business opportunities, support schemes have to be geared towards the remittance receivers. Information on access to credit for enterprise development such as those of BASIC Bank's and BRAC's MELA should be made available to them.

**Access to Information on Investment :** To enable the potential migrant to plan his/her return all kinds of information has to be made available to him/her. Information on potential investment opportunities, loan and banking facilities and sources of technical assistance are of crucial importance for those returnees who may consider developing micro-or small enterprise development. This information should also be provided during his/her departure and during staying abroad.

**Database :** There is an urgent need for the development of a database of returnee migrant workers. The database should include simple information on name, address, age, sex, skill, place of employment overseas and years of experience. The database can be developed by BMET. IOM can help the agency in accessing a database package through replication of a successful country experience. A project may be developed for implementation under the statistics division of BMET. If BMET is to be developed as the repository of the database then a number of steps may be taken. Under present situation



the migrant workers do not get in touch with BMET after their return. If they are to be made interested to get in touch with BMET for registering their particulars in the database then an attractive incentive package has to be developed for the returnees. This may include linkage with formal banking sector and credit agencies for soft loans, land allotment on soft terms, stipend programme for returnee migrant's children, insurance scheme and providing loan from the Wage Earner's Welfare Fund.

The major user of the database will be the Labour Ministry of the GOB. The ministry along with other agencies of the government such as the Planning Commission will be able to effectively plan and streamline the migration process. The database will also serve information to other line ministries such as Social Welfare, Youth and Sports, and Women and Children Affairs. If the database is properly organized at web site then it has the potential of being accessed by overseas employers as well. This eventually may reduce the cost of migration significantly.

**Government Subsidy :** Following earlier examples for boosting private sector industrial development, the government should consider underwriting certain percentage of loans granted to projects of returnee migrants provided by commercial banks. In case of failure of such projects government will bear the loss proportionate to the percentage underwritten. This needs to be a confidential arrangement between the bank and the government. Such an arrangement will encourage the banks to provide financial support to schemes developed by returnee migrants in their efforts to reintegrate.

**Use of Welfare Fund for Reintegration of the Returnees :** The Wage Earners' Welfare Fund is a contributory fund of migrant workers. Over the years the Fund has generated a substantial amount. However, part of the Fund has been spent on schools, facilitating return of dead bodies of migrant workers, and establishment of training centres. However, there is ample opportunity that resources under Fund could very well be spent on different reintegration programmes including providing soft term credit opportunities to the returnee migrants. An important issue is the participation of returnee migrants in the management of the Fund. Such participation is likely increase the opportunity of the quality use of the Fund. This fund may be used in making information available in the labour receiving countries with regard to various options available to returnee migrants.

**Code of Conduct and Guide Book for Overseas Workers :** Few unpleasant incidents occurred by the Bangladeshi workers in some countries have shadowed the image of Bangladesh. At the same time, it has seriously affected the labour export sector of Bangladesh. Kuwait and Malaysia are example of such occurrence. A house lord killed by a Bangladeshi worker in Kuwait and a girl killed by a Bangladeshi in Malaysia became serious problem for Bangladeshi workers staying in those countries. Both countries have imposed restriction on Bangladeshi workers.

In that situation to ensure good behavior formulation of a code of discipline for overseas Bangladeshi workers is an urgent necessity .It may be mentioned here that Philippines has prepared such code of conduct long time before.

A guidebook for migrants is also essential. This book may contain description of formalities that would be followed before and during migration, remedies of problems during staying abroad, channeling remittances through official methods, potential sectors of profitable and productive investment and contact number of key personnel at home and abroad.

**Broader Areas of Government Intervention- Lesson from Philippines :** Areas of Government intervention should be widen in case of migration related issues. Philippines can be a good example for Bangladesh. Social Security measures should be taken for the migrants. Pension scheme may be taken for this purpose. A fixed sum of foreign currency may be deposited from the expatriates in the Government fund for this purpose.

### **10.2.2 Outside Bangladesh**

**Job Exploration :** Exploring employment opportunities in the labour receiving countries requires commitment and skill. Currently, market exploration is pursued without following any specialised guidelines. Therefore, the process has become dependent on individual's personal ability.

So, the Ministry of Foreign Affairs and Ministry of Expatriates Welfare and Overseas Employment may undertake programmes for developing appropriate tools and guidelines for market exploration.

They need to develop training module and organise training for officials assigned with the responsibility.

**Recruitment Related Function of Embassies Should be Geared up :** One of the functions of the foreign office is to promote and develop employment opportunity of Bangladeshis in the respective host countries. It may also provide assistance to licencees in the negotiation of terms and conditions of employment with agencies abroad. More specifically, scrutinizing and attesting demands from employers is one of the principal functions of the labour wing. A general observation of the recruiting agencies is that the missions take more than the time required in processing the papers. This delays the overall recruitment process.

For this, standardized check-list needs to be prepared and that will be applicable to all. Through consultation among Expatriate Welfare and foreign ministries and the recruiting agencies a time frame may be fixed for the missions to act upon. The time limit may be extended if a particular case demand so. In such cases missions should formally communicate the grounds for the delay to the applicants.

**Consular Service :** Consular officials act as an important bridge between the migrant workers and the missions. However, there is a general perception among the migrant population that they are not treated with respect and dignity when they need to avail consular services. This makes them avoid contacts with the mission and they only visit when it becomes absolutely imperative. The mission personnel also work under major constraints when they deal with the migrant workers. They feel that mistakes in the passport and other documentation of migrant workers are disproportionately high. Often, these are related to the identity of the passport holders, height, father's name, mark of identity etc. However, one needs to take into account that these problems are created due to the existing recruitment processing system, of which migrant workers are also the victims.

Given the importance of labour migration for the national economy special attention needs be given to incorporate migratory issues in the curriculum of the Foreign Service Academy for training of new recruits of foreign Affairs. Officials of other ministries specially Ministry of Expatriates Welfare and Overseas Employment, should be considered to serve Bangladesh missions abroad. Non-career heads of missions may



also undergo proper orientation programme at the Ministry of Foreign Affairs and Expatriates Welfare and Overseas Employment before taking their new assignment.

Short-term orientation courses may be organized at the Foreign Service Academy to train officials posted in the labour receiving countries and consular wings should be well equipped.

**Protection of Rights and Welfare of Migrants Abroad :** Foreign missions generally have to address the difficulties that are faced by the migrant workers in the destination countries.

The matters that involve litigation, has to be pursued effectively. If necessary, legal advisors are to be appointed to contest cases in the labour or sharia courts. The missions should also encourage workers to avail interpreter's services in countries that offer those services.

Labour attaches role in visa procurement and protection of rights and welfare of expatriate Bangladeshis are very important. So, certain standards have to be set for appointment of labour attaches. This should include a degree of command over the language of the host country for basic communication, familiarity with labour laws of the host country and international standard of migrant labour.

**Information Dissemination in Destination Countries :** Once a migrant worker takes up employment in the host country, it is of immense importance that the Bangladeshi missions abroad are in close contact with him/her. This contact on the one hand, will provide the Government of Bangladesh with information about its nationals and provided the later with better protection abroad, and on the other, will help the authorities disseminate information among the migrant work force. Two methods have been suggested in this regard; (a) periodic meetings with migrant population, and (b) production and distribution of audio and video materials.

**Active Co-operation by Bangladesh Embassies :** There is much room for improvement in the functioning of Bangladeshi missions abroad with respect to remittances. When queries are made on opening new branches and corresponding relationship, embassies should act on them promptly. Procedural delays have to be minimized, specific time frames have to be set up for the embassies to act.

In order to encourage remittances through official flow, BMET may initiate some innovative programmes. Given the fact that securing place in government schools for children has become a major problem, authorities may consider offering migrant children places in local government schools, if the migrants concerned remit money through official channel. Such incentives may be tied up with providing access to local clinics and hospitals, allotment of residential and commercial plots etc.

**Mobilisation of Savings Abroad :** The study has found that a major segment of the earnings of migrant workers is sent home during their stay overseas. The migrants do not have much control over the use of their remittances because of their absence. They should be encouraged to retain a section of their income so that they can have it at their disposal when they eventually return. Migrant workers also informed that it is not easy to open bank account in the host countries. They also feel insecure that their service may be terminated at any time and they may not be able to transfer the money when they depart. Alternative to such formal banking arrangement has to be organized to encourage the migrants in the host country. Such programmes have already been organized by some NGOs under which migrant workers are organized into savings groups. Since 1995, AMC is organizing Filipino, Thai and Indonesian domestic workers in Hong Kong. These organizations may be approached to organize Bangladeshi workers, particularly in South East Asia. Similar initiatives may be undertaken at other destinations of Bangladeshi migrants.

**Ratification of International Conventions :** Migrant Workers are aliens in the destination countries and therefore, are often subject to discrimination in various ways including in the field of employment. *The International Convention on the Protection of the Rights of All Migrants and Members of Their Families, 1990* adopted by UNGA in 1990, establishes international norms and standards for ensuing equal rights for migrant workers in respect of remuneration and other conditions of work and terms of employment. This convention ensures protection of both regular and irregular migrants. Bangladesh should immediately ratify the conventions enabling the convention to come into force (it needs one more ratification to be able to come into effect). It may be mentioned here that Bangladesh has signed this convention on October 7, 1998.

**Common Forum for Labour Sending Countries :** At the International level there is a need for co-operation among the sending countries. Linkage with migrant labour friendly human rights organizations and concerned citizens groups of labour receiving countries is also equally important in this respect.

Co-operation among the sending countries may be materialized through an institutional framework of a coordinating forum. Such forum will help sharing of information on individual country experiences and help to develop and update respective national strategies. Through this forum, the labour sending countries can try to take a common stand on protection of rights of migrant workers. Concerted efforts can be made to replace unhealthy competition among the sending countries by cooperative policy of upholding everyone's interest. It would lead towards developing a common agreement on the minimum wage for each category of work and on the basic minimum standard of living (food, lodging, health care, insurance, access to legal remedy etc.). A standardized contractual agreement for the workers of all labour sending countries may also emerge from such effort.

OMECE-Organization of Manpower Exporting Countries can be formed to safeguard the common interests of migrant workers of all labour sending countries.

**Bilateral Agreements :** Bangladesh Missions abroad can play a vital role in streamlining labour export from Bangladesh. Actually, there is much scope for strengthening the role of missions abroad including the labour wings in countries where there are rich potential for export of Bangladeshi manpower. MoU can be signed with those countries.

**Increase the Number of Labour Attaches :** Number of labour attaches for Bangladesh is very few. Bangladesh has only eleven labour attaches /labour counselors in ten countries. Number of expatriate Bangladeshis is around 33,000,00. So, the ratio of labour attaches to Bangladeshi migrants is 1: 300000. These few labour attaches cannot look after the enormous problems faced by the Bangladeshi workers abroad.

Bangladesh can learn much from Philippines in this respect. The number of POLOs were (as of March 1995) 119 and ratio of POLOs and Philipino migrants was 1: 12294.



At present the number POLOs has increased sufficiently. So, to ensure welfare of Bangladeshi workers abroad number of labour attaches should be increased.

### **10.3 Limitation of the Study and Suggestions for Further Research**

Wide range of varieties in out-migration and inflow of remittances are the present days reality of Bangladesh. But the present research has been conducted on few specific objectives. Therefore, many issues could not be dealt with due weight in this dissertation due to time and resource constraints. It is expected that this study would motivate and encourage further researches in the area of migration and remittances. In the light of the experiences of the present study, some areas of further researches are identified below:

- i. Macroeconomic impact of remittances in Bangladesh.
- ii. Comparative analysis of impact of remittances on receiving households and non-receiving households.
- iii. Performance evaluation of formal or official channels and informal or unofficial channels of remittances.
- iv. Potential sectors of investment of remittances.
- v. In depth study in the host country about the migrants and their earnings as well as sending of remittances into Bangladesh.

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## Appendices

### Appendix A-I

#### Trend of Foreign Aid and Remittance Flow

Year	Amount	% Change	Amount	%Change
1980-81	1146.45	-	378.74	-
1981-82	1239.63	8.13	412.38	8.88
1982-83	1177.38	-5.02	617.28	49.69
1983-84	1268.40	7.73	596.40	-3.38
1984-85	1269.45	0.08	439.10	-26.37
1985-86	1305.93	2.87	555.10	26.42
1986-87	1595.16	22.15	696.40	25.45
1987-88	1640.38	2.83	737.00	5.83
1988-89	1668.48	1.71	771.00	4.61
1989-90	1809.56	8.46	760.53	-1.36
1990-91	1732.58	-4.25	764.00	0.46
1991-92	1611.47	-6.99	848.00	10.99
1992-93	1675.01	3.94	944.00	11.32
1993-94	1558.64	-6.95	1088.80	15.34
1994-95	1739.09	11.58	1197.63	10.00
1995-96	1443.75	-16.98	1217.06	1.62
1996-97	1481.23	2.60	1475.40	21.23
1997-98	1251.37	-15.52	1525.42	3.39
1998-99	1536.06	22.75	1705.74	11.82
1999-2000	1575.00	2.54	1949.32	14.28
2000-2001	1369.00	-13.08	1882.10	3.45
2001-2002	1250.00	- 8.69	2501.13	32.89

Source : (i) Flow of External Resources into Bangladesh By ERD, various Issues (1999-2001).

(ii) Annual Report, Bangladesh Bank, Various Issues (1999-2002).



## Appendix A-II

**Number of Bangladeshi Immigrants in the UK**

Year	Population at the beginning of the period	Natural Increase	New Entrants	Total
1971	70,000a	1,820b	-	70,820
1972	71,820	1,867	-	73,687
1973	73,687	1,916	1,689c	77,292
1974	77,292	2,010	763	80,065
1975	80,065	2,082	2,978	85,125
1976	85,125	2,213	3,680	91,018
1977	91,018	2,366	2,980	96,364
1978	96,364	2,505	4,040	102,909
1979	102,909	2,676	3,690	109,275
1980	109,275	2,841	5,000	117,116
1981	117,116	3,045	5,620	125,781
1982	125,781	3,270	7,620	135,871
1983	135,871	3,533	4,870	144,274
1984	144,274	3,751	4,180	152,205
1985	152,205	3,957	5,330	161,492
1986	161,492	4,199	4,760	170,451
1987	170,451	4,432	3,080	177,963
1988	177,963	4,627	2,890	185,480
1989	185,840	4,822	3,790	194,452
1990	194,452	5,056	3,040	202,548
1991	202,548	5,266	2,780	210,594
1992	210,594	5,475	2,520	218,589

Source : Adapted from Mahmood (1989b).

Note : (a) Anwar (1979) and Tinker (1974)

(b) Based on a 2.6 percent increase on the base figure.

(c) Control of Immigration Statistics, Home Office, United Kingdom, various issues.

## Appendix A-III

## Migration by Country of Employment

Year \ Country	K.S.A	Kuwait	U.A.E	Qatar	Iraq	Libya	Bahrain	Oman	Malaysia	Korea	S. Pore	Brunei	Other	Total
1976	217	643	1989	1221	587	173	335	113					809	6087
1977	1379	1315	5819	2262	1238	718	870	1492					632	15725
1978	3212	2243	7512	1303	1454	2394	762	2877	23				1029	22809
1979	6476	2298	5069	1383	2363	1969	827	3777			110		223	24495
1980	8695	3687	4847	1455	1927	2976	1351	4745	3		385		2	30073
1981	13384	5464	6418	2268	13153	4162	1392	7352			1083		1111	55787
1982	16294	7244	6863	6252	12898	2071	2037	8248			331		524	62762
1983	12928	10283	6615	7556	4932	2209	2473	11110	23		178		913	59220
1984	20399	5627	5185	2726	4701	3386	2300	10448			718		1224	56714
1985	37133	7384	8336	4751	5051	1514	2965	9218			792		550	77694
1986	27235	10286	8790	4847	4728	3111	2597	6255	530		25		254	68658
1987	39292	9559	9953	5889	3847	2271	2055	440					711	74017
1988	27622	6524	13437	7390	4191	2759	3268	2219	2				709	68121
1989	39949	12404	15184	8462	2573	1609	4830	15429	401		229		654	101724
1990	57486	5957	8307	7672	2700	471	4563	13980	1385		776		517	103814
1991	75656	28574	8583	3772		1124	3480	23087	1628		642		585	147131
1992	93132	34377	12975	3251		1617	5804	25825	10537		313	228	65	188124
1993	106387	26407	15810	2441		1800	5396	15866	67938		1739	328	396	244508
1994	91385	14912	15051	624		1864	4233	6470	47826	1558	391	1335	677	186326
1995	84009	17492	14686	71		1106	3004	20949	35174	3315	3762	2659	1316	187543
1996	72734	21042	23812	112		1966	3759	8691	66631	2759	5304	3062	1842	211714
1997	106534	21126	54719	1873		1934	5010	5985	152844	889	27401	303	2459	381077
1998	158715	25444	38796	6806		1254	7014	4779	551	578	21728	169	1833	267667
1999	185739	22400	32344	5611		1744	4639	4045		1501	9596	1	562	268182
2000	144618	594	34034	1433		1010	4637	5258	17237	990	11095	1420	360	222686
2001	137248	5341	16252	223		450	4371	4561	4921	1561	9615	2958	1192	188965
2002	163254	15767	25438	552		1575	5370	3927	85	28	6870	155	2235	225256
<b>Total</b>	<b>1731112</b>	<b>324394</b>	<b>406824</b>	<b>92206</b>	<b>66343</b>	<b>49237</b>	<b>89342</b>	<b>227146</b>	<b>407739</b>	<b>13179</b>	<b>103083</b>	<b>12618</b>	<b>16645</b>	<b>3546879</b>
<b>Percentage</b>	<b>48.81</b>	<b>9.15</b>	<b>11.47</b>	<b>2.60</b>	<b>1.87</b>	<b>1.39</b>	<b>2.52</b>	<b>6.40</b>	<b>11.50</b>	<b>0.37</b>	<b>2.91</b>	<b>0.35</b>	<b>0.47</b>	<b>100.00</b>

Source : BMET.

Note: (a) 150000 Bangladeshi workers legalised in Malaysia during 1997

(b) During 1990's Gulf War about 63,303 Bangladeshi Workers returned from Kuwait &amp; Iraq.

(c) 5000 workers legalised in Kuwait on August 2002.

## Appendix A-IV

## Media of Recruitment

Year	BMET		BOESL		Recruiting Agent		Individual		Total
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	
1976	5279	86.73	0	00	284	4.67	524	8.60	6087
1977	5729	36.43	0	00	1171	7.45	8825	56.12	15725
1978	6160	27.01	0	00	1994	8.74	14655	64.25	22809
1979	6957	28.40	0	00	2966	12.11	14572	59.49	24495
1980	5715	19.00	0	00	7773	25.85	16585	55.15	30073
1981	6074	10.89	0	00	22218	39.83	27495	49.28	55787
1982	4483	7.14	0	00	24939	39.74	33340	53.12	62762
1983	730	1.23	0	00	26320	44.44	32170	54.33	59220
1984	0	00	157	0.28	32460	57.23	24097	42.49	56714
1985	0	00	1221	1.57	39397	50.71	37076	47.72	77694
1986	0	00	1895	2.76	27859	40.45	38904	56.66	68658
1987	0	00	340	0.46	33818	6978	39859	53.85	74017
1988	0	00	476	0.70	34117	50.08	33528	49.22	68121
1989	0	00	707	0.69	36508	35.89	64509	63.42	101724
1990	0	00	435	0.42	40258	38.78	63121	60.80	103814
1991	0	0.02	140	0.10	64889	44.10	82102	55.80	147131
1992	47	0.21	541	0.29	59746	31.76	127790	67.93	188124
1993	503	0.12	559	0.23	129479	52.95	113967	46.61	244508
1994	236	0.04	178	0.10	95361	51.18	90551	48.60	186326
1995	73	00	627	0.33	74921	39.95	111922	59.68	187543
1996	0	00	398	0.19	118670	56.05	92646	43.76	211714
1997	15	00	335	0.09	235791*	61.87	144934	38.04	381077
1998	0	00	419	0.16	85300	31.87	181848	67.97	267667
1999	0	00	309	0.12	110669	41.27	157204	58.61	268182
2000	1	00	524	0.23	91475	41.08	130686	58.69	222686
2001	0	00	149	0.08	76669	40.37	112147	59.35	188965
2002	0	00	226	0.10	84401	47.57	140629	62.43	225256
Total	42004	1.18	9636	0.27	1559453	43.97	1935786	54.58	3546879

Source : BMET.

\* 1,50,000 workers were legalised during 1997 in Malaysia and it has been shown in Recruiting Agent's column.



## Appendix A-V

## District wise Overseas Employment

Name of District	Overseas Employment upto September 2001*	% of Total	Population aged 15 years & above** (thousand)	O.E. as % of Population aged 15 years & above
1. Greater Dhaka (Dhaka, Munshigong, Narasingdi, Gazipur, Narayangong)	705836	23.12	6367	11.09
2. Greater Faridpur (Faridpur, Rajbari, Gopalgong, Madaripur, Sariatpur)	189117	5.82	1931	9.79
3. Greater Mymansingh (Mymansingh, Netrokona, Kishorgong)	96926	2.98	2723	3.56
4. Greater Jamalpur (Jamalpur, Serpur)	39812	1.22	954	4.17
5. GreaterTangail (Tangail)	91590	2.81	716	12.79
6. Greater Rajshahi (Rajshahi, Nawabgong, Natore, Naogaon)	26307	0.81	2634	1.00
7. GreaterPabna (Pabna, Sirajgong)	41854	1.28	1538	2.72
8. Greater Bogra (Bogra, Jaipurhat)	64587	1.21	1090	5.93
9. Greater Dinajpur (Dinajpur, Thakurgaon, Panchgar)	26751	1.98	2048	1.31
10. Greater Rangpur (Rangpur, Gaibanda, Kurigram, Nilfamari, Lalmonirhat)	62932	1.93	2139	2.94
11. Greater Khulna (Khulna, Satkhira, Bagerhat)	31870	0.97	2362	1.35
12. Greater Kushtia (Kushtia, Chuadanga, Meherpur)	28734	0.88	973	2.95
13. Greater Jessore (Jessore, Magura, Narail, Jhinaidah)	47418	1.45	1803	2.63
14. Greater Barisal (Barisal, Bhola, Pirojpur, Jhalkathi)	82897	2.54	2693	3.08
15. Greater Patuakhali (Patuakhali, Barguna)	17813	0.54	1094	1.63
16. Greater Sylhet (Sylhet, Habigong, Maulovibazar, Sunamgong)	399260	12.29	2223	17.96
17. Greater Chittagong (Chittagong, Coxbazar)	357131	11.00	3063	11.66
18. Greater Comilla (Comilla, Brahmanbaria, Chandpur)	439915	13.53	2646	16.61
19. Greater Noakhali (Noakhali, Feni, Laxamipur)	489915	15.09	1371	35.73
20. Greater Rangamati (Rangamati, Khagrachhari)	4900	0.15	359	1.36
21. Greater Bandarban (Bandarban)	1270	0.03	-	-
Total	3246372	100	40728	7.97

Source : \* BMET.

\*\*BBS (Labour Force Survey 1999-2000).

## Appendix A-VI

## Skill Composition of Migrated People

Year	Professional Worker		Skilled Worker		Semi-skilled Worker		Un-skilled Worker		Total	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
1976	568	9.33	1775	29.16	543	8.92	3201	52.59	6087	100
1977	1766	11.23	6447	41.00	490	3.12	7022	44.65	15725	100
1978	3455	15.15	8190	35.91	1050	4.60	10114	44.34	22809	100
1979	3494	14.26	7005	28.60	1685	6.88	12311	50.26	24495	100
1980	1983	6.59	12209	40.60	2343	7.79	13538	45.02	30073	100
1981	3892	6.98	22432	40.21	2449	4.39	27014	48.42	55787	100
1982	3898	6.21	20611	32.84	3272	5.21	34981	55.74	62762	100
1983	1822	3.08	18939	31.98	5098	8.61	33361	56.33	59220	100
1984	2642	4.66	17183	30.30	5484	9.67	31405	55.37	56714	100
1985	2568	3.30	28225	36.33	7823	10.07	39078	50.30	77694	100
1986	2210	3.22	26294	38.30	9265	13.49	30889	44.99	68658	100
1987	2223	3.00	23839	32.21	9619	13.00	38336	51.79	74017	100
1988	2670	3.92	25286	37.12	10809	15.87	29356	43.09	68121	100
1989	5325	5.24	38820	38.16	17659	17.36	39920	39.24	101724	100
1990	6004	5.78	35613	34.30	20792	20.03	41405	39.89	103814	100
1991	9024	6.13	46887	31.87	32605	22.16	58615	39.84	147131	100
1992	11375	6.05	50689	26.94	30977	16.47	95083	50.54	188124	100
1993	11112	4.54	71662	29.31	66168	27.06	95566	39.09	244508	100
1994	8390	4.50	61040	32.76	46519	24.97	70377	37.77	186326	100
1995	6352	3.39	59907	31.94	32055	17.09	89229	47.58	187543	100
1996	3188	1.50	64301	30.37	34689	16.39	109536	51.74	211714	100
1997	3797	1.00	65211	17.11	193558	50.79	118511	31.10	381077	100
1998	9574	3.58	74718	27.91	51590	19.27	131785	49.24	267667	100
1999	8045	4.78	98449	58.54	44947	26.73	16741	9.95	168182	100
2000	10669	4.79	99606	44.73	26461	11.88	85950	38.60	222686	100
2001	5940	3.14	42742	22.62	30702	16.25	109581	57.99	188965	100
2002	14450	6.42	56265	24.98	36025	15.99	118516	52.61	225256	100
Total	146436	4.13	1084345	30.57	724677	20.43	1591421	44.87	3546879	100

Source : BMET.

## Appendix A-VII

**Skill Composition and Occupations of Bangladeshi Workers Abroad**

<b>A. Professional</b>
Teaching & Related
Engineer (Civil)
Engineer (elect.)
Engineer (Mech.)
Engineer (Architect)
Engineer (Others)
Teacher
Doctor
Chemist
Pharmacist
Nurse
System Analyst
Librarian
Agriculturist
Auditor/Acctt.
Artist
Imam
Surveyor
Draftsman
Fireman
Technician (Civil)
Tech. (Power)
Radiographer
Compounder
Tech. (Text.)
Tech. (Agril)
Tech. (Others)
Admn. Staff
<b>B. Skilled Worker</b>
Welder
Mechanic
Electrician
Carpenter
Mason

Driver
Cook
Rigger/Steel Fixer
Rod Binder
Pipe Fitter
tailor
Laundry-man
Block-Maker
Painter
Plumber
Supervisor
Lineman
Surveyor
Plasterer
Steel Fitter
Cable-Jointer
Guilder
Shepherd
<b>C. Semi Skilled</b>
Helper
Waiter
Cleaner
Gardener
Sweeper
Washerman
Farmar/Agri. Labour
House Keeper
Room-Boy/Hotel Boy/House-Boy
Medical Servant
Food Service Man
<b>D. Un-Skilled Worker</b>
Labour
Servant
Aya

Source : BMET.



## Appendix A-VIII

## Country Wise Overseas Employment

Name of the Country	Bangladeshi worker working abroad up to 2002	% of Total
Afganistan	28	00
Australia	5000	00.18
Azerbaijan	7	00
Bahrain	48281	01.77
Brunei	8005	00.29
China	25	00
Cyprus	708	00.02
Egypt	300	00.01
Etiopia	10	00
Germany	50000	01.84
Greece	10000	00.37
Hongkong	1	00
Indonesia	300	00.01
Iran	9578	00.35
Ireland	81	00
Italy	45000	01.65
Japan	10005	00.37
Jordan	4532	00.17
Korea	14002	00.51
Kuwait	165178	06.07
Lebanon	10002	00.37
Libya	10113	00.37
Malaysia	113331	04.17
Maldives	5571	00.20
Mauritius	1200	00.04
Netherlands	503	00.02
New Zealand	1	00
Oman	126433	04.65
Qatar	60043	02.21
Saudi Arabia	1074713	39.51
Singapore	45657	01.68
Sudan	10	00
U.A.E.	301626	11.09
U.S.A.	250007	09.19
UK	350008	12.87
Vietnam	10	00
Yemen	11	00
Other Countries	49	00
Grand Total	2720329	100

Source : Bangladesh Embassies Abroad.

Note : In Kuwait 5000 workers were legalised on August 2002.

## Appendix A-IX

## Year wise Flow of Remittances (1976-2002)

Year	Remittances			
	Million US \$	Crore Tk.	Percentage Change (US\$)	Percentage Change (Tk.)
1976	23.71	35.85	-	-
1977	82.79	125.16	249.17	249.12
1978	106.90	165.59	29.12	32.30
1979	172.06	266.95	60.95	61.21
1980	301.33	492.95	75.13	84.66
1981	304.88	620.74	01.17	25.92
1982	490.77	1176.84	60.97	89.59
1983	627.51	1568.76	27.86	33.30
1984	500.00	1265.49	-20.32	-19.33
1985	500.00	1419.61	00.00	12.18
1986	576.20	1752.85	15.24	23.47
1987	747.60	2313.94	29.75	32.01
1988	763.90	2423.59	02.18	04.74
1989	757.84	2446.00	-00.79	00.92
1990	781.54	2691.63	03.13	10.04
1991	769.30	2818.65	-01.57	04.72
1992	901.97	3513.26	17.24	24.64
1993	1009.09	3986.97	11.88	13.48
1994	1153.54	4629.63	14.31	16.12
1995	1201.52	4838.31	04.16	04.51
1996	1355.34	5685.30	12.80	17.51
1997	1525.03	6709.15	12.52	18.01
1998	1599.24	7513.23	04.86	11.98
1999	1806.63	8882.74	12.97	18.23
2000	1954.95	10199.12	08.21	14.82
2001	2071.03	11590.79	05.94	13.64
2002	2847.79	16484.53	37.51	42.22
Total	24932.46	105617.63		

Source : BMET.

## Appendix A-X

## Country wise and Year wise Flow Remittances

Year Country	1997		1998		1999		2000		2001		2002		Total		Percentage	
	US\$ Million	Crore Taka	US\$ Million	Crore Taka	US\$ Million	Crore Taka	US\$ Million	Crore Taka	US\$ Million	Crore Taka	US\$ Million	Crore Taka	US\$ Million	Crore Taka	% of Total US \$	% of Total TK.
K S. A	521.71	2285.63	626.08	2941.32	791.93	3919.96	932.98	4869.70	978.59	5476.75	1244.47	7203.66	5095.76	26697.02	43.17	43.50
U.A.E	91.79	404.4	116.28	546.28	124.53	608.66	143.15	746.34	186.63	1046.17	276.50	1600.53	939.18	4952.72	07.96	08.07
Qatar	57.52	252.99	88.84	283.05	64.5	315.26	61.24	319.41	76.67	429.09	103.36	598.30	423.54	2198.11	03.59	03.58
Oman	52.05	229.51	33.22	417.37	94.1	460.80	87.13	454.36	90.60	507.05	110.82	641.49	523.54	2710.57	04.43	04.42
Bahrain	2.81	12.39	219.222	156.07	41.08	200.54	42.79	223.15	49.24	275.58	57.58	333.30	226.72	1201.03	01.92	01.96
Kuwait	207.96	916.97	0.25	1029.90	242.45	1187.45	246.47	1286.57	254.75	1425.73	322.38	1866.11	1493.23	7712.72	12.65	12.57
Libya	188.93	833.08	0.39	1.17	0.04	0.19	0.10	0.52		0.00	0.10	0.58	189.42	835.54	01.60	01.36
Iran	31.66	139.60	217.09	1.83	229.64	1122.72				0.00	0.05	0.29	32.49	143.67	00.27	00.23
U.S.A	207.65	915.62	62.95	1019.89	54.85	268.56	248.21	1294.05	264.95	1482.81	423.47	2451.27	1591.01	8286.36	13.48	13.50
U.K	59.43	262.05	4.05	295.74	4.84	23.81	68.87	358.79	63.93	357.79	170.75	988.39	480.78	2531.32	04.07	04.12
Germany	6.11	26.94	29.98	19.03	45.16	220.11	3.94	20.63	4.83	27.03	7.90	45.73	31.67	163.17	00.27	00.26
Japan	0.98	66.08	71.28	140.85	57.22	279.76	16.09	83.60	11.60	64.92	15.13	87.58	118.94	601.38	01.00	01.00
Malaysia	66.45	293.01	12.16	334.87	11.28	55.11	45.56	236.84	31.85	178.25	49.14	284.45	277.52	1413.25	02.35	02.30
S.pore							10.53	54.73	8.15	45.61	25.26	145.22	133.83	651.81	01.13	01.06
Australia											1.8	10.42	1.80	10.42	00.00	00.00
Itali											4.88	28.25	4.88	28.25	00.04	00.04
S.Korea											1.26	27.29	1.26	7.29	00.00	00.00
Hongkong											2.31	13.37	2.31	13.37	00.01	00.01
Others	7.51	33.22	57.2	368.73	44.62	217.86	47.89	250.43	46.61	260.86	30.63	177.30	234.46	1208.40	01.97	01.97
Total	1525.03	6709.15	1599.24	7513.23	1806.63	8882.74	1954.95	10199.12	2068.70	11577.63	2847.79	16484.53	11802.34	61366.40	100.00	100.00

Source : BMET



## Appendix A-XI

**Inflow of Remittances from Middle - East Country wise (Million Taka)**

Country	Periods							
	1977-1980		1981-1984		1997-1999		2000-2002	
	Amount	%	Amount	%	Amount	%	Amount	%
K.S.A	1807	38.48	15555	45.31	91469.1	53.29	175501.1	59.85
UAE	881	18.76	5106	14.87	15596.8	9.09	33930.4	11.57
Qatar	374	7.96	2112	6.15	8513.0	4.96	13468.1	4.59
Oman	117	2.49	1678	4.89	11076.8	6.45	16028.9	5.47
Bahrain	86	1.83	454	1.32	3690.0	2.15	8320.3	2.84
Kuwait	499	10.63	3457	10.07	31343.2	18.26	45784.0	15.61
Libya	287	6.11	2358	6.87	8344.4	4.86	11.0	0.00
Iran	-	-	-	-	1433.8	0.84	2.9	-
Iraq	450	9.53	3482	10.14	-	-	-	-
<b>Sub Total</b>	<b>4501</b>	<b>95.85</b>	<b>34202</b>	<b>99.62</b>	<b>171466.9</b>	<b>99.90</b>	<b>293046.70</b>	<b>99.93</b>
Others	195	4.15	129	0.38	170.3	0.10	199.5	0.07
<b>Total Middle East</b>	<b>4696</b>	<b>100.00</b>	<b>34331</b>	<b>100.00</b>	<b>171637.2</b>	<b>100.00</b>	<b>293246.2</b>	<b>100.00</b>

Source : BMET.

## Appendix A-XII

**Inflow of Remittances from Western Countries (Million Taka)**

Country	1977-1980		1981-1984		1997-1999		2000-2002	
	Total	%	Total	%	Total	%	Total	%
USA	964	18.14	3125	30.35	30582.3	77.34	52281.3	74.11
UK	4061	76.41	6573	63.84	8263.5	20.90	17049.7	24.17
Germany	256	4.82	598	5.81	697.8	1.76	933.9	1.32
Others	34	.64	-	-	-	-	282.5	0.40
<b>Western Countries Total</b>	<b>5315</b>	<b>100.00</b>	<b>10296</b>	<b>100.00</b>	<b>39543.6</b>	<b>100.00</b>	<b>70547.4</b>	<b>100.00</b>

Source : BMET.

## Appendix A-XIII

## Bank wise Inflow of Remittances

(Crore Taka)

Year Bank	2000							2001							2002						
	Sonali	Agrani	Janata	IBBL	Pubali	Uttara	Total	Sonali	Agrani	Janata	IBBL	Pubali	Uttara	Total	Sonali	Agrani	Janata	IBBL	Pubali	Uttara	Total
KSA	1746.54	2547.73	57.40	478.10	0	0	4829.77	1898.77	2583.03	41.77	637.8	144.97	0	5306.34	2406.43	2217.13	384.73	928.40	1316.76	3.77	7257.22
Kuwait	534.18	318.90	175.21	58.57	42.26	3.33	1132.45	583.13	341.92	209.22	98.40	49.31	4.73	1286.71	735.80	379.09	293.61	172.35	68.80	3.42	1653.07
Qatar	43.15	94.93	13.72	12.77	13.01	138.21	315.79	51.95	105.32	16.81	18.24	18.74	183.27	394.33	50.74	99.09	19.92	22.34	45.26	272.65	510.00
Bahrain	48.69	83.06	54.42	20.17	9.37	0	215.71	69.36	93.69	65.68	21.14	10.52	1.72	262.11	80.49	116.30	80.84	31.41	5.89	5.04	319.97
Oman	114.17	17.45	76.47	18.22	17.82	87.2	331.33	131.44	19.54	93.94	26.34	27.26	100.51	399.03	114.79	26.64	118.91	30.30	39.85	131.77	462.26
UAE	161.56	28.19	152.04	55.52	141.59	87.59	626.49	187.63	52.71	209.03	42.93	224.96	139.51	856.77	214.24	63.85	546.32	68.35	387.43	173.41	1453.6
USA	524.60	76.21	65.84	0	0	0.29	666.94	751.65	117.82	146.75	11.67	0	38.18	1066.07	1186.88	147.65	217.38	44.54	0	82.82	1679.27
UK	281.35	5.18	12.33	0	0	0	298.86	270.43	16.96	43.72	0	0	0	331.11	881.25	15.19	10.18	0	0	0	906.62
Malaysia	6.14	8.50	229.58	0	0	0	244.22	5.78	2.96	167.64	0	0	0	176.38	4.79	0.52	236.77	0	0	0	242.08
Japan	30.04	16.72	6.51	0	0	0	53.27	24.59	16.32	5.22	0	0	0	46.13	34.92	20.18	9.00	0	0	0	64.10
Germany	2.15	7.89	5.12	0	0	0	15.16	1.96	17.47	5.53	0	0	0	24.96	17.52	14.99	0.35	0	0	0	32.86
Others	46.12	13.87	248.67	120.74	37.33	112.07	578.8	35.76	2.92	283.12	130.37	31.80	163.68	647.65	57.57	73.22	267.45	169.31	73.61	182.32	823.48
Total	3538.70	3218.93	1097.31	764.40	261.38	428.69	9309.41	4012.45	3370.66	1288.43	987.90	507.56	631.60	10798.60	5785.42	3173.78	2185.75	1467.00	1937.69	855.20	15404.84

Source : Compiled from the data collected from the above banks

## Appendix A-XIV

## Summary Statistics of Level of Remittances (Means of Individual Level Variable)

Variable		Average Level of Remittance
INC		18788.89
EXO		20521.32
NDEP		19267.37
FS	(With Family Status)	22798.43
	(Without Family Status)	16127.14
PTY	(Owned a House)	19419.58
	(No House)	17427.64
AGE		19713.71
RES	(Residing in Urban Areas)	19900.00
	(Residing in Rural Areas)	16566.67
EDU		
	No Education	15634.51
	Primary	14417.82
	High school	17014.46
	SSC	19170.49
	HSC	20005.34
	Graduate	22528.75
CHRP	(Choice of Profession on Return Business)	22567.11
	(Otherwise)	16120.69
D <sub>1</sub>	(Dummy for Skilled Worker)	24477.48
	(Otherwise)	14927.21

Source : Calculated from Field Survey Data.



## Appendix A-XV

## Annual Outflow of Labour Migrants, 1976-1997

Year	Bangladesh		India		Pakistan		Sri Lanka	
	Total	% to ME	Total	% to ME	Total	% to ME	Total	% to ME
1976	6,092	91.3	4,200	na	41,690	95.7	1,200	100.0
1977	6,225	98.2	22,900	na	140,445	99.6	12,500	100.0
1978	22,809	99.7	69,000	na	129,553	99.0	17,700	100.0
1979	24,465	98.9	171,000	na	118,259	99.9	25,900	100.0
1980	33,275	97.7	236,200	na	118,397	97.9	28,600	100.0
1981	55,787	96.5	276,000	na	153,081	99.0	57,400	100.0
1982	62,805	99.0	239,545	93.6	137,535	99.8	22,500	100.0
1983	59,216	98.3	224,995	96.9	120,031	99.7	18,100	100.0
1984	56,794	98.5	205,922	96.4	93,540	99.9	15,700	na
1985	77,714	98.8	163,035	98.4	82,333	99.9	12,400	na
1986	68,704	99.0	113,649	96.1	58,002	99.6	15,800	na
1987	55,016	99.0	125,356	97.2	66,186	99.8	16,127	94.7
1988	68,570	98.3	169,844	97.7	81,545	99.8	18,973	93.8
1989	107,294	93.6	126,786	95.1	95,863	98.0	24,724	na
1990	103,814	97.4	141,816	94.2	113,781	98.0	42,624	na
1991	147,131	97.7	192,003	96.0	142,818	99.8	65,067	94.5
1992	188,103	93.2	416,784	96.7	191,506	99.7	124,494	90.3
1993	244,590	70.4	438,338	95.5	154,529	99.2	129,076	90.0
1994	186,903	72.4	425,385	95.1	114,019	98.9	130,027	85.0
1995	187,543	74.8	415,334	93.0	122,840	94.5	170,131	83.3
1996	211,620	62.5	414,214	93.7	127,784	93.0	162,572	85.1
1997	230,765	84.6	416,424	92.8	153,929	96.0	149,843	84.6

Source : World Migration Report, 2000.

Note : na = not available; ME = Middle East.

## Appendix A-XVI

## Thai Overseas Workers to Selected Countries

Country \ Year	1993	1994	1995	1996
Saudi Arabia	5,035	4,152	2,902	1,825
Qatar	751	1,534	1,761	1,226
Bahrain	750	594	345	232
UAE	1,504	1,829	1,466	951
Kuwait	1,859	1,212	978	885
Others	2,410	7,983	10,712	15,406
<b>Middle East</b>	<b>12,309</b>	<b>17,304</b>	<b>18,164</b>	<b>20,525</b>
Libya	4,597	160	1,639	1,900
Singapore	1,664	2,849	3,171	17,601
Brunei	14,403	16,549	17,281	20,714
Hong Kong	5,398	5,812	5,816	4,301
Japan	5,682	8,821	8,234	10,118
Taiwan	66,891	91,058	120,278	96,097
USA and Saipan	706	831	723	764
Denmark	649	49	54	12
Others	1,763	1,783	2,752	13,404
<b>Total</b>	<b>114,062</b>	<b>145,216</b>	<b>178,112</b>	<b>185,436</b>

Source : World Migration Report, 2000.

## Appendix A-XVII

## Indonesian Migrants Deployed to Selected Countries, 1995-1997

Country	1995			1996			1997		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Brunei	92	740	823	400	1,730	2,130	533	1,893	2,426
Hong Kong	50	4,155	4,205	38	2,832	2,870	39	1,980	2,019
Japan	1,366	72	1,438	2,451	87	2,538	3,218	27	3,245
Rep. of Korea	5,793	939	6,732	9,262	1,456	10,718	6,826	1,564	8,390
Malaysia	11,079	18,633	29,712	5,090	33,562	38,652	194,207	123,478	317,685
Singapore	6,834	14,141	20,975	5,128	23,937	29,065	4,736	27,192	31,928
Taiwan (Pr. of Ch.)	3,460	646	4,106	6,909	1,979	8,888	6,801	2,644	9,445
Others	429	7	436	208	1	209	217	28	245
<b>Asia Pacific Total</b>	<b>29,103</b>	<b>39,333</b>	<b>68,436</b>	<b>29,486</b>	<b>65,584</b>	<b>95,070</b>	<b>216,538</b>	<b>158,779</b>	<b>375,317</b>
USA	3,305	12	3,317	1,656	0	1,656	576	0	576
Others	166	0	166	105	0	105	160	0	160
<b>America Total</b>	<b>3,471</b>	<b>12</b>	<b>3,483</b>	<b>1,761</b>	<b>0</b>	<b>1,761</b>	<b>736</b>	<b>0</b>	<b>736</b>
<b>Europe Total</b>	<b>64</b>	<b>0</b>	<b>64</b>	<b>739</b>	<b>28</b>	<b>767</b>	<b>576</b>	<b>1</b>	<b>577</b>
Saudi Arabia	5,321	38,130	43,451	7,024	108,185	115,209	8,568	108,276	116,844
UAE	107	3,805	3,912	335	6,719	7,054	80	8,982	9,062
Others	77	84	161	88	213	301	127	10	137
<b>Middle East Total</b>	<b>5,505</b>	<b>42,019</b>	<b>47,524</b>	<b>7,447</b>	<b>115,117</b>	<b>122,564</b>	<b>8,775</b>	<b>117,572</b>	<b>126,347</b>
<b>Grand Total</b>	<b>39,237</b>	<b>81,366</b>	<b>120,603</b>	<b>39,433</b>	<b>180,729</b>	<b>220,162</b>	<b>226,625</b>	<b>276,352</b>	<b>502,977</b>

Source : World Migration Report, 2000.

Note : 1997 data for Malaysia include workers who renewed their registration in Malaysia.



## Appendix A-XVIII

**Deployed Filipino Overseas Workers by Regions, 1984-1997**

Year	Africa	Asia	Americas	Europe	Middle East	Oceania	Trust Ter.	Other	Total
1984	1,843	38,817	2,515	3,683	250,210	913	2,397		300,378
1985	1,977	52,838	3,744	4,067	253,867	953	3,048		320,494
1986	1,847	72,536	4,035	3,693	236,434	1,080	3,892		323,517
1987	1,856	90,434	5,614	5,643	272,038	1,271	5,373		382,229
1988	1,958	92,648	7,902	7,614	267,035	1,397	6,563		385,117
1989	1,741	86,196	9,962	7,830	241,081	1,247	7,289		355,346
1990	1,273	90,768	9,557	6,853	218,110	942	7,380		334,883
1991	1,964	132,592	13,373	13,156	302,825	1,374	11,409	12,567	489,260
1992	2,510	134,776	12,319	14,590	340,604	1,669	11,164	32,023	549,655
1993	2,425	168,205	12,228	13,423	302,975	1,507	8,890	41,219	550,872
1994	3,255	194,120	12,603	11,513	286,387	1,295	8,489	47,564	565,226
1995	3,615	166,774	13,469	10,279	234,310	1,398	7,039	51,737	488,621
1996	2,494	174,308	7,731	11,409	221,224	1,429	4,469	61,589	484,653
1997	3,517	235,129	7,058	12,626	221,047	1,970	5,280	72,600	559,227

Source : World Migration Report, 2000.

## Appendix A-XIX

**Areas of Government Intervention and Specific Measures Taken by Countries**

Area	Bangladesh	India	Sri Lanka	Philippines
<b>Standard setting and enforcement</b>				
Minimum standards for work contracts	×	×	×	×
Pre-employment briefing				×
Pre-deployment briefing	×		×	×
Restriction on passport issue	×	×	×	
Emigration clearance to leave country	×	×	×	×
Trade test requirement		×	×	×
State-subsidized skills training	×	×	×	×
Negotiation of supply agreements	×	×	×	×
Social security arrangements			×	×
Performance bond from worker		×	×	×
Repatriation bond or fund		×	×	×

Area	Bangladesh	India	Sri Lanka	Philippines
<b>Supervision of Private Recruitment</b>				
Licensing/regulation of private recruiters	×	×	×	×
Ban/restriction on direct hiring	×	×	×	×
State operation of recruitment agency	×	×	×	×
Periodic inspection of recruitment agency	×	×	×	×
Limit recruitment fee charged to worker	×	×	×	×
Cash/security bond requirement	×	×	×	×
Regulation of job advertising	×	×	×	×
Renewal of contract clearance				×
Joint and solidary liability				×
Client referral service				×
Regulation of advertising and promotion	×	×	×	×
<b>Settlement of Claims/Disputes</b>				
Conciliation on site/upon return	×	×	×	×
Adjudication System				×
Fund to cover unpaid claims/benefits		×	×	×
<b>Welfare Services</b>				
Contribution to Welfare Fund	×		×	×
Labour Attache assistance	×	×	×	×
Welfare Centres			×	×
Welfare Officers			×	×
Low-cost insurance	×		×	×
Legal aid to worker in distress on site	×	×	×	×
Repatriation assistance	×	×	×	×
Social welfare services	×		×	×
Education facilities	×		×	×
Scholarships for children of workers			×	×
Health/medical facilities				×
Livelihood programmes for family				×
Financial loan programme			×	×
Employment assistance for returnee				×
Returnee training programme				×
Trauma care center for returnees			×	
Duty-free privileges	×	×	×	×

Source : Achacoso (2000).

## Appendix B-I

<b>Glossary</b>	
Dalal	Middleman or intermediary who operates as agents of recruiting agencies. He conducts his business informally and does not have any officially recognised licence
Hundi	Sending of remittances through unofficial channel
Imam	Head of Mosque and leads prayer
Madrasha	School/college that provides teaching under Islamic curricula
Parishad	Committee
Thana / Upazila	The second lowest level of government administrating
Union Parishad	The lowest level local government institution, members of which are elected by the local people
Umrah	Pilgrimage for the Muslims to Kaba / Haram Sharif at Mecca, which unlike Hajj can be performed any time in the year
Adam Bepari	Un authorised manpower exporter
£	Pound Sterling
¥	Japanese Yen
3-D jobs	Dirty, Dangerous and Demanding Jobs
Pucca	Brick house with concrete floor and roof
Semi-pucca	Brick wall and floor with tin roof
Semi-katcha	Tin structure with earth floor
Katcha	Mud floor and wall (or bamboo fence) with roof tin or thatched.

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