TOWARD AN UNSULLIED LOOK AT FOREIGN INWARD REMITTANCES TO BANGLADESH: SOME EMPIRICAL ANECDOTES

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Abstract *Remittances have been emerged as a key driver of economic growth and poverty reduction in Bangladesh, increasing at an average annual rate of 19 percent in the last 30 years (1979-2008) (Hussain and Nayeem, 2009). Although growth in remittances slowed, inflows from that source still climbed by 22.4% to $9.7 billion in FY2009, in view of the jump in workers who went abroad in 2007 and 2008 (and who are sending money back home). Given the substantial improvement in the trade deficit and the continued increase in remittances, the current account surplus ballooned to $2.5 billion (2.8% of GDP), from $680 million in FY2008 (Bangladesh Bank Annual Report, 2007–08). Foreign remittance earning is an important phenomenon in the economy of Bangladesh. The role of income of expatriate workers in macro-economic stability and future socio-economic development is gradually being recognized by the policy-makers of the country. Foreign remittance, for example, is helping to lessen Bangladesh's trade deficits, resulting surplus in current account balance. Foreign remittance is also contributing to increase country's international credit worthiness and lead to lower borrowing costs. If financial institutions can secure remittance deposits they can increase their access to and participation in international capital markets, thus enhancing the home country's integration in such markets. This paper has explored role of migrants' remittance in the socio-economic development of Bangladesh from both secondary and empirical study perspectives attempting to obtain a comprehensive understanding of remittance channeling and utilization patterns of migrants at the household level. The study has also been aimed to discover some hidden reasons behind informal channel (Hundi) of remittance transfer, and expenditure/investment portfolios of the migrants' household families in Bangladesh. Moreover, the paper also focuses some policy recommendations and operational measures for increasing the inflow of foreign remittances towards Bangladesh and their dynamic utilization so as to enhance their contribution toward the socio-economic development of Bangladesh.*

Keyword: *Inward Remittance, Migrants, Socio-economic Development of Bangladesh, Dynamics of Remittance*

INTRODUCTION

International remittances are defined as the portion of migrant workers' earnings sent back from the country of employment to the country of origin (ILO, 2000). Remittance can also be sent in kind. Transfers that take place in kind are quite difficult to measure. (Levitt, 1996) again identified ideas, practices, identities, and social capital that flow from receiving to sending countries as social remittance. One may however argue that social capital, identities, and ideas that are taken by the migrants from their countries of origin to the countries of destination should also be seen as social remittance. Remittances can be individual and it can also be collective. When individuals send remittance to his/her household or kith and kin, it can be termed as individual remittance. When a group of migrants, their associations or professional bodies mobilize resource together and send for collective or community programmers that can be termed as collective remittance. Individual remittances are mostly geared towards the family whereas collective remittances are generally used for community development (Levitt, 1996).

From the beginning of human civilization people migrated from one place to another place for better living condition and change their destiny. The international migration not only changes the destiny of individual migrant but also improves the living condition of their families in their home country. Remittances have become the most powerful means to improve the socio-economic condition of the families living in the country of migrated people. When in Bangladesh exportable traditional commodities like readymade garments (RMG) and shrimps are facing tremendous competition, remittances have provided a temporary buffer to the country's balance of payments. Remittances are the single largest stable source of foreign currency for Bangladesh. Moreover, with a high unemployment rate in the country, many have found foreign employment as the best alternative for their

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career. Every year some 2 lakhs or more Bangladeshis leave the country officially to work elsewhere. In the last 30 years 3.8 million temporary labour migrants have been recorded. More than 1 million Bangladeshis live permanently outside the country (The Daily Star, 2006 April 25.). A mentionable number of Bangladeshis are also residing and working at foreign destinations without valid documents record of which is hardly found. Official records show that major portion of Bangladeshis is in KSA, Kuwait, UAE, Qatar, Iraq, Libya, Bahrain, Oman, Malaysia, Korea, and Singapore. A very small number are in other countries. The inflows of foreign remittances contribute to the economic development initiative of Bangladesh and improve external sector viability of the Bangladesh economy. The increase in flow of remittances also greatly helps the country's balance of payments (BOP) to gradually reduce extreme trade deficits. The trade deficit dropped by 12.82 percent during July, 2005-February, 2006 period (The Daily Star, 25 April 2006.)

Today, the government of Bangladesh has placed heavy attention and emphasized on enhancement of inflows of migrant worker's remittances to Bangladesh. It may be noted that remittances play a most important role in the accounts of Bangladesh and are crucial to the survival of poor individuals and communities. The emphasis of development policy is now firmly on poverty alleviation and the achievement of the Millennium Development Goal which in addition to the eradication of extreme poverty, also envisage improvement of health and education, gender equality and empowerment of women, the reduction of infant and child mortality, access to safe drinking water and sanitation, and the improvement of the lives of both rural and urban poor people. Foreign employment and workers, remittances contribute significantly to the economic development of the country through reduction of unemployment and augmenting foreign exchange reserves and income. It may be noted that in financial year (FY) 2001-02, the remittances from expatriate Bangladeshi workers as percent of GDP and commodity export stood about 5.26 percent and 41.78 percent respectively (Bangladesh Economic Survey 2008, P.34). In FY 2007-08 remittances as percent of GDP and export were 10.02 and 56.09 percent respectively which is a positive sign. Remittance has always been welcomed in our country to minimize widening trade deficit. More than 30% of our import payments are financed from our remittance sources, which is gradually increasing. (Bangladesh Economic Survey 2008, P.34) The negative trade gap is increasing due to price hike of petroleum oil and lubricant (POL) and becoming metal prices. Although foreign workers make up just 2.8 percent of the population, they contribute more than 9 percent of GDP. Remittances are the second biggest source of foreign income in our country after RMG sector which earned US$ 10.7 billion in 2007. Remittances are like a goldmine for Bangladesh, playing a key role for stability in the BOPs and mitigating unemployment problems (Rahman, 2008). Thus inflow of foreign remittance is being heavily emphasized by the government of Bangladesh.

OBJECTIVES OF THE STUDY

The study is aimed to explore the following objectives:

- To identify the role of foreign inward remittances in the socio-economic development of Bangladesh.
- To obtain a comprehensive understanding of remittance channeling and utilization patterns of migrants at the household level.
- To discover some hidden reasons behind informal channel (*Hundi)* of remittance transfer, and thereby suggesting policy measures encouraging formal remittance transfers
- To enumerate expenditure/ investment portfolios of the migrants' household families in Bangladesh.
- The paper also focuses some policy recommendations and operational measures for increasing the inflow of foreign remittances towards Bangladesh and their dynamic utilization so as to enhance their contribution toward the socio-economic development of Bangladesh

METHODOLOGY OF THE STUDY

This study is derived from both primary and secondary data analysis. About 50 families from each thana (Fatickchari and Hathazari) were interviewed/ surveyed. Field study and survey were conducted in between July 2010 to September 2010. Besides, a sum of 50 individuals (Focus Groups) that constituted social and political leaders, NGO workers/ executives, expatriates, bankers, authors/researchers etc. was interviewed/ argument obtained that enriched the study from the socio-economic, political and cultural perspectives. The survey method was random (cluster) along with structured and unstructured questionnaire. The survey was administered through telephone, observations or direct interviews with the respective respondents. The survey data are analyzed using arithmetic tools such as percentage, ratio etc. Its primary aim's to identify and discover some hidden reasons behind informal channel (*Hundi)* of remittance transfer and to enumerate expenditure/investment portfolios of the migrants' household families in Bangladesh, finally to produce some policy recommendations and operational measures for increasing the inflow of foreign remittances towards Bangladesh and their dynamic utilization

Secondary data required for the study has been collected from books, journals, newspapers, bulletins, paper presented in workshop, conference and seminar, and also from Bangladesh Economic Review published by the Ministry of Finance, Government of Bangladesh. Moreover, this paper is also based on recently completed studies. Over the last few years, a few important studies have been done on migrants' remittance that include (Siddiqui, and Abrar, 2003) and (Murshed, 2000). Along with the studies, publications and reports of central, public and private banks and bank websites constituted secondary information.

FOREIGN INWARD REMITTANCE: A DRIVING FORCE TO ECONOMIC GROWTH IN BANGLADESH

Since mid 1970s, labour migration has become an important element of survival for many households in Bangladesh. Migration carries high costs and risks both for migrants and their families who lose an important member of the household for an extended period of time, yet each year thousands of Bangladeshis migrate to the Middle East and South Asia to work (UNDP Report 2008). This flow has been particularly high in last few years: according to the Bangladeshi Bureau of Manpower, Employment and Training (BMET) report on 18 December 2009, Prothom Alo; 377,591 people left the country in 2006, an increase of 50% over the previous year, and this number has been increased to 8.32 lakh and 8.75 lakh in 2007 and 2008 respectively and employed thereby and remittances sent home by migrants are figured as $6.57 billion and $9.01 billion respectively. Moreover, in spite of global recession, by November, 2009 a total of more than 4,41,112 Bangladeshis had been employed and the total of 9.84 billion US dollars worth remittances were sent by them. Given these figures, remittances sent home by migrants have emerged as a dominant source of income for over 22 million Bangladeshis in over 4 million households and for the economy as a whole: according to a recent IMF report (2009), the share of remittances in household income has risen from 3.7 percent in 1987-88 to 25.5 percent in 2008; meanwhile, the total volume of remittances has been growing at a pace of 25% per annum and is likely to exceed a total of US$ 11 billion in 2010.

Remittances have been causing a silent economic revolution in Bangladesh. Foreign employment and workers' remittances contribute significantly to the economic development and poverty reduction of the country. Remittances sent to their families by migrants and temporary workers have greatly helped raise the standard of living. Evidence from United Nations Development Program (UNDP Report, 2008) survey shows that remittances reduce poverty. From the same research it is also seen that 10 percent increase in per capita remittance leads to a 3.5 percent decline in poverty (The Daily Independent, October 4, 2006 P.6). The majority of Bangladeshi migrants abroad is unskilled and originates from rural areas (Bruyn, 2005). Unskilled workers take jobs in Saudi Arabia, the United Arab Emirates, and Malaysia and to a lesser extent USA and UK as domestic staff and labourers. Saudi Arabia alone accounts for 43 percent of migrants out of Bangladesh. According to official statistics from 1976 to 2007, 50 percent of migrants were unskilled, lacked access to land and resources (Bangladesh Economic Review 2008, P.35). The poverty profile of migrants is looked at more closely in the social appraisal. However, the evidence clearly shows that most short-term migrants abroad are poor and from rural areas. In the short-term remittances help looser the budget constraints of their recipients, allowing them to increase expenditure on both durables and non-durables products and provides them with protection against negative income shocks. Remittances also finance education and health expenditures and ease credit constraints on small business having a good impact on the economy. Investment in health and education is valuable for long-term economic growth and poverty reduction. Studies conclusively found that migrant families invested more in their areas (Murshid, et. al., 2002). The most comprehensive review of literature on remittances in Bangladesh (Bruyn, 2005) lays out a number of benefits that are listed in Table 1.

Table 1: Socio-economic Impact of Remittances at Community and Household Levels in Bangladesh

Major Indicators	Positive Impact of Remittance
Nutrition	Allow families of migrants to meet basic nutrition.
Living condition and Housing	Living condition and housing improved.
Education	Investment for education of children.
Health care	Increased investment for health care.
Social Security	Social security for elderly people increased.
Investment	Increased investment in business or income generating activities.

*Source: Tom De Bruyn, 2005

Thus, the growing inflows of remittance have been highly beneficial for Bangladesh in upholding domestic demand in the recessionary global environment, in enhancing availability of borrowing resources for both the government and the private sector, and in augmenting foreign exchange reserve cushion for coping with the uncertainties of the fragile, unstable external environment. Remittances have resulted in improved living standards of worker's families and helped in improving the income distribution in favor of poorer households (Rahman, 2010)

SOCIO-ECONOMIC IMPACT ANALYSIS: MAJOR FINDINGS FROM SOME CONTEMPORARY STUDIES

The International Organization for Migration (IOM) presented their Final Report on The Bangladesh Household Remittance Survey 2009 in a workshop held in Dhaka on May 12, 2010. This survey collected data from a nationally representative sample of 10,926 migrant households. The findings of the survey confirm most of what we know about migration and remittance based on smaller surveys and anecdotal evidence. In particular, the findings are in line with the ones from the World Bank Survey (2007), which was smaller in scope (http://blogs.worldbank.org/endpovertyinsouthasia/node/624). According to IOM Household Remittance Survey, migrants tend to be young (32 years old on average) married males who have at least completed primary education (over 75 percent). They go to the Middle-East (nearly 73 percent) and Asia (22) with the help of relatives (55 percent) and intermediaries (45 percent) after obtaining a low skilled or semi skilled job contract (79 percent) for which they had to wait for about 6 months.

Migrants come from non-poor households. About 87 percent of migrant households have access to tube well and borehole; 74 percent have improved latrine facility; 83 percent have tin as main roof material; 35 percent have cement/stone as wall materials in addition to 43 percent who have tin as wall material and 34 percent have ceramic tiles/ cement/ carpet as flooring material. Almost all migrant households owned their homestead land, although a sizable proportion do not own any other land. Thus, migrants generally appear to come from the lower band of Bangladesh's middle class. Migration is a costly process. It costs on average nearly Tk 220,000 (over 5 times GDP per capita) to migrate. Over 52 percent reported paying more than Tk 200,000 (nearly US$2900). Only the non-poor can afford such high costs. Nearly 60 percent of this cost comprises of payment to the intermediary (commonly known as *Dalal*). Migration cost is financed mostly by borrowing, support from family and selling assets, particularly land.

Yet, it is economically worthwhile to emigrate. On average migrants earn Tk 21,363 per month (6 times our FY09 GDP per capita), although the majority (54.3 percent) earn between Tk 10,000 to 20,000 (2.8 to 5.6 times GDP per capita). Migrants save 62 percent of their income on average and the amount they save per month constitutes 3.7 times our monthly GDP per capita. Migrants remit half of their savings on average. Migrants remit on average Tk 81,710 per annum (1.9 times per capita annual GDP and 32 percent of migrants' average income) in three to four installments. The amount remitted comprises 1.6 times the recipients' pre-remittance income. Also, the average amount remitted constitutes 51 percent of migrants' average savings, suggesting a significant part of their savings is not remitted. This is a new insight.

IOM Survey- 2009 also Discloses some Notable Regularity

- The amount remitted varies positively by the amount of income migrants earn, the duration of stay, and the level of education.
- Not all migrant households receive remittance. The total local income of recipient households is on average 34 percent lower than non-recipient households.
- Remittances are mostly sent through banks (73 percent). Only 18 percent migrants reported using informal channels.
- It takes on average 8.6 days to receive remittances from banks and shorter (4.7 days) through informal channels. The good news is that 87 percent receiving remittances through formal and informal channels reported not requiring to pay any fee and the other transaction costs (transport) are not very significant.

Remittance enhances the standard of living of the recipients. The recipients use the remittance money to finance household needs that include durables, non-durables, education, and health. Remittances contribute to strengthening households' net wealth position through de-leveraging-that is paying off loans (over 42 percent). Remittance income enables improving diversity in diet; buying books, papers, other learning materials and tutorial services; and obtaining better medical care. It also contributes to insulate the recipient households from local market shocks.

A lot more can be done with this rich dataset. The survey provides an adequate database to do a more rigorous analysis of the determinants of migration and the volume of remittances. It is the largest dataset on migrant households that I am familiar with. In the workshop the IOM authorities announced that will make the dataset available in the public domain so that researchers can use it to produce richer information on the determinants of migration and remittances.

This study also attempts an extensive empirical study to assess and enumerate the impact of remittance at household level over the empirical study conducted by Siddiqui and Tasneem in 2003 as titled 'Migrant Workers Remittances and Micro finance in Bangladesh. Remittance has significant macroeconomic impact at household level (Tasneem, and Siddiqui, 2003). The majority of the migrants to abroad is unskilled, and originates from rural areas and poor community. The poorer the household, the more impact or benefits remittance income can have alleviating poverty.

Remittances allow the poor people to increase expenditures on both durables and non-durables products, and provides them with protection against negative income shocks. Remittances are cited here as making up around 60% to 70% of recipient poor households' total income. It was found that almost 80% remittances are used in non-productive investment. The critical analysis of utilization pattern of remittance in the surveyed areas 20.45% of remittances are used for food and cloths, 11.24% for agricultural land purchase, 15.02% for home construction/repair, 10.55% for repayment of loan (for migration), 9.07% for social ceremonies, 7.19% for sending family members abroad, and finally only 4.76% are used for investment in business and 3.07% for savings.

It is found from a study that during migration the total income of migrant households increased by 119 percent. It is also found that on an average each migrant remitted 55.56 percent of his/her income (Siddiqui, 2004). Again remittance constituted 51.12 percent of the total income of these households (Siddiqui, 2004). It is found from different surveys that a higher portion of remittance is used for consumption. Another significant portion of remittance is used for purchase of land and home construction. Moreover, some portion of remittance is used for food, clothing, healthcare, and children's education. A very small portion of remittance is used by the recipients for investment in business or other ventures and savings. Besides, during returning home the migrant workers bring some luxurious products i.e., color television, CD and VCD players, cosmetics, and other electronic items for home use, which reduce the usual amount of remittance that could be sent by the migrant workers (the fact is disclosed during survey).

Growth in remittances is likely to be one of the key factors in the medium run in maintaining foreign exchange reserves and thereby maintaining economic stability. The government can use the dollar earned from remittances in various ways: 1) to pay import liability 2) to improve balance of payments 3) to build foreign exchange reserves 4) to serve external debt and 5) to enhance the viability of recipient country's external sector.

There are some common arguments against remittance that it leads to excessive consumption, import dependency or unproductive investment in housing and land. It is also said that large remittance flow may lead to currency appreciation and an adverse effect on export. Moreover, remittance channel may be misused for money laundering and the financing of terrors. And yet, there is no doubt that in a deficit economy like Bangladesh, remittances have supported the growth of rural as well as urban economy. The recent boom in real estate business in the urban areas is partly due to remittance inflows. Remittances increase a country's international credit worthiness and lead to lower borrowing costs. If financial institutions in the home countries can securities remittance deposits, they can increase their access to and participation in international capital markets, thus enhancing the home countries integration in such markets.

MAJOR FINDINGS: EMPIRICAL ANECDOTES

The study aims to pursue a set of objectives and thereby survey conducted in two neighborhood *thana/ upazila* named Fatickchari and Hathazari. The study shows the percentage of respondents as given in Table 2.

Table 2: Composition in the Selected Surveyed Areas

Respondent Compositions/ Expatriates	Percentage (among 100 respondents)
Middle-east expatriates	93%
Europe and USA expatriates	02%
Japan and other Asian Countries expatriates	3%
Others	2%
Total	100

*Source: Respondents Data analysis

Managing Funds for Migration to Overseas

The survey (Table 3) reveals that managing fund to send a household member to overseas is not all an easy effort for the majority of the rural people in Bangladesh. Table 3 shows that 42% household manages fund from the mortgage of land while 30% of them collect from the sale of land. It's surprising that the old rural lending source *Mohajan* is still capturing third position by providing loan for 20% household.

Socio-economic Parameters

The respondents' data analysis (Table 4) shows that 63% household respondent enumerates that economic strengths has been strengthened after a member being expatriated in overseas. But it's still a matter of agony that an average of 20% family finds no change in their economic fate. The largest of this 20% respondents verbally mentioned a good number of reasons in behind such bleak condition e.g. frauds and deceives (they say it visa- jaliatii), not conforming the affirmed terms, conditions and facilities or being the victim of lower wage.

Table 3: Managing Funds for Migration to Overseas

Respondents Type	Issues Considered	Results
Migrant's family (at least one member is in overseas and living there for minimum 5 years)	managing funds to send member/s to overseas	Percentage(%) of the respondents
Q1: How have you managed fund to send member/s to overseas?	loan from friends/ relatives	4%
	Land mortgage	42%
	loan from mohajan	20%
	selling land	30%
	own deposits	1.00%
	Others	3.00%
	Total	100%

*Source: Respondent's Data Analysis

Table 4: Socio-economic Parameters

	Socio-economic Parameters as Viewed by the Respondents	Percentage (%) of the Respondents
Q2: Do you think that your economic condition has been changed after sending an earner/s to overseas?	achieved economic strengths	63%
	No change in economic position	20%
	became poorer	2%
	future aspirants	8%
	No comment	7%
	Total	100%

*Source: Respondent's Data Analysis

Sources of Household Incomes

The remittance is still leading source of household income at the surveyed areas. On an average 68% household income is generated from the expatriates' income (Table 5) in the rural areas while only 30% of the total household income is coming from agriculture. The study also has made known that the rural households are increasingly rendering land *Borga* (a rural process of production sharing) to the land less farmers, for either cultivation has become less cost effective or only member has been migrated to overseas.

The Channels of Sending Remittances

Both the Government of Bangladesh and Bangladesh Bank have taken a lot of effective initiatives and measures to stopping the informal and undue practice of *Hundi* in all over the country. Nonetheless, yet an average of 39% (Table 6) of remittance (is not remittance at all) in the respondents' areas is coming through *Hundi*. However, a larger 53% remittance is channeled through formal or official media.

Factors Considered in Selecting Channels

The study (Table 7) shows that security, exchange rate, cost of transactions, and quickest delivery are highly reigning over the expatriates while they are selecting channels to send money to the country. Well, the study has made known lot of hidden reasons behind choosing *Hundi* channels for sending money to country. The reasons are due to personal relation with *Hundi-wala*. They feel more secured; transaction cost and paper works are higher and much in formal channel; they get more conveniently higher exchange rate (Tk 0.50 to 1.00 per Dirham/ or any Middle-east currency) as they send money through *Hundi*. The respondents uttered another reason that *Hundi* channel sends money at home-door at any time, and at a minimum lead time of less than one hour. The survey team also observed, the rural households are not conscious that sending money through *Hundi* is illegal or destructive toward national perspectives.

Table 5: Sources of Household Incomes

	Sources of Household Income	% of Total Household Income
Q3: what are the sources of your total house-hold income?	Remittance	68%
	Agriculture	30%
	shop/business	0.50%
	Service	0.10%
	Others	1.4%
	Total	100%

*Source: Respondent's Data Analysis

Table 6: Remittance Channels

	Channels of Sending Remittances	% of Remittance as Sent to Home Country
Q4: How do you receive money from overseas? Respondent type is remittance recipients	Formal/ Official Channels	
	Banks	45%
	DD/TT	1%
	Traveller's cheaque	0.25%
	Account Transfer	0.25%
	Others	6%
	Total	53%
	Informal/ unofficial channels	
	Hundi	39%
	Hand carried	2%
	Relatives/ friends	3%
	Others	3%
	Total	47%
	Grand total	100%

*Source: Respondent's Data Analysis

Table 7: Factors Considered in Selecting Channels

	Factors Considered by Remittance Senders to Select Channels	Factors are Ranked by the Respondents
Q5: What are the factors that you consider to select channel to send the money to home? Respondent type is remittance senders/ returned expatriates	Security	1
	easy method of transactions	4
	cost of transactions/ fees	2
	less paper work	5
	exchange rate	2
	quickest delivery of money	3
	Others	6

*Source: Respondents Data Analysis

Official Channel vs. Unofficial Channels an Off-set Answer over Selecting Channels

In fact, the question was made to the respondents to get an off-set feed-back position over the channel selection in sending money to home. This counter make-up also proves that a majority (about 38%, appended Table 8) still loves to send money through unofficial channels especially *Hundi*. Moreover they have given their causes in response to the correspondent query as below:

Table 8: Official Channel vs. Unofficial Channels

Official channels	46%
Unofficial channels	38%
Indifferent(neither OC nor UC)	16%
Total	100%

*Source: Respondents Data Analysis

Emphatic Reasons of Choosing *Hundi* as Remittance Sending Channel

The study also discloses a good number of emphatic reasons of choosing *Hundi* as a favourite channel. In this reasoning the respondent (respondents' type was the 38% of expatriates who favour *Hundi* to send earnings back home) was asked a return question to investigate their keen toward *Hundi*.

Table 10 identifies the utilization patterns of remittances in the selected neighborhood Thana Fatickchari and Hathazari to enumerate a paired comparison with the study (Siddiqui and Tasneem, 2003).

The study reveals that a large portion of remittance (above 10%) is still spent in unproductive investments such as social ceremonies, gift, donations, furniture, and mortgage etc.

Table 10: Utilization Pattern of Remittances in Bangladesh

Purposes	Remittances Used (%)
Food and clothes	20.45
Medical treatment	3.22
Child education	2.75
Agriculture land purchase	11.24
Homestead land purchase	.96
Home construction/ Repair	15.02
Release of mortgage land	2.24
Taking mortgage of land	1.99
Repayment of loan for migration	10.55
Repayment of loan (other purpose)	3.47
Investment in business	4.76
Saving/Fixed deposit	3.07
Insurance	0.33
Social ceremonies	9.07
Gift/donation to relatives	0.94
Send relatives for pilgrimage	0.92
Community development activities	0.09
Sending family members abroad	0.19
Furniture	0.69
Others	1.05
Total	100.00

*Source: Siddiqui -Tasneem(2003). Migrant Workers Remittances and Micro finance in Bangladesh.

The study exposes some pretty dimensions of remittance utilization such as a growing percentage of remittance is utilized in child education (10%), savings (9%), poultry, plantation, and livestock (5%) etc.

Some Critical Paradigms Shifted

A sum of 50 individuals that constitutes social and political leaders, NGO workers/executives, expatriates, bankers,

Table 9: Reasons Measured for choosing *Hundi*

Q7: Why do you like unofficial channel (especially Hundi) to send money to home? Respondent type is remittance senders who (38%) answered unofficial channels are the best	Higher exchange rate than official ones
	Door to door services in both ends (senders and recipients)
	quickest delivery and quickest feedback
	No formal documentation in both ends
	personal relations and other financial and non-financial supports
	long-term social and inter-personal relations
	easier and less cost of transactions
	easy to reach any time and any where at least lead time

*Source: Respondent's Data Analysis

authors/researchers etc. was interviewed and critical arguments obtained that enriches the study. They have been asked to argue critically on some important socio-economic, socio-political and socio-cultural issues and impacts of population migration to overseas at grass-root-rural areas. These issues are as following;

- The result of large population migration to overseas impacts agriculture very badly by rendering a large part of cultivable land been uncultivated for the years together (47% of focus group respondents)
- It's usual that father or elder brother is migrating to overseas, as a result, those families often suffer from leadership crisis, and thus society too (52% of focus group respondents).
- The expatriates also import some foreign culture, habits, language and norms and values to the indigenous society while they back home. As a result, indigenous socio-cultural legends, heritages and rituals might be threatened or replaced if the expatriates are dominant in a social group (36% of focus group respondents).
- Socio-economic disparity and inequality might be widened between indigenous peasant and expatriate family, and thus forcing the rural egalitarian society more and more diverged or dialectical (48.5% of focus group respondents)
- Migration to overseas and enduring sustainable economic success certainly benefits both the country and migrant's family. But Bangladesh has no plan and preparation to rehabilitate the large migrated population if they are back home due to any undue occurrences such as war, recession etc. As a result, the nation might face acute socio-economic rampages and anarchies (51% of focus group respondents).

CONCLUSIONS AND POLICY RECOMMENDATIONS

This section wraps up a good number of untold stories learned and experienced during the field survey at selected locations. Moreover, financial institutions, development agencies, national and private banks, money transfer companies, telecoms operators, migrant diaspora groups, and NGOs also argued in regards to policy recommendations. The study explores all possible arguments and suggestions. Finally, a series of recommendations are proposed to exploit the potential of remittances as a development tool in the country.

The larger part of the focus group respondents argued that the empowerment of market actors, effective and efficient regulation, the adoption of new technologies and the expansion of access to financial services, especially in rural areas will significantly contribute to reduce dependence on *Hundi* and correspondingly enhance the acceptance of formal/official channel of remittance transfer. Moreover, proper and adequate publicity motivating expatriates to remit using banking channel highlighting punishment under money laundering prevention act and incentive packages for remittance through banking channels. Bangladeshi mission abroad can be assigned for this job.

New market of manpower is to be explored by the government proper diplomatic negotiation can create new market for the Bangladeshi skilled and unskilled labour. Existing markets where we are losing our shares government initiative can retrieve the market. Skilled workers are high demanding abroad and offering attractive packages. To increase the amount of remittance, steps to be taken to export skilled workers. High quality technical polytechnics and vocational institutes are to be established for the potential expatriates before migration.

Bangladesh's labour migration sector is today faced with a number of challenges. These include a loss of traditional markets, limited success in securing new markets, high migration costs and the dominance of intermediaries both at the sending and receiving ends (C R Abrar, coordinator, the Refugee and Migratory Movements Research Unit (RMMRU) The Daily Star, March 17, 2011). He also argues that there is a general acknowledgement by both the government as well as the private recruitment industry that among the South Asians, Bangladeshis bear the highest cost to secure short-term overseas employment in the Gulf states and South-east Asian countries. There are two major factors contributing to this phenomenon; the pervasive practice of visa trading in the countries of destination and the inability of aspirant migrants to directly procure recruitment agency services. Over the years, labour market conditions for overseas employment have been greatly skewed in favor of the receiving countries. Even until the mid-1980s, work permits from the employers or recruiters were secured without charge. The recruiters also paid for the air ticket and other travel related expenses of the workers. In addition, the Bangladeshi recruiting agencies received commission for each worker they placed as a facilitation fee. Under these conditions, limited costs were incurred by migrant workers while processing their migration and the wages they received were much higher than what they get now. Thus migration, though short-term, became a gainful experience from the very beginning of their deployment for most of the workers.

Now these conditions have almost fully reversed. In most cases, the workers are not provided with air-tickets or other expenses and Bangladeshi agents, both formal and informal, have to secure work permits from employers and recruiters of labour receiving countries by paying hefty sums. These costs are then passed on to the workers. The wages of migrant workers have also sharply dropped in all Gulf States, particularly those in the low skilled category. All these conditions have led to a situation in which migrant workers are forced to pay at least three times the officially stipulated amount of Tk 84,000 to finance their migration. It will take a worker on a monthly average wage of 300 riyals to work for an uninterrupted period of more than three years to simply recoup the money invested to finance their migration (RMMRU Study, 2010).

Visa trading is an illegal practice in all Gulf states. The national laws of Saudi Arabia, the Emirates and other states in the region do not condone employers charging fees for recruiting workers. However, in some of these states to discourage dependence on foreign workers, governments impose a levy on companies that bring in workers from overseas. As per such law, it is the employer who is to bear the cost, and not the worker nor his or her agent. Visa trading has become a reality in short-term migration, soaring up the migration cost and making short-term migration near untenable. Despite being an illegal act with far reaching adverse consequences, this issue has remained unrecognized by Bangladesh's policy makers. Unfortunately, this issue has not been adequately pursued in either bilateral discussions with labour receiving countries or in multilateral forums such as the Global Forum on Migration and Development or the Colombo Process. Perhaps, our negotiators act on the assumption that labour receiving countries may not be at ease to face the hard truth of the involvement of their nationals in this illegal act. This dissuades our negotiators and political leadership to take up the issue with their counterparts of the Gulf states.

Although workers of all South Asian countries are subjected to visa 'premiums', it is those in Bangladesh who pay the most. Industry sources inform that the current rate of a visa for unskilled Bangladeshi workers in the United Arab Emirates (UAE) stands at US$2000. This high charge can be attributed to the unhealthy competition among the Bangladeshi recruiting agencies. These agencies instead of demanding payment for their services to foreign employers or recruiters, bid against one another to secure work permits, when the latter come on visits to Bangladesh with job offers. This cannibalistic approach by the recruiting agencies in dealing with foreign clients has caused immeasurable harm to the industry and led to a disproportionate rise in migration costs in Bangladesh.

On several occasions senior leadership of the sole federating body of agencies, Bangladesh Association of International Recruiting Agencies (BAIRA), publicly decried such unprofessional conduct by most of its members, it is yet to offer a solution to the problem. Good examples are not difficult and far to find. Their Nepalese counterparts have come to an agreement among themselves that none would offer more than US$500 as visa premium to foreign recruiters. Foreign employers thus have no option but to recruit workers from Nepal at that rate.

The presence of tiers of *dalals* (sub-agents or informal intermediaries) between aspirant migrant workers and recruiting agencies is another shady area in the labour recruitment process. Empirical studies conducted by the Refugee and Migratory Movements Research Unit (RMMRU) have found that although informal intermediaries work in direct connivance and even sponsorship of the formal recruiting agencies, the latter has the uncanny tendency to conveniently and squarely shift the onus of wrongdoings on to the *dalals*. When workers face problems, the registered agents deny conducting any transactions with the workers. As financial transactions are in most cases conducted through the *dalals*, the government's mandated agency, the Bureau of Manpower and Training (BMET), finds it difficult to hold the registered recruiting agencies responsible. All these form a vicious cycle of opaqueness and unaccountability under which aspirant workers lack direct access to recruiting agents and therefore depend on informal intermediaries. The informal intermediaries act as a conduit of information or on many occasions, misinformation and money between the registered agents and the workers. This scenario demands the immediate attention of the policy makers.

RMMRU studies- 2010 have also found that in many instances aspirant migrants or members of their families prefer using *dalals* to process their migration. *Dalals* reside in their own districts and they feel it is both convenient and comfortable to deal with a local. Also, if things go wrong the migrants can exercise some leverage on the *dalals* through other members of the community to secure redress. It is also a fact that *dalals* dealing with migrants at the grassroots, in most cases, do not have access to registered recruiting agents and themselves are dependent on other metropolitan-based *dalals*.

Given the ground reality where all parties are dependent on the informal intermediaries, the latter has become a significant stakeholder in the migration industry. Therefore, it is imperative that a clearly thought out policy strategy be devised that recognizes the role of *dalals* and their relationships with the registered recruiting agents on the one hand and the *dalals* and aspirant migrants on the other.

In order to curb malpractice of recruiting agents and *dalals* in sending workers the government set up a database in which aspirant migrants were to register their names. The plan was to ensure that all recruitments were carried out using the database. Despite the existence of the database for a number of years now, very few workers have actually benefited from the registration process. There is no doubt that recruitment from the database could be the best possible solution to the problems that plague the industry, if such a process can be implemented. But so far no attempt has been made to examine why the system has remained dormant. Could it be that the system is not grounded in reality and is a wishful scheme, particularly in the context of a corrupt visa-trading regime that has come into force? Or, could one assume that the system has been kept deliberately dysfunctional to suit a nexus of vested interests of private recruiting agencies and public officials?

So long as the workers are not being recruited from the database, contingency plans must be made to rein in the recruiters and their intermediaries. Bringing the intermediaries under a legal cover is essential.

There are three possible options in this regard. Firstly, BMET could be given the task of issuing licenses or monitoring the performance of the *dalals*. However, it may not be practical for the under-resourced BMET to monitor the thousands of sub-agents. BMET's performance in dealing with 800-plus registered recruiting agencies is much to be improved upon, so adding further responsibility is likely to be an exercise in futility. The second option is to encourage and provide incentives to recruiting agencies to open branch offices in the district towns so that migrants can access their services and directly establish contact to secure information and process their cases. This option also appears to be less feasible as at the end of the day, the decision to open branches solely rests on the entities concerned. If they do not see direct benefit for themselves in decentralizing their presence, they are unlikely to do so. That leaves us with the third option of making it mandatory for the recruiting agents to acknowledge their respective sub-agents, issue them with photo identity cards and provide a list of the sub-agents to the BMET. The BMET in turn would post a comprehensive list of sub-agents of all recruiting agencies to the local government bodies.

This arrangement would bring the sub-agents under a legal cover while also making the private recruiting agencies accountable for the actions of the informal intermediaries whom they rely on. The arrangement would also grant the government necessary authority to take actions against the agencies whose formally appointed intermediaries are found to be engaged in any malpractice.

If implemented in due spirit, such a system would be the first step in plugging a major gap in the recruitment system. It would help bring about transparency and accountability in the recruitment industry. It will at least to an extent weaken the propensity of the registered agencies to shrug off any responsibility of the many misfortunes that migrants face and their tendency to blame the victims. It would also take away the standard excuse of the government functionaries that they cannot provide redress as the deals were done with unauthorized agents.

There are a number of problems that the labour recruitment industry is faced with in Bangladesh. Though successive governments have taken several initiatives to streamline the labour recruitment sector, the issues of visa trading and bringing *dalals* under legal cover have been left unattended. The absence of a proper and bold policy initiative in this regard is having a severe debilitating impact on the lifeline of our national economy. They are also undermining the migration efforts of hundreds of thousands of unsuspecting workers and pushing them and their families further into the abyss of poverty, which they wished to escape in the first place.

In spite of taking many steps to increase the migrant remittances in the country, we still require more attention on to make the transfer and delivery of remittances more efficient and secure. We need to identify the mechanism to re-channel the remittances, at least partly to income generating activities in trade and industry for achieving the goal of eradication of poverty. The future growth of Bangladesh will depend on promoting export, sustaining remittances and triggering foreign direct investment (FDI). Remittance has been considered as an important factor for future economic development of the country.

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