

**ARE MIGRANTS CHASING AFTER THE  
“GOLDEN DEER”?  
A STUDY ON COST-BENEFIT ANALYSIS OF  
OVERSEAS MIGRATION BY THE  
BANGLADESHI LABOUR**

**INTERNATION ORGANIZATION FOR MIGRATION (IOM),  
DHAKA  
NOVEMBER 2002**



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IOM International Organization for Migration  
আইওএম আন্তর্জাতিক অভিবাসন সংস্থা



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**NOVEMBER 2002**



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BIDS, Dhaka

The Authors

## ABBREVIATIONS AND ACRONYMS

BAIRA	:	Bangladesh Association of International Recruiting Agencies
BBS	:	Bangladesh Bureau of Statistics
BC Ratio	:	Benefit-Cost Ratio
BIDS	:	Bangladesh Institute of Development Studies
BMET	:	Bureau of Manpower Employment and Training
BOESL	:	Bangladesh Overseas Employment Services Limited
BRDB	:	Bangladesh Rural Development Board
DEMO	:	District Employment and Manpower Office
DTE	:	Directorate of Technical Education
GCC	:	Gulf Cooperation Council
GDP	:	Gross Domestic Products
GNP	:	Gross National Products
HCI	:	Head-count Index
HSC	:	Higher Secondary Certificate
ILO	:	International Labour Organization
IMF	:	International Monetary Fund
IOM	:	International Organization for Migration
LFPR	:	Labour Force Participation Rate
MLT Loan	:	Medium and Long Term Loan
NGO	:	Non-Government Organisation
PC	:	Personal Computer
RMG	:	Readymade Garment
SEM	:	Secondary Exchange Market
SSC	:	Secondary School Certificate
UAE	:	United Arab Emirates
WES	:	Wage Earners' Scheme

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## SUMMARY

The oil rich Gulf countries import around one-third of their labour force from other countries due to sharp rise in the price of oil and their scanty manpower. Since the mid 1970s Bangladesh exported around 3 million manpower of which more than 80 percent went to the Middle East. Side by side there is growing number of undocumented workers who are not registered with the BMET.

This trade in human capital generated significant financial flows, in the form of remittances to Bangladesh. Based on official statistics Bangladesh earned a total of Tk. 625-672 billion as remittances from the nationals working abroad during 1977-78 to 1998-99. The remittances sent home by Bangladeshi migrants have become a valuable and inexpensive source of foreign exchange available for economic development of the country. Migration of workers also helped in reducing the unemployment rate, which is one of the major problems of Bangladesh.

On the cost side a general tendency towards greater selection of migrant workers has increased restrictions on their entitlements and lead to increasing insecurity and vulnerability of migrant workers both in sending and receiving countries. There is a highly ambivalent feeling about the benefits and costs of migration of workers especially to the Middle East. While Stahl and Habib (1989), Adams (1991) and Durand *et al.* (1996) eulogize migration because of its beneficial impact through remittances, some authors criticize that migration results in 'cosmetic economic development' (Rhoades, 1978), and 'remittances are detrimental to the long-term prospects for economic development'.

However, it is surprising that there is not much systematic study on cost-benefit analysis of labour migration in Bangladesh. Therefore, the study aims to address the crucial question as to whether migrants are chasing after the 'golden deer' and types of policies needed to protect the interest of migrant labours.

Under the study, a survey of Bangladeshi migrant labours was conducted in UAE followed by a tracer survey of the families of migrants in Bangladesh. The study applied triangulation of methods using multistage sampling techniques since population to be covered under the study is scattered over to widely dispersed geographical area and there is no frame or list readily available for sampling. Eighty-five workers including seven female workers of the garment sector were surveyed in UAE along with 15 employers. Also 105 randomly selected migrant households were surveyed from three Thanas viz. Fatikchari, Keraniganj and Chatkhil.

In UAE which is the federation of seven Emirates, Bangladeshi expatriates constitute nearly a tenth of the total expatriate population and are the third largest workforce after Indian and Pakistani. Bangladeshi workers were classified by their

concentration in major sectors like, municipality, formal services sector, informal services sector, construction, manufacturing and industries, small business etc. The number of workers drawn from each sector has been roughly proportional to their numeric strength.

While analysing the post migration situation of migrant labours, the study observed that migration by youth and adult members is facilitated by joint and extended types of families which in turn is sustained by migration due to the extended resources base created by the continuous flow of remittances.

On an average a migrant worker had seven years of schooling and nearly two-thirds of them had either secondary or above level of education. Among the remaining one-third of migrants, 20 per cent had primary level of education and 15 per cent were illiterates. Generally a negative correlation could be observed between migrant's educational attainment and age. Greater level of education among younger migrants suggests increasing competition and selectivity bias in the field of international migration.

Forty-five per cent of the respondents had opportunity to develop their skills prior to migration largely from private training institutions and in few cases they gained experience of similar types of work at home. Pre-migration skills appear to influence their job opportunity. The study indicates that skills and educational attainment endow migrants with greater leverage in the UAE labour market in terms of getting more secured job.

Municipal workers, small business owners, formal sector employee were the oldest among migrants in terms of age, period of stay in UAE and duration in the current job. Those who migrated to UAE between less than one year to three years were the youth migrant group who are engaged in irregular jobs such as helper of mason in private construction company, carton picker, cart loader, etc and as garment factory workers and construction labours.

The study observed a gradual squeezing of job opportunities in the formal and more regulated sectors in UAE because of interplay of both market forces and the host country's policy to replace expatriate by indigenous labour force. It is also interesting to note that kin members and friends play the most important role in securing the job both prior to and after migration.

Average gross income of migrant workers in UAE is estimated at around US \$ 288.48. Among the lowest income earners are the female garment factory workers, male private agricultural workers, carton picker and those without any fixed job. Moreover, wage rate is the lowest for the garment factory workers compared to even unskilled workers of other sectors. On an average, around 30 percent of their overseas income is spent for self-maintenance and 45 percent is sent as remittances. Remaining portion of their income is kept as security money to meet emergency requirements both at home or abroad.

Generally companies in UAE provide accommodation, food and treatment facilities to their employees. Big companies and formal sector provide accommodation to their employees in the labour camps at the outskirts of the city. The bulk of the employees of the big and small companies ranging between two-thirds and 100 per cent get free accommodation from their employer. Majority of the construction sector labours and those who run business and involved in part-time work do not get such facility. In each room, there are three to six double bunk-bed system that allows 6 to 12 boarders living the same room in most of labour camps and per capita availability of space ranged between 35 and 50 sq. feet approximately

Per capita space availability squeezes to 8 to 15 sq. feet for garment factory, many small scale informal sectors and part time workers who live in Ajman, Rolla and such other places. Existing literature reveals almost similar living situation of garment factory workers in Dhaka city.

Drinking water is a big problem for many workers working and living in Ajman. From the running tap water they often get saline water which is not suitable for drinking. As an alternative arrangement the management buy drinking water or provide mineral water but often the quantity supplied is too little to quench their thirst.

The situation however is worst in the case of private agricultural workers. They live alone or with 2/3 other farm boys in the middle of the desert far away from human habitat where they have to cook and do everything alone. In many cases they neither have proper drinking water and sanitation facilities and the small room in which they live becomes too hot in summer.

Unlike accommodation responsibility for food largely lies with the respondents. This is reflected clearly in their expenditure pattern. With the exception of formal and informal sector employees and small business owners, respondents working in all other sectors spend 43 per cent of their monthly income on food.

Cooking food consumes a significant portion of their time. Particularly in a situation where a large number of garment factory, private construction and informal sector workers have to work 10/12 hours per day, cooking is added to their existing workload.

Like food, cost of treatment is largely borne by respondents. Big companies and municipalities do provide medical facilities but that is limited to medical check up in public hospital or by company's doctor. It seldom covered cost of medicine and pathological tests. Thus the bulk of the workers do not have access to company provided medical facilities and those who had such access enjoy only partial coverage. Respondents spend around 5 per cent of their income to procure health care services but it varies greatly across different occupational groups.

From the salary cut in the month preceding the survey one could observe the stake of sickness by various sectors since leave of absence was mainly taken due to

illness. Generally one out of every five respondents experienced salary cut in the month preceding the survey.

In general excessive heat at workplace especially at construction site or private or public agricultural fields, semi-pucca type of vegetable and fruit markets that operate in open space covered with tent and Corrugated Iron (CI) sheet at the top leads to those types of diseases reported above. Even the formal sector employees are not immune from accidental hazards.

Living conditions of the migrant workers reflected lack of consistency between the standard practice and actual entitlement. Such inconsistency occurs mainly because a large majority of migrant workers were not given any written contract before migration. Survey data also reflected that nearly 90 per cent of respondents were not aware about labour laws of UAE and more than 80 per cent did not have any idea about the Bangladesh Embassy.

The study also observed dependence on agriculture, followed by service sector, of migrant households prior to migration. After migration one of the most visible changes in this regard has been emergence of remittances as the main source of income for nearly every third of migrant households. Size of monthly remittances increases dramatically from Taka 3333.30 per month to Taka 5217.80 showing about 57 per cent increase within a span of first five years. From the size of remittances, one might observe that it takes around four years to send remittances that can help keep the household out of poverty threshold, if it is dependent solely on respondents' remittances.

Average size of the remittances sent is estimated at Taka 6527.10 per month or US \$ 128 and it varies greatly by their expenditure pattern and types of liability at destination. Duration of migration exerts strong positive influence on the size of remittances which is found statistically significantly.

A comparison of the level of annual household income indicates that migration has increased the level of household income by 55 percent. While non-agricultural wages and salary, agricultural produce, and small business were the principal sources of annual household income before migration, remittances contributed around two-thirds of annual household income after migration has occurred.

A comparison of the level of household expenditures indirectly shows that annual household expenditures of the migrant households increased by 22 percent. Migration has enabled these families to increase the level of household surplus to a respectable level of Tk. 25 thousands annually. While the share of household expenditure on food and other necessities declined marginally the same on luxurious and other supernumerary items increased at the margin.

Total land holdings seems to have increased by around 3 percent after migration. While the migrant family seems to have sold out some of the agricultural land, they have increased the area of village homestead land.

Migrant households experienced enormous expansion of their income base during the post migration period. Currently a fifth of the migrant households have monthly income between Taka 20,000 and 30,000 compared to a solitary household prior to migration of the respondents. Expansion of income base leads to a dramatic improvement of the household's poverty situation.

Using HCI, the study estimates that 21 per cent of the migrant households were moderately poor prior to overseas migration by the respondents. In the post-migration period the proportion of such households slashed down dramatically to seven per cent.

A typical migrant had to spend around Tk. 95 thousands for the migration process to be completed. As a whole, 95 percent of the cost borne by the respondents in terms of visa fee and air-fare are in reality the responsibility of the employers in the host country. Due to widespread ignorance and lack of initiative by the official recruiting agencies, a large part of these costs appear to have been expropriated by unscrupulous agents in collusion with the overseas employers and sometimes with Bangladeshi diplomatic Mission. A typical migrant appeared to have remitted a total of Tk. 267 thousand during his migration period. On the basis of the direct benefits and costs the inflow of remittances migration appeared to have yielded a benefit-cost ratio (BC Ratio) of 2.88.

Total migration costs seem to have been financed through borrowing from relatives/friends and/or selling land or house and/or deduction from salary they would earn at the place of destination.

From the migrants' point of view, international migration enhances the chance of their better earnings in the host countries due to wage differential between the sending and the host countries.

Empirical findings of the study indicates significant changes in the status of the underprivileged groups. Nearly two-thirds of the respondents perceived that migration has ensured a self-sufficient status to them and their families. More than a tenth of them also reported enhancement of their social status.

Analysis of non-economic cost of migration revealed significant increase in female's work burden. The study shows almost negligible participation of women in the labour force and it is important to study whether international migration is likely to reduce women's economic activities and enhance their household burdens.

Another adverse social consequence of international migration is the family problem. Nearly a quarter of respondents surveyed in UAE reported family problems of which conjugal relations and child related problems featured most prominently.

Analysis on social benefits of international migration reveals that, most importantly, emigrants relieve unemployment and underemployment at origin. Also with the help

of remittances migrants' households bear the greater burden of unemployed members and education of active age members than ordinary rural households. Concentration of student population in the sample households is higher than the general pattern found among rural households.

Paradoxically unemployment rate among the active male member of migrant households is worked out at around 10 percent which is much higher than their age-cohorts in rural areas and a reverse pattern is observed in the case of female members. Had overseas migration not occurred it might not be very difficult to say that the sample household could not afford either to finance the education of such a large number of members or to keep them as unemployed or housewives.

Remittances promote development through increased material and human capital investment. The study shows that from zero level of savings, respondents now save a quarter of their overseas income beside remittances. Apart from that their investment on health and education of family members, the two major indicators of human capital has increased significantly compared to pre-migration level.

While analysing the issue of migrants' fallback and reintegration after return it was found that nearly 90 per cent of the respondents' wanted to return to Bangladesh and start business upon return. However, materializing their future plan in fact depends on their savings and asset base. Here it is important to note that most of the migrants channelize the bulk of their income through family members' account as they do not have bank account in their own name in their areas of origin.

Despite the weaknesses of the recall biases, household data on use of remittances reveal clearly that more than 80 percent of the households had productive or profitable assets to bank on after their migration. Average value of assets is estimated at US \$ 2704.91 after discounting for the investment on unproductive sectors such as loan repayment, marriage ceremony, clothes and electrical gadgets and medical expenses.

It is interesting to note consistency between the above estimate and respondents subjective perception of their situation had migration not occurred. Four out of five of them perceived worsening of their situation had migration not occurred to them. Pre-migration conditions and post-migration entitlements influence the gains of migration.

On broader social impacts of remittances, there are strong arguments on both positive and negative sides. However, in the ultimate analysis it would depend among other on the types of government policies and migrants' ability as well as supportive base.

The study further reveals that skills or higher level of education among labourers do not necessarily lead to enhanced income but ensures better working and living

conditions at the destination compared to their compatriots who have no skills and lower levels of education. Along with private training institution BMET and DTE can tune their training programs for jobs in the construction, maintenance and manufacturing sector that generate greater demand for Bangladeshi labour with the booming IT field, some of the workers also demanded training in the field of computer and electronics.

Predominance of informal sources as channels of overseas migration and prevailing ignorance among the migrant labour about the labour laws of the host country and the role of Bangladeshi diplomatic mission over there, leave rooms for fraudulent and corrupt practices. Under the circumstances, it may not be unrealistic to expand the profit margin of official recruiting agencies up to Taka 25,000 provided they serve as the links between employers and unskilled and/or semi-skilled workers. Second, staff and officials of Bangladeshi Mission in GCC countries should have non-renewable tenure for not more than three years to minimize the scope of corruption. Finally a high powered audit body should be formed with the representative of National Board of Revenue, Bangladesh Bank, Ministry of Labour and Employment, and Representative of Auditor and Controller General's office to audit the income and expenditure of private recruiting agencies and BMET licensing practices after every three years.

It is important that DEMO should be reorganized having members of local NGOs and representatives from returnee migrants who should give necessary information about labour laws of the Middle-East and workers rights, entitlements and necessary steps to be taken prior to migration. At the Zia International Airport, Civil Aviation Authority should open a "help window" in collaboration with Ministry of Labour and Employment for Bangladeshi labours going abroad to check their visa status, contract and more importantly to save them from undue harassment at the airport. After their arrival at destination there should be a system of registration with the Bangladeshi Mission which could deploy few staff at Dubai and Abu Dhabi International Airport to help labourers meeting formalities and for registration. Labours should have easy access to those missions and their wellbeing should get the highest priority.

In the bi-lateral agreement of labour export Bangladeshi government must emphasize on legal protection for labourers working in the non-corporate sector. Workers or their family's entitlement to insurance against injury and death accident during work should also be ensured at the time of such agreement. Upon return, respondents made two demands to the government: one like some special categories such as army, Muktijodha, bureaucrats, return migrants should have a quota for certain kind of job based on their skills. Second, they should be entitled to

get loans on easy terms from Government and commercial banks and plots for low-cost housing. As a pre-condition they need to produce the evidence that they channelized their remittances through nationalised banks. However there is a strong demand for better law and order situation because the overseas migrant and their families face insecurity time and again of varied nature and intensity.

During data collection phase it was observed that BMET does not maintain addresses of overseas migrants although it is one of their mandates. Also there are divergences on the reported data on flow of remittances by BMET and the Bangladesh Bank. Since overseas migration and remittances are important from the perspective of economy, poverty, growth and development it is important to streamline remittances related data. Moreover BMET should preserve the addresses of overseas migrant and this process could be facilitated by the proposed "help window" at entry and exit points.

## CHAPTER 1

### INTERNATIONAL MIGRATION TO LABOUR-IMPORTING COUNTRIES OF GCC

#### 1.1. Background and Rationale

Sharp rise in the price of oil put at the command of the oil-exporting countries of the Gulf Region such an unprecedented amount of surplus as could barely be utilized by their scanty manpower. The oil rich Gulf countries import around one-third of their labour force from other countries, for some city-states this proportion is over 90 per cent (Serageldin *et al.*, 1984). In the mid-1980s workers from South Asia alone constitute 94 per cent of the labour force in Dubai<sup>1</sup>. Remittances have come to play an important role in the economies of the labour sending countries and have become a focal point in the ongoing debate concerning the costs and benefits of international migration for employment. There is a highly ambivalent feeling about the benefits and costs of migration of workers especially to the Middle East. While Stahl and Habib (1989), Adams (1991) and Durand *et al.* (1996) eulogize migration because of its beneficent impact through remittances, some authors criticize that, migration results in 'cosmetic economic development' (Rhoades, 1978), and 'remittances are detrimental to the long-term prospects for economic development' (Rubenstein, 1983). In fact, few studies fail to make at least a summary reference to the potential benefits and costs migration for the labour-sending countries.

During the last two decades Bangladesh experienced a considerable outflow of workers to other countries, especially to the Gulf countries. These countries absorbed about 97 percent of the migrant workers from Bangladesh. Of the Gulf countries, the Kingdom of Saudi Arabia, Kuwait, Oman, and United Arab Emirates (UAE) account for nearly three-quarters of the total migrants between 1976 and 1999 (BMET, 1998). This trade in human capital generated significant financial flows, in the form of remittances to Bangladesh. Even though the flow of remittances was very modest in the initial years, the expatriate workers have been remitting around 1.7 billion of US dollar annually (IMF, 2000). The remittances sent home by Bangladeshi migrants have become a valuable and inexpensive source of foreign exchange available for economic development of the country (Quibria, 1988). Like other countries remittances in Bangladesh have not only resolved the foreign exchange constraint and helped in improving the balance of payments in the country but under different government schemes also ensured the imports of capital goods and raw materials for industrial development. Remittances helped increase supply of national savings and investment for capital formation and development.

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<sup>1</sup>. Quoted in *India Tribune*, Chicago, May 15, 1986.

Existing estimates suggest that remittances sent by emigrants contributed nearly two-thirds to the country's trade deficit, a tenth to the country's GNP and between 12-15 per cent of the household's income at the aggregate level (Afsar, 1995; BBS, 1998). Furthermore, Bangladesh is a huge labour surplus country, where the growth of labour force outstrip the population growth rate. Between 1974 and 1995/96, the population grew at the rate of around 2 per cent per annum, whereas the growth of labour force was more than double, that is, 4.5 per cent during the same period. With the onset of fertility transition in Bangladesh, the growth of active age population is likely to be more rapid in the future. Without labour emigration, it would not be possible to arrest unemployment and underemployment in the country. Existing estimates suggest the magnitude of unemployment and underemployment at around one-third and this did not change much over time because of continuous outflow of migrants and in-flow of remittances that generated employment opportunities directly or indirectly despite very high growth of labour force.

While responding to the spatial gaps in demand for labour and contributing to capital accumulation on a world scale, and poverty alleviation at the family level, migration also brings forth the serious policy concerns in terms of human rights and well-being of migrants in the receiving countries. With the restructuring of the global economy and the new division of labour between capital and labour, the flow of capital gained unprecedented mobility whereas the flow of labour is becoming more and more restricted. There is a general tendency towards greater selection of migrant workers and increased restrictions on their entitlements and as a result, migrant labours are increasingly faced with greater insecurity and vulnerability than before both in sending and receiving countries. Several factors contribute to the vulnerability of the migrant workers. These are:

- **Low level of education or no education of the bulk of the migrant workers.** In Bangladesh more than two-thirds of the expatriate labour-force are semi-skilled or unskilled labourers and a large majority of them have very low level of education or no education at all. The group is over-represented by women workers.
- **Misinformation, incomplete information or lack of information** as the bulk of migration occurs through informal channels such as private agencies, agents of recruiting agencies, friends, neighbours, relatives, etc.
- **Fraudulent practices of agents in both sending and receiving countries.** These include among others overcharging of fees for selling the work visa and using two sets of contract one for the 'protector' of migrants in the sending country and one for the migrant (which is different from what has been presented to the 'protector').
- **Discriminatory laws.** Some laws of the receiving countries made the expatriate workers completely dependent on employers or sponsors for their entry and exit, which affect the mobility and human rights particularly in the Gulf countries where majority of Bangladeshi labours migrate.

- **Weakness of legal protection, illegal visa status, weak bargaining position of the sending countries** are other major barriers in the way of realizing the workers' legitimate dues.

However, it is surprising that there is not much systematic study on cost-benefit analysis of labour migration in Bangladesh. Although there are dozens of studies on different issues of labour migration from Bangladesh (e.g. on return migrants, remittances), only Osmani and Mahmud (1981) and Siddiqui (1986) have shed some light on cost-benefit aspects of it. The crucial question as to whether the cost incurred by migrants in the process of migration outweigh the benefits they derive by working in receiving countries or vice a versa remained unattended in many of these studies. After a period of three decades it is important to determine whether migrants are chasing after the 'golden deer' and types of policies needed to protect the interest of migrant labours for a labour surplus and resource scarce country like Bangladesh that depends on the export of manpower to a great extent to earn foreign exchange.

## 1.2 Objectives of the Study

The study will basically address the following questions:

- What are the actual costs including services, travel, training, migrant fees, recruiter's fees, state owned fees, etc. for official recruitment as well as for unofficial ones (intermediaries, relatives, other migrants, others) in the process of migration of unskilled and semi-skilled male and female labourers?
- How the fund for migration was managed? How much interest/*bakshish* were paid and to whom in the sending country?
- What types and amount of fees are charged from the worker for food, lodging, clothing, medical and other? Do they have to pay any *bakshish* or fee to recruiting agencies at the place of destination?
- What are the real earnings of the migrant labours in these countries? How much is returned to Bangladesh and for what purpose?
- How are the remittances actually spent in the sending countries?
- What are the non-material costs of migration (divorce, domestic violence, children absconding from school)?
- What is the actual cost that a migrant worker is legally supposed to pay and what types of policies and programmes can ensure protection of worker's interest both at home and abroad?
- What are the benefits (both material and non-material such as human resource development, positive change in attitude, etc) accrued from migration?
- What would have happened had migration not occurred to the migrant and his/her family?
- Whether the cost of migration outweigh the benefits derived or vice-a-versa?

### 1.3 Data and Methods

Existing estimates from official sources suggest that more than 2.9 million Bangladeshi nationals are employed abroad between 1976 and 1999 of which Middle Eastern countries account for 83 per cent (See Table 2.1). Figures cited by BBS represent only a part of temporary migrants who are officially registered with Bureau of Manpower, Employment and Training (BMET) as indicated earlier. In reality however, huge volume of undocumented workers exist side by side, both in the Middle East and South East Asian countries). The flow of the Bangladeshi migrant labour is always high in three GCC (Gulf Cooperation Council) countries namely, Saudi Arabia, UAE and Kuwait. Ideally the study on cost-benefit analysis of international migration should have been conducted in three major destinations viz. Saudi Arabia, UAE and Kuwait as they account for 56 percent to 88 percent of the total Bangladeshi migrants who went to the Middle East in the two decadal period beginning from 1976-1985 and 1991-1999. Due to budgetary and time constraint it was proposed to conduct two surveys one in UAE and the other in Kuwait. Unfortunately because of difficulty in the procurement of visa it was not possible to conduct survey in Kuwait. Hence, under the study a survey of Bangladeshi migrant labour was conducted in UAE followed by a tracer survey of the families of migrants in Bangladesh.

The study applied triangulation of methods using multistage sampling techniques since population to be covered under the study is scattered over to widely dispersed geographical area and there is no frame or list readily available for sampling.

In order to collect the names and addresses of migrant, institutional survey was conducted in the first phase. Several visits were made to BMET and Bangladesh Association of International Recruiting Agencies (BAIRA) during which interviews were conducted and records were reviewed. In this process names and addresses of some travel and recruiting agencies who send both male and female labours to UAE and Kuwait were collected. After several visits and long interview sessions, these recruiting and travel agencies provided a list of employers in UAE and Kuwait who employ Bangladeshi migrant labour. Upon in-depth interview of those agencies it was learnt that there is no guarantee that these employers would be accessible or would allow workers to be interviewed as a part of the study. As an alternative measure, labour attaches in each of the aforementioned countries were contacted with the help of Ministry of Labour and International Organization for Migration (IOM) to get the names and address of 35 employers who employed Bangladeshi migrant labour. They were contacted with a written request that employers they would approach should be agreeable in principle to allow the research team to interview workers of their respective firms/factories.

Side by side, attempts were made to conduct survey of migrant households to collect names and addresses of the migrant labour in the second phase. Initially sex ratio for 15-35 years age-group was used to identify Thana from where out-migration is

occurring. It was assumed that Thanas marked by low sex-ratio indicates male out-migration and is reversed in the case of female out-migration. Using 1991 census and BBS estimates of 1997 population, sex ratio was measured for each Thana. This was verified from the secondary sources and discussion with BMET officials. Existing studies on international migration (Mahmud, 1991; 1997; Siddiqui, 1986)) suggest that overseas migration largely occurs from Sylhet, Chittagong, Noakhali and Dhaka districts. Sylhet however, has a strong history of out-migration to England and hence it was kept outside the purview of the present study. Drawing upon sex ratio and the information obtained from the BMET, the following Thanas were selected:

- Keraniganj Thana of Dhaka district (sex ratio 119)
- Fatikchari Thana of Chittagong district (sex ratio 85)
- Chatkhil Thana of Noakhali district (sex ratio 75)

It may be noted that even within these districts there are Thanas that had more male biased or feminine sex-ratio. Yet the above Thanas were selected because they experienced incidence of out-migration to UAE and Kuwait.

In each of these three Thanas, chairmen of the Union Parishad, chairmen of cooperative societies organised by Bangladesh Rural Development Board (BRDB), school teachers and other well-informed residents were contacted to identify villages marked by history of out-migration to UAE and or Kuwait. Their suggestions were verified through village census. Accordingly, the following villages were selected for the study:

- Abdullahpur of Teghoria union under Keraniganj Thana
- Rangamotia of Rangamotia union under Fatikchari Thana.

Following the census of 300 and 250 households of the two villages respectively 25 households were selected from each of the sample villages. It was decided to select those households that send only one member to either UAE and/or Kuwait and from where overseas migration occurred between 1990 and 1998. This was done to minimize recall biases as much as possible. It may be noted that selection of sample villages from Chatkhil Thana was not so easy. In order to select 25 sample households from this Thana, 450 households of following six village were visited:

Name of villages	No. of sample households
• Doshghoria	3
• Narayanpur	4
• Sundarpur	5
• Fateupur	8
• Korotkhil	3
• Mekrar Char	2

Household survey was conducted with the twin purpose of collecting names and addresses of overseas migrant and also as a part of impact analysis of the cost and benefits of overseas migration. This is because it has been realized since the beginning that chasing all the household from destination to origin would have been difficult within the limited time and budgetary framework. During the household survey it was discovered that the respective households have had post box based address of migrants which in no way could be used to identify migrants from destination. Nonetheless it served the second purpose well, particularly in a situation where destination based survey of migrant labour could not be conducted in Kuwait for a variety of reason indicated below.

At the third phase, the Project Director took necessary preparation for undertaking overseas trip with great hassle. Eventually she managed to get visitor's visa (valid for 14 days only) for herself and one of her research officers only for UAE. She did not get visa for Kuwait since Kuwaiti Embassy does not issue visa without any sponsors approval.<sup>2</sup> Conducting survey of migrant workers in a country like UAE where monarchy prevails as a dominant political system is one of the most difficult tasks. Out of 35 employers who were listed by the Labour Attaché in UAE only six provided access to the research team to interview workers of their respective establishments.

Since in UAE, no expatriate can own a business or property other than managing it, it became almost impossible to get access to Arab employers. Even to convince the expatriate managers was very difficult because in the context of discriminatory policy regime that often penalize Asian expatriates who constitutes the majority of UAE's population, they are threatened by any external sources that seek information. For them research of this kind was neither normal nor a desirable activity. Hence, the research team used to contact Bangladesh Embassy in UAE regularly, which is in Abu Dhabi and the distance between Dubai (where the research team was boarding temporarily)<sup>3</sup> and Abu Dhabi is more that 200 km. to get their support in seeking cooperation from employers for the survey or to approach the labour in the labour camps where entrance was highly restricted.<sup>4</sup> Moreover in course of time, the Consular General from the Bangladesh Consulate Office in Dubai was contacted to get access to workers of different sectors in Dubai, Sharjah and Ajman. With the help of the Bangladesh diplomatic mission in UAE and also with their own efforts, the research team ultimately covered 78 male migrants and 7 female migrants although the sample for UAE was only 75. More samples were covered in the context of non-availability of Kuwait visas. Moreover to contract 85 workers in less than 14 days can be considered a miracle because the research team had to work from 9 A.M. till mid-

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<sup>2</sup>. Same condition also applies for UAE and as a result visitor's visa was procured with the help of Airlines and a local travel agency.

<sup>3</sup>. The research team was staying in Dubai since the visa was managed by the Emirates Airlines, which does not fly to Abu Dhabi.

<sup>4</sup>. As the labour attaché had diplomatic visa he was legally entitled to enter into the labour camps.

night. Everyday the team used to approach either the Consul General or travel to Abu Dhabi to contact Labour Attaché, so that they could facilitate the team's entrance to the factory or to the labour camp. Even after getting the entrance to the factories, sometimes they had difficulties to interview the workers who were closely observed by management personnel. Also the team took the risk of visiting the boarding houses of female labours at late night on Fridays with the help of driver and/or Bangladeshi guard of garment factory. This is because mobility of female labour is strictly regulated by management.

With the help of the Labour Attaché and Consul General and his officers the following information was elicited:

- Types of establishment which involve Bangladeshi labour
- Occupations in which Bangladeshi labours are commonly engaged
- Some common work sites where Bangladeshi labours are found
- Labour camps or other places where Bangladeshi labours live or congregate in the large groups.

Accordingly, Bangladeshi labours were clustered into seven major sectors and each sector can be further classified by the following occupation (Table 1.1). The number of workers drawn from each sector has been roughly proportional to their numeric strength. Table 1.2 gives distribution of migrant labours by occupational categories which gives an idea of the sectoral representation in descending order. It may be noted that female workers were drawn exclusively from garment sector. Despite taking several attempts the research team was not able to interview housemaid as they work individually under Arabic masters who strictly control their mobility. Each worker was approached individually through a structured questionnaire addressing all the aspects listed under the objectives (Section 1.2).<sup>5</sup>

Because of the difficulties mentioned in the beginning of this section, it was not possible to interview employers from each and every sector. Nonetheless with their repeated approach and late evening field work, the research team was able to conduct in-depth interviews with 15 employers. They were mainly drawn from formal services and manufacturing sector, trading and other informal services and construction and maintenance sector. They provided useful information on reasons as well as advantageous and disadvantages of doing business in UAE over country of origin of the manager, size of investment, capital and recurring cost, types of tax they need to pay in UAE, profile of workers and opinion about Bangladeshi workers, sources of recruitment of workers, reason for expansion and/or contraction, future plans, etc.

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<sup>5</sup>. A few open ended question regarding their perception about steps to be undertaken by the government to ensure welfare of migrants at the place of destination and upon their return and their suggestions with regard preparatory and precautionary steps to be taken prior to migration.

From 85 migrant labour more than one-third (30) were chosen to conduct tracer survey at their village home in the fourth phase. They were selected carefully so as to have proportional representation from all types of occupational categories (to which they belong). Table 1.3 gives the sub-sample of migrant labours by occupational categories whose families were visited in 24 Thanas of 10 districts out of 64 districts of the country to assess impact of migration. It may be recalled that household survey conducted prior to survey of migrants at destination also served as the basis for analysis of impacts since they were drawn randomly and in this process households of those migrant who went to Kuwait could also be covered under impact analysis. Therefore, two categories of migrant households were surveyed from the sending country. These are:

- 1) Thirty households which were traced after survey of migrant labour at the destination.
- 2) Seventy five households which were selected randomly prior to destination survey of migrant labour, out of which 33 were those households which sent members to Kuwait.

Although the second category of households, do not represent the same migrant who were interviewed at destination yet they provided useful data on cost-benefit analysis since they were chosen randomly from village census maintaining strict selection criteria as mentioned earlier.

#### **1.4 Organisation of the Report**

The study is organised into six chapters. Chapter two presents a contextual analysis of the export of Bangladeshi labour and its macro-economic impacts. In this chapter labour market of the UAE has been discussed along with trends and facts of Bangladeshi labour migration to UAE and other Middle-Eastern country. This is followed by a critical discussion of flow of remittances and its role in mitigating the balance of payment constraint in the country and contribution to GDP, annual development budget, foreign exchange reserve, merchandise export, import payments, trade balance, current account balance, foreign aid and annual debt service payments. Chapter three presents social and demographic characteristics of the respondents and examined if they are chasing after the golden deer by examining their occupation, working and living conditions, income expenditure savings and remittances pattern. This is substantiated by a critical analysis of the cost of migration and benefits accrued from it in chapter four. An attempt has been made to present a scenario without migration by addressing unemployment situation, dependency and poverty, human capital development and the whole issue of migrants' fall back position in chapter five. Final chapter presents policy recommendations and conclusions emerging in the light of the empirical findings of the study.

Table - 1.1

**Classification of Bangladeshi Migrant Labour by Major Industries and Occupational Categories**

1. Municipal employee	Agricultural and non-agricultural labour
2. Formal services sector employee such as ETISALAT or T&T, Dry Dock, Jewel, Ali Port, Albert Abela Catering Service, Al Guraier Maintenance Company)	Welder, painter, electrician, foreman, cleaner, cook, other employees
3. Informal services sector employee (Hotel, restaurants, fruit shop, laundry, small metal workshop, private transport and private agriculture)	Tea boy, hotel boy, tailor, driver, painter, laundryman, carpenter, salesman, private agricultural labour
4. Construction sector (ACC company, other real estate and construction companies)	Mason, plumber, electrician, carpenter, electric helper and other skilled categories and unskilled labour
5. Manufacturing and industries (Garment factories and Metal Fabrication Factory)	Garment factory workers and labour of metal fabrication factory
6. Small business	Running fruit/vegetable shop, small metal workshop, hotel and restaurant, rent-a-car, business and Hafez
7. Others	Carton picker, cart loader, part-time worker in construction sector and other informal services

Table - 1.2

**Percentage Distribution of Sample Migrants by Major Cluster of Industries**

Sectors	No.	Percent
1. Municipal worker	6	7.1
2. Formal service sector employee	18	21.2
3. Informal services sector employee	21	24.7
Construction sector	11	12.9
Manufacturing & industries	13	15.3
4. Small business	8	9.4
5. Others	8	9.4
<b>Total</b>	<b>85</b>	<b>100</b>
<b>Distribution of Employers by Sector</b>		
1. Formal sector (Medium and large scale industries)	3	20
2. Informal Sector (small scale business, i.e., shop owner)	5	33.3
3. Construction and maintenance	1	6.7
4. Garment and Metal industry	6	40.0
<b>Total</b>	<b>15</b>	<b>100.0</b>

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

Table - 1.3

## Distribution of Sample Migrant Households by Migrant's Occupational Categories and Place of Origin

District	Agricul-tural sector	Formal service	Informal service	Construc-tion sector	Manufac-turing & industries	Small busi-ness	Others	Total
<b>1. Dhaka</b>								<b>5</b>
(a) Dohar	-	2	-	-	-	-	-	2
(b) Uttora	-	1	-	-	-	-	-	1
(c) Motijheel	-	-	-	-	1*	-	-	1
(d) Dhanmondi	-	-	-	-	1*	-	-	1
<b>2. Munshigonj</b>								<b>3</b>
(a) Munshigonj	-	1	-	-	1	-	-	2
(b) Tongibari	1	-	-	-	-	-	-	1
<b>3. Barisal</b>								<b>5</b>
(a) Hijla	-	1	-	-	-	-	-	1
(b) Gouronodi	-	-	-	-	1*	-	-	1
(c) Banaripara	-	-	-	-	1*	-	-	1
(d) Agailjhara	-	-	-	-	1*	-	-	1
(e) Khijirpur	-	-	-	-	1*	-	-	1
<b>4. Chittagong</b>								<b>5</b>
(a) Hathajari	-	1	1	-	-	-	1	3
(b) Chandgao	-	1	-	-	-	-	-	1
(c) Chandanaish	-	-	-	1	-	-	-	1
<b>5. Noakhali</b>								<b>3</b>
(a) Begumgonj	-	1	2	-	-	-	-	3
<b>6. Comilla</b>								<b>1</b>
(a) Chouddogram	-	1	-	-	-	-	-	1
<b>7. Laxmipur</b>								<b>1</b>
(a) Laxmipur	-	-	-	1	-	-	-	1
<b>8. Feni</b>								<b>2</b>
(a) Feni Sadar	-	-	-	-	-	-	1	1
(b) Fulgazi	-	-	-	-	-	1	-	1
<b>9. Sylhet</b>								<b>3</b>
(a) Golapgonj	-	-	2	-	-	-	-	2
(b) Biswanath	-	-	-	-	-	1	-	1
<b>10. Moulvibazar</b>								<b>2</b>
(a) Moulvibazar Sadar	-	-	1	-	-	-	-	1
(b) Rajnagar	-	-	1	-5	-	-	-	1
<b>Total</b>	<b>1</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>30</b>

\*Indicates female respondents.

## CHAPTER 2

### CONTEXTUAL ANALYSIS OF THE FLOW OF BANGLADESHI WORKERS TO THE MIDDLE EAST AND ITS MACRO-ECONOMIC IMPACTS

#### 2.1 Flow of Bangladeshi Workers to the Middle East: Facts and Trends

Since the process of migration for Bangladeshi workers started in mid-1970s, the Middle East has been the most attractive and important destination because of its sudden economic boom following sharp rise in the price of oil and acute shortage of indigenous manpower willing to take up labour intensive jobs. Initiated with a stock of about 6,000 Bangladeshi migrants working in the region up to 1976, the number increased steadily and has reached upto 2.41 million in 1999, where the overall annual average now exceeds 1,00,000 (Table 2.1). During the period 1976-80, the average size of migrants was less than 20,000 and it increased to more than 60,000 during the next five years, i.e., 1981-85 and the average size of migrants in the next successive five yearly intervals, i.e., 1986-90, 1991-95 and 1996-99 has been more than 82,000, 1,54,000 and 2,07,000 respectively.

Despite a slight decline in overall demand for migrant workers for some years in the region mainly because of the disturbances that triggered off due to the Gulf war, rise of illegal immigration and economic recession, Bangladesh has been consistently experiencing a significant upward trend in the flow of migrant workers.

Bangladesh exports migrant workers to 13 Middle Eastern and North African countries. Only 8 countries among them, account for more than 82 percent (24,10,690) of the total migrants till now. These countries are Saudi Arabia, UAE, Kuwait, Qatar, Iraq, Libya, Bahrain and Oman of which Kingdom of Saudi Arabia, alone accounts for nearly half of the total number of workers who migrated from Bangladesh during the period 1976-99.

The level of migration to the individual countries experienced significant changes. As for example, Libya which accounted for about 9 percent of gross migration to the region during the initial stage experienced decline in its relative share to less than 1 percent in recent years. Labour migration from Bangladesh to Qatar, Bahrain and Oman has also been showing gradual decreasing trends in recent years from the earlier periods. Following the Gulf war in 1990, migration of the Bangladeshi labour to Iraq has been halted. Flow of migrant to Saudi Arabia, UAE and Kuwait did not fluctuate much over time. Notwithstanding the initial fluctuation, flow of migrant to UAE remained consistent at 11 to 14 per cent. Because of such consistent flow and other administrative and diplomatic reasons discussed in introductory chapter, UAE was selected for the destination survey of the Bangladeshi migrant labour.

## 2.2 UAE and its Labour Market

UAE is the federation of seven Emirates born in 1971 following withdrawal of the British troops. These Emirates are: Abu Dhabi, Dubai, Sharjah, Ras-al-Khaimah, Fujairah, Umm-al-Qaiwin and Ajman. The largest emirate Abu Dhabi, followed by Dubai, were among the major oil exporters and the process of economic development was well under way. At the other end is the Ajman, the smallest emirate had an area of only 260 sq. km and Fujirah had only few thousands of inhabitants. Ruler of Abu Dhabi Skeikh Zayed Bin-Sultan Al Nahyan, was elected as the first President, a post to which he has been re-elected at successive five yearly intervals, while the ruler of Dubai, Skeikh Rashid Bin Saeed Maktoum was elected as the first vice President, a post he continued to hold until his death in 1990, at which point his eldest son and heir Skeikh Maktoum bin Rashid Al Maktoum was elected to succeed him.

The country has a total land area of 84000 sq. km. and a population of around three million which is constituted of three-quarters of expatriates and a quarter of indigenous population. Bangladeshi expatriates constitute nearly a tenth of the total expatriate population and are the third largest workforce after Indian and Pakistani who constitute 55 and 27 per cent of the expatriates respectively. It may be noted that refined labour force participation rate for male labour has been very high, more than 90 per cent since 1980. However, female labour force participation rate has been doubled in 1990s from 16 per cent in 1980s. Bangladeshi female labours are found mainly in manufacturing especially apparel sector and in domestic service. Since its labour force is predominated by expatriate workers it is important to examine the sectoral distribution of the labour force (Table 2.2).

Whilst there are a few thousands of Bangladeshi engineers working in the telephone and telegraph, water and electricity and maintenance services, there are some hundred Bangladeshi doctors in the Ministry of Health. Besides there are bankers, teachers, private entrepreneurs and other managerial staff. Taking them together as professional categories they would not exceed 12 per cent of the total expatriate Bangladeshi workers. Both skilled and unskilled labourers permeate along all categories, particularly in manufacturing, construction, agriculture, maintenance service, restaurants and hotels, social and personal service and domestic service. Characteristics of the Bangladeshi immigrant labour in UAE is similar to the macro trend. Table 2.3 presents composition of Bangladeshi migrant labour by their skill categories.

Bangladeshi migrant workers can be classified into four categories; professional, skilled, semi-skilled and unskilled. Their relative shares are 3.96 percent, 30.44 percent, 21.70 percent and 43.90 percent respectively. During the whole period some changes in the characteristics of migrants from Bangladesh have been noticed. Migrants occupying professional and technical jobs account for only about 4

percent in average during the entire period except in the beginning (1976-80), when the share of professional workers deployed to the region was more than 11 percent. The proportion of skilled workers also experienced downswing since 1991 but from 1998 it increased significantly.

By contrast the proportion of semi-skilled workers has been increased dramatically from only about 6 percent during 1976-80 to about 29 percent during 1996-99. Though the share of unskilled workers claims the major part (44 percent) amongst the whole bulk of the migrants, it has been showing a frequent fluctuating trend within the range of 31 percent to 53 percent during the period 1976-99.

Fluctuations in the characteristics of workers can be seen as an outcome of internal policies of the sending country and the market demand of the host country. Since the country experienced a sharp rise of outflow of workers comparatively in a short span of time, there were illusory expectations among the job seekers which often lead in various exploitative practices in the job market. The employers became reluctant to release the experienced workers. Also there was some inconsistency in the policy relating to the release of professional and technical hands for overseas employment. Due to absence of a long-term demand-oriented education policy, sometimes there is surplus in the supply of professionals and sometimes there is shortfall. Since 1979, restriction was imposed on engineers, doctors and nurses for foreign employment by the Bangladesh government. As a result, unemployment problem among these categories was reported in 1983. Thus the rising demand for overseas employment policy was being negated by internal restrictions. In addition the demand for labour had declined in some countries due to external factors such as economic recession, external aggression, etc. Bangladesh generally does not enjoy much natural advantage over the other competitors but rather suffers from several deficiencies including weak implementation of law and management related problems. However with the suspension of UAE visa for the Indian and Pakistani workers, inflow of Bangladeshi labours both skilled and unskilled showed upward trend since 1999.

### **2.3 Channel of Migration**

From Table 2.4, one may observe that three major channels emerged to facilitate temporary overseas migrant of the Bangladeshi emigration workers over time. The channels are BMET/BOESL (Government), private recruiting agencies and individual efforts (through friends and relatives). Throughout the whole period, the relative share of each source, have been 1.74 percent, 44.9 percent and 53.4 percent respectively. Placement by government agency was at the top (30.09 percent) during the initial period 1976-80 which declined dramatically since 1980s onwards. This can be linked with two developments: one relates to government's initiative during mid-seventies to develop job market for the Bangladeshi workers in the Middle-East through creation of BMET and making publicity about the supply side through Bangladeshi Mission

abroad.<sup>6</sup> Second, as the deployment of Bangladeshi professionals was largely made by those sources the decline in the outflow of professional workers had negative implications for those agencies. For skilled categories, particularly semi-skilled and unskilled workers relatives and friends and private recruiting agencies have always been the major channels of migration. The private recruiting agencies have been playing a more active role throughout the period of 1981-99. During the initial period, their share was only about 14 percent in which peaked up gradually and in 1997 it reached the top by placing 61.88 percent of workers abroad. The largest proportion that is more than 53 percent of placements abroad have been secured by individuals through friends and relatives in each and every year. This has been clearly borne out from the survey data. All unskilled workers and a third of the skilled worker managed visa and/or work permit with the help of those sources.

#### **2.4 Macroeconomic Impacts of Migration of Labour from Bangladesh**

For the last two decades, Bangladesh experienced a massive outflow of Bangladeshis migrating to work abroad notably to Middle East and some North African countries such as Libya and Nigeria. This trade in human capital generated significant financial flows, in the form of remittances to Bangladesh. The remittances sent home by Bangladeshi migrants have become a valuable and inexpensive source of foreign exchange available for economic development of the country. Remittances in Bangladesh has not only resolved the foreign exchange constraint and helped in improving the balance of payments in the country but under different government schemes it also ensured the imports of capital goods and raw materials for industrial development. It helped to increase its supply of savings and investment for capital formation and development. Migration of workers also helped in reducing the unemployment rate, which is one of the major problems of Bangladesh. In addition, the flow of remittances also improved the standard of living of the recipients and helped in improving the income distribution in favour of the poorer and the less skilled workers.

On the cost side, this influx of skilled labour may result in supply shortage in some areas of labour market in the country. Again, the inflow of remittances increases the consumer goods expenditure and result in cost push and demand push inflation. It also results in very little investment in capital generating activities.

Based on official statistics<sup>7</sup> Bangladesh earned a total of Tk. 625-672 billion as remittances from the nationals working abroad during 1977-78 to 1998-99 (see

<sup>6</sup>. In 1976 the Ministry of Labour and Manpower (now called Ministry of Labour and Employment) published a booklet on "Profiles of Manpower Resources in Bangladesh" which was circulated through those missions and was found useful by the foreign employers (Nasiruddin, 1983).

<sup>7</sup>. As can be found from Table 2.5 there is significant differences in the flow of remittances as reported by the Bangladesh Bank and the Bureau of Manpower, Employment and Training (BMET). Insofar as the Bangladesh Bank is the legal authority in foreign exchange dealings, the present study will comment on the flow reported by the Bangladesh Bank only.

Table 2.5). Even though, the level of remittances flowing into the country increased quite rapidly such a growth has not all been that steady. Remittances increased steadily until 1983-84; from an initial level of Tk. 1.5 billion in 1977-78, the level of remittances increased to around Tk. 15 billion in 1983-84. The following year witnessed a significant downswing in the level of remittances, which culminated in negative growth in 1984-85. The level of remittances took a sharp upturn beginning from 1986-87, and during the subsequent years they far exceeded the level of 1983-84. From this period overseas remittances appeared to have maintained an average trend growth of 15-20 percent. The rate of growth was rather sluggish in the last couple of years.

The sluggish growth of the remittances during the 1980s may be attributed to the war of attrition between Iran and Iraq. Similarly, the same trend in the first quinquennium of 1990s may be attributed to the turmoil in the wake of Iraqi invasion of Kuwait. In recent years, export of manpower was comparatively lower than previous years due to the longest lasting flood in Bangladesh and the worldwide prevailing economic recession. The worldwide prevailing economic recession has contracted the manpower export opportunity for Bangladesh, Bangladeshi migrants have become unemployed to a large extent. Moreover, many illegal migrants have been caught hold and sent back to Bangladesh.

## **2.5 Volume and Trends of Remittances Inflow**

Importers in Bangladesh used to buy foreign exchange from the Wage Earners' Scheme/Secondary Exchange Market (WES/SEM) for meeting the import bills. As Table 2.6 shows, a major portion of the workers' remittances was used for financing the imports into Bangladesh under the WES/SEM scheme. However, it appears that under the WES imports of consumption goods was emphasized rather than capital goods. It also gives a preponderance of luxury imports under the WES/SEM. Further, some of the raw materials imported are eventually converted into luxury goods. As a result the resources failed to be utilized for investment purposes.

One may argue that larger proportions of remittances should have been invested in capital generating activities. The contemporary wisdom in this regard is that more attention should be given to assessing the impact of total remittances on economic growth, to whether expenditure is made on foreign or locally produced goods, and especially on the capacity of national banking systems to effectively utilize funds remitted from abroad. It is not unexpected to find that a very small amount of remittance income is invested directly. Migrants at large are not a risk taking entrepreneurs, who feel a need to be cautious in their investments. Once they return, they do not have substantial resources to fall back on if they undertake an investment, which proves to be a failure. Under the circumstances it is naïve to expect that overseas work experience will transform a poor farmer or an unskilled worker into an industrial entrepreneur. Expenditure surveys of remittance receiving

households indicate that a considerable portion of remittance income is spent on food, repayment of loan and repairing/maintenance of houses (see, Murshid, Ahmed and Iqbal, 2000). Despite these apparent 'unproductive' uses, remittances give rise to two sources of loanable funds; those arising directly from the inflow of foreign currency and those arising indirectly through the multiplier process of output expansion.

## **2.6 Remittances and Macroeconomic Indicators**

Despite that benefits of migration is a polemic issue, remittances play a direct significant role in mitigating the balance of payment constraint of the country. Indirectly, it contributes to others macroeconomic variables through multiplier process. An attempt has been made to compare the remittances with the macroeconomic indicators of Bangladesh (see Table 2.7). Some of the indicators include 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.

### **2.6.1 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 982-83. 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 not the total volume of remittances is channelled through the official channels. At present a part of the remittances is being channelled through various unofficial channels (see, Murshid, Ahmed and Iqbal, 2000).

### **2.6.2 Remittances and Government Revenue**

It may be recalled that tax revenues are a major source of government revenue in Bangladesh. It appears from the table 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.

### **2.6.3 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 marked increase to more than 40 percent. The 1990s saw further upturn of remittances compared to the annual development budget. Recently this source contributes to 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.

#### **2.6.4 Remittances and Foreign Exchange Earnings**

The major sources of foreign exchange earnings in Bangladesh are merchandise export receipts, workers' remittances and invisible receipts. As can be observed from the Table 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 to 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.

#### **2.6.5 Remittances and Import Payments**

Remittances played 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 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. The decreasing trend of remittances vis-a-vis the total import bill may be explained by the slow growth of the flow of remittances in recent years.

#### **2.6.6 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 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 25 shows workers' remittances are currently meeting more than about two-thirds of the trade deficits.

#### **2.6.7 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 to more than 100 percent in 1993-94. For the period under consideration, remittances exceeded to about 65 percent of the current account deficits.

#### **2.6.8 Remittances and 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 can be found from the Table 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 workers' remittances to foreign aid disbursed increased over time. Over the 1980s 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.

#### **2.6.9 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. Under these circumstances, some kind of IMF/World Bank bail out would have been necessitated.

As mentioned earlier, a part of the total remittances is usually channelled through the official channels, which the Bangladesh Bank could keep track of. A large part of the remittances is channelled through various unofficial/illegal channels. It may, thus, be inferred that the magnitude of the impact of remittances on various macroeconomic indicators is seriously underestimated; the relative share of actual underestimation is yet to be explored in the studies conducted so far.

**Table - 2.1**  
**Migration of Labour from Bangladesh by Country of Destination: 1976-1999**

Year	Countries of Destination											All Total	
	Saudi Arabia	Kuwait	UAE	Qatar	Iraq	Libya	Bahrain	Oman	Middle East Total	Malaysia	Singapore		Others
1976-80	19,979	10,186	25,236	7,624	7,569	8,230	4,145	13,004	95,973	26	495	2,695	99,189
percent	20.14	10.27	25.44	7.69	7.63	8.30	4.18	13.11	96.76	0.03	0.50	2.71	100.00
1981-85	1,00,138	36,002	33,417	23,553	40,735	13,342	11,167	46,376	3,04,729	23	3,102	4,323	3,12,177
percent	32.08	11.53	10.70	7.54	13.05	4.27	3.58	14.86	97.61	0.01	1.00	1.38	100.00
1986-90	1,91,184	44,730	55,671	34,260	18,039	10,621	17,313	38,323	4,10,141	2,318	1,030	2,845	4,16,334
percent	45.92	10.74	13.37	8.23	4.33	2.55	4.16	9.20	98.51	0.56	0.25	0.68	100.00
1991-95	4,50,569	1,21,762	67,105	10,159	0	7,511	21,917	92,197	7,71,220	1,63,103	6,847	12,462	9,53,632
percent	47.25	12.77	7.04	1.06	0	0.79	2.30	9.67	80.87	17.10	0.72	1.30	100.00
1996	72,734	21,042	23,812	112	0	1,966	3,759	8,691	1,32,116	66,631	5,304	7,663	2,11,714
percent	34.35	9.94	11.25	0.05	0	0.93	1.78	4.10	62.40	31.47	2.51	3.62	100.00
1997	1,06,534	21,126	54,719	1,873	0	1,934	5,010	5,985	1,97,181	1,52,844	27,401	3,651	3,81,077
percent	27.96	5.54	14.36	0.49	0	0.51	1.31	1.57	51.74	40.11	7.19	0.96	100.00
1998	1,58,715	25,444	38,796	6,806	0	1,254	7,014	4,779	2,42,808	551	21,728	2,580	2,67,667
percent	59.30	9.51	14.49	2.54	0	0.47	2.62	1.79	90.71	0.20	8.12	0.96	100.00
1999	1,85,739	22,400	32,344	5,611	0	1,744	4,639	4,045	2,56,522	0	9,596	2,064	2,68,182
percent	69.26	8.35	12.06	2.09	0	0.65	1.73	1.51	95.65	0	3.58	0.77	100.00
1996-99	5,23,722	90,012	1,49,671	14,402	0	6,898	20,422	23,500	8,28,627	2,20,026	64,029	15,958	11,28,640
percent	46.40	7.98	13.26	1.28	0	0.61	1.81	2.08	73.42	19.49	5.68	1.41	100.00
<b>1976-99</b>	<b>12,85,592</b>	<b>3,02,692</b>	<b>3,31,100</b>	<b>89,998</b>	<b>66,343</b>	<b>46,602</b>	<b>74,964</b>	<b>2,13,399</b>	<b>24,10,690</b>	<b>3,85,496</b>	<b>75,503</b>	<b>38,283</b>	<b>29,09,972</b>
<b>percent</b>	<b>44.18</b>	<b>10.41</b>	<b>11.38</b>	<b>3.09</b>	<b>2.28</b>	<b>1.60</b>	<b>2.58</b>	<b>7.33</b>	<b>82.84</b>	<b>13.25</b>	<b>2.59</b>	<b>1.31</b>	<b>100.00</b>

Source: Compiled from records of Bureau of Manpower, Employment & Training (BMET), Dhaka

**Table - 2.2**  
**Percentage Distribution of Workers by Economic Sector**

Agriculture, Livestock and Fishing	=	7.6
Mining and quarrying	=	1.2
Manufacturing	=	11.2
Water and Electricity	=	2.2
Construction	=	13.9
Wholesale/Retail and Maintenance service	=	18.4
Restaurant and hotels	=	3.6
Transportation, Storage and Communication	=	8.4
Financial institution and insurance	=	1.6
Real estate and business service	=	2.7
Social, personal and other services	=	18.1
Domestic services	=	10.9
<b>All</b>	<b>=</b>	<b>100.0</b>

Source: Middle-East Economic Digest, 1997.

**Table - 2.3**  
**Migration of Labour from Bangladesh by Skill Category: 1976-1999**

Year	Professional	Skilled	Semi skilled	Unskilled	Total
1976-80	11,266	35,626	6,111	46,186	99,189
percent	11.36	35.92	6.16	46.56	100.00
1981-85	14,822	1,07,390	24,126	1,65,839	3,12,177
percent	4.75	34.40	7.73	53.12	100.00
1986-90	18,432	1,49,852	68,144	1,79,906	4,16,334
percent	4.43	35.99	16.37	43.21	100.00
1991-95	46,253	2,90,185	2,08,324	4,08,870	9,53,632
percent	4.85	30.43	21.85	42.87	100.00
1996	3,188	64,301	34,689	1,09,536	2,11,714
percent	1.51	30.37	16.38	51.74	100.00
1997	3,797	65,211	1,93,558	1,18,511	3,81,077
percent	1.00	17.11	50.79	31.10	100.00
1998	9,574	74,718	51,590	1,31,785	2,67,667
percent	3.58	27.91	19.27	49.23	100.00
1999	8,045	98,449	44,947	1,16,741	2,68,182
percent	3.00	36.71	16.76	43.53	100.00
1996-99	24,604	3,02,679	3,24,784	4,76,573	11,28,640
percent	2.18	26.82	28.78	42.22	100.00
<b>1976-99</b>	<b>1,15,377</b>	<b>8,85,732</b>	<b>6,31,489</b>	<b>12,77,374</b>	<b>29,09,972</b>
<b>percent</b>	<b>3.96</b>	<b>30.44</b>	<b>21.70</b>	<b>43.90</b>	<b>100.00</b>

Source: Compiled from records of Bureau of Manpower, Employment & Training (BMET), Dhaka.

**Table - 2.4**  
**Migration of Labour from Bangladesh through Recruiting Media: 1976-1999**

Year	BMET/BOESL	Recruiting Agency	Individual Effort	Total
1976-80	29,850	13,688	55,651	99,189
percent	30.09	13.80	56.11	100.00
1981-85	12,665	1,45,314	1,54,198	3,12,177
percent	4.06	46.55	49.39	100.00
1986-90	3,853	1,72,560	2,39,921	4,16,334
percent	0.92	41.45	57.63	100.00
1991-95	2,904	4,24,396	5,26,332	9,53,632
percent	0.31	44.50	55.19	100.00
1996	398	1,18,670	92,646	2,11,714
percent	0.19	56.05	43.76	100.00
1997	350	2,35,793	1,44,934	3,81,077
percent	0.09	61.88	38.03	100.00
1998	419	85,300	1,81,948	2,67,667
percent	0.16	31.87	67.97	100.00
1999	309	1,10,669	1,57,204	2,68,182
percent	0.12	41.26	58.62	100.00
1996-99	1,476	5,50,432	5,76,732	11,28,640
percent	0.13	48.77	51.10	100.00
1976-99	50,748	13,06,390	15,52,834	29,09,972
percent	1.74	44.89	53.36	100.00

Source: Compiled from records of Bureau of Manpower, Employment & Training (BMET), Dhaka.

**Table - 2.5**  
**Trends of Remittances Flow into Bangladesh**

Years	Bangladesh Bank		BMET		BB and BMET Difference (Tk. 10 <sup>6</sup> )
	Tk. (10 <sup>6</sup> )	Change	Tk. (10 <sup>6</sup> )	Change	
1977-78	1542	-	1656		114
1978-79	1888	22.44	2670	61.21	782
1979-80	3855	104.18	4930	84.66	1075
1980-81	6197	60.75	6207	25.92	10
1981-82	8397	35.50	11768	89.59	3371
1982-83	14802	76.28	15688	33.30	886
1983-84	14910	0.73	12655	-19.33	-2255
1984-85	11465	-23.11	14196	12.18	2731
1985-86	16611	44.88	17529	23.47	918
1986-87	21363	28.61	23139	32.01	1776
1987-88	23039	7.85	24236	4.74	1197
1988-89	24774	7.53	24460	0.92	-314
1989-90	24961	0.75	26916	10.04	1955
1990-91	27256	9.19	28187	4.72	931
1991-92	32415	18.93	35133	24.64	2718
1992-93	36969	14.05	39869	13.48	2900
1993-94	43548	17.80	46296	16.12	2748
1994-95	48145	10.56	48383	4.51	238
1995-96	49780	3.40	56853	17.51	7073
1996-97	63054	26.67	67092	18.01	4038
1997-98	68265	8.26	75132	11.98	6867
1998-99	82134	20.32	88827	18.23	6693
<b>Period Averages</b>					
1977/78-79/80	2428	63.31	3085	72.94	657
1980/81-84/85	11154	30.03	12103	28.33	949
1985/86-89/90	20369	11.09	21746	13.89	1377
1990/91-94/95	37667	14.11	39574	12.69	1907
1995/96-98/99	65808	14.66	71976	16.43	6168

Sources: Bangladesh Bank, Economic Trends, various issues; and Bureau of Manpower, Employment and Training (BMET)

**Table - 2.6**  
**Imports under WES, 1976-77 to 1987-88**

Period	Percentage Distribution						Total (Tk. Million)
	Manu- factures	Food	Machinery & Transport	Fuel and Other Crude Materials	Chemical fertilizer, drugs	Other Items	
1976-77	41.62	23.83	13.02	7.24	12.67	1.62	969.4
1977-78	69.55	5.35	11.70	5.62	4.65	3.13	1331.5
1978-79	47.90	8.89	15.30	2.59	7.89	17.44	1767.6
1979-80	34.29	22.84	12.84	9.49	8.33	12.21	2745.1
1980-81	40.50	14.52	16.44	18.82	7.11	2.59	5463.7
1981-82	38.81	14.31	19.81	15.54	9.21	2.32	6867.0
1982-83	18.77	48.12	9.94	13.05	8.38	1.74	11402.0
1983-84	24.59	27.37	13.62	21.95	11.16	1.31	12341.9
1984-85	25.76	25.25	19.34	19.66	8.96	1.03	18064.5
1985-86	27.50	15.41	23.04	19.31	13.74	0.99	20208.8
1986-87	25.92	28.46	17.77	15.28	11.76	0.80	26925.5
1987-88	25.93	28.99	15.52	14.28	14.16	1.13	34060.5

Source: Authors' calculation from Bangladesh Economic Survey (1988-89).

Note: Foreign exchange market was unified under an effective rate in January 1992.

**Table - 2.7**

**Relationship of Workers' Remittances to Selected Macroeconomic Indicators of Bangladesh**

Year	GDP	Government Revenue	Annual Development Budget	Total Foreign Exchange Earnings	Merchan- dise Exports	Imports	Trade Balance	Current Account Balance	Foreign Aid disbu- rsed	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	49.9	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: Authors' calculation from Bangladesh Economic Survey, various issues.

## CHAPTER 3

### ARE MIGRANTS CHASING AFTER GOLDEN DEER?

#### 3 Post Migration Situation Analysis of Migrant

##### 3.1 Demographic and Social Characteristics

From the survey data it is observed that Migrant male workers are predominated by working age group 30+, of which a quarter has crossed their 40<sup>th</sup> birthday. Youth<sup>8</sup> comprised nearly a third of migrant. Age of the migrant appears to be related to by duration of migration and types of occupation they are engaged in. More than 90 per cent of the youth migrants (under 30) migrated to UAE during last five years can be classified as recent migrant. By contrast there is almost a fifty-fifty split between recent and long-term migrants<sup>9</sup> among respondents belonging to 30+ age-group. For those who crossed 40 years, more than a half migrated to UAE for more than 11 years (Table 3.1).

There were only seven female migrants and more than 70 per cent were youth (under 30) and they migrated during last two years. They all work in garment sector. It is interesting that age distribution of female migrants of Dhaka city's garment sector also reveal almost similar pattern (Afsar, 2000). However, except one, all women workers were either currently married or divorced/separated. By contrast, different studies reveal that currently unmarried constituted a sizeable proportion among female migrant workers of RMG sector in Bangladesh (Zohir and Majumder, 1996; Afsar, 2000; Afsar, 1998a). The bulk of the male workers (more than 70 per cent) are also married and have 2.67 percent children on an average in their areas of origin. The mean number of children for the female workers is 1.5. Mostly they had joint and extended types of family to look after their children and wife. Demographic and social composition of respondents' families are discussed in Chapter 4. Here it is important to note that except 14 per cent of the currently married migrant who left their wife and children alone, the remaining 86 per cent had other family members to look after their wife and children. By contrast, nuclear types of families is the prevalent mode among three-fifths of the currently unmarried migrant. Therefore the findings suggest that migration by youth and adult members is facilitated by joint and extended types of families which in turn is sustained by migration because of the enlarged resource base accrued from remittances. This can be supported from existing studies on international migration in Sri Lanka and India. Korale (1986) and

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<sup>8</sup>. Youth in Bangladesh has been officially defined as men and women belonging to 15-30 age group. All government programmes addressing the youth use this definition. ILO however defines youth as those constituting the 15-24 age group. The official definition of youth is being adopted in this paper.

<sup>9</sup>. Long-term migrants are those whose period of migration in UAE equals or exceeds six years.

Gutali (1986), for example, found increased ties among the member of extended family system as a result of international migration.

On an average a migrant worker had seven years of schooling and nearly two-thirds of them had either secondary or above level of education. Among the remaining one-third of migrants, 20 per cent had primary level education and 15 per cent were illiterates. Generally a negative correlation could be observed between migrant's educational attainment and age (Table 3.2). Among younger migrants (under 30) more than 90 per cent had formal schooling and half of them had attained high school and above level of education. By contrast nearly a fifth of the older migrants (30+) had no education and a quarter had attained primary schools. Those who had high school and above level of education constituted nearly a third among this age cohort. Greater level of education among younger migrants suggests increasing competition and selectivity bias in the field of international migration which is discussed later in this section.

Forty-five per cent of the respondents had opportunity to develop their skills prior to migration largely from private training institutions and in few cases they gained experience of similar types of work at home. Pre-migration skills appears to influence their job opportunity (Table 3.3). For example, of those who are currently working in the formal services and manufacturing sector nearly 70 per cent have had skill prior to migration. Proportion of skilled workers ranged between 33 and 40 per cent among construction, municipality and informal services sector workers. Part-time workers did not have any skills at all.

Propensity to be absorbed in the formal sector services and municipality increases with high school and above level of education (Table 3.3). Both construction and informal services sectors are marked by co-existence of illiterates and semi-literates on the one hand and the high school plus category on the other. Paradoxically, there is predominance of those who attained primary and secondary schools. None of the part time worker and small business owner and none but one manufacturing sector worker had either SSC/HSC or degree level education. Thus the above analysis indicates that migrants skills and educational attainment endow them with greater leverage in the UAE labour market in terms of getting more secured job.<sup>10</sup> This can be supported from the subjective data on migrant perception. Almost all migrant irrespective of their current occupation and education level emphasized that technical education as the most important pre-requisite for overseas migration. Simultaneously a dominant majority (more than four-fifths) also desired high school and above level of education for the prospective migrant.

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<sup>10</sup>. As shall be seen later in this section that these two parameters might not lead to enhanced income but give better working and living conditions at the destination compared to their counterparts who had no skills and lower levels of education.

### 3.2 Occupation and Economic Condition

Young migrants are found predominantly in the garment and construction sector and in other irregular or part time jobs such as private agriculture, cart loader, carton picker, hotel boy, welder in metal fabrication workshop, etc. More secured and better regulated jobs of municipality, formal sector and even a few informal services such as tailor, carpenter are occupied by 30+ migrant group. Small and medium business and a few highly skilled jobs such as driving are occupied largely by 40+ migrant group. It suggests that opportunities to get jobs in the formal and more regulated sector in UAE are narrowing down gradually because of interplay of both market forces and the country's policy to replace expatriate by indigenous labour force. The Government of the UAE has adopted the following disincentive policies in this regard<sup>11</sup>:

- (1) Curtailment in fringe benefits for the expatriates
- (2) Increase in tax/charges on renewal of licenses for the expatriates.
- (3) Diversified charges on new items like sewerage, solid waste removal for the expatriates.

Like other GCC countries, three differential types of wage rate persists in UAE under which the local (Arab) people are entitled to get highest wage rate. Among expatriates, European, American and people from other developed countries get double or even triple the amount for the same job as compared to Asians or expatriates from other developing countries. The Asians get the lowest.

Declining employment opportunities in the formal sector can be corroborated from Table 3.4. It shows occupational distribution by migrant's average length of stay in UAE. Municipal workers, small business owners., formal sector employee were the oldest<sup>12</sup> among migrants in terms of age, period of stay in UAE and duration in the current job. Some informal service sector workers such as laundry man, carpenter, tailor, etc and a few construction sector workers (namely mason and electrician) are among long term migrants with an average stay in UAE for nearly 6 years and 4 years tenural period in the current occupation. Those who migrated to UAE between less than one year to three years were the youth migrant group who are engaged in irregular jobs such as helper of mason in private construction company, carton picker, cart loader, etc and as garment factory workers and construction labours. Average duration in the current job for these groups is the least that is 1.50 years.

It may be noted that current occupation is not necessarily the first job undertaken by respondents ever since their migration. In the case of more than 40 percent of the respondents this was either their second or third job. Those who left the previous job were mostly in the informal services sector, followed by construction labour and

<sup>11</sup>. Learnt from the interview with the Labour Attaché of the Bangladeshi Mission in UAE.

<sup>12</sup>. Of course here oldest means 40+ age group.

workers of formal services and manufacturing sector. Among others, contract period, visa status, poor salary and irregular payment of salary and heavy workload loomed large as reasons for leaving the previous job. It is also interesting to note that kin members and friends play the most important role in securing the job both prior to and after migration. The bulk of the migrant (66 per cent) managed visa with the help of family members and friends prior to migration with some noted exceptions. Almost all manufacturing sector workers and nearly half of the employees of the formal services sector got their visa directly through recruiting agency. This is also true for around a third of municipal workers and construction labours.

For procuring the current job, more than half of the respondents got help and cooperation from their social networks. Among the other half, a quarter received help mostly from their previous employer (and this happens mostly when the contract period is over and the worker has a good record of work) and a quarter managed it by themselves.

Average gross income of the migrant at destination is estimated at Taka 14712.56 per month or US \$ 288.48 approximately. Their income ranges from Taka 7000 to more than Taka 30,000 and one generally fails to observe any sectoral pattern of income distribution (Table 3.5). This is because in most of the sectors, there is co-existence of both skilled and unskilled workers with the exception of formal manufacturing and services and trading sectors. Whilst the first two sectors employ a large majority of skilled workers very few small business owners acquired skills prior to migration. Excepting municipality and formal services, similar paradoxical situation exists in other sectors with regard to respondent's educational attainment. Results of Pearson's correlation test shows that the relationship between gross income and education or skill is not statistically significant. Among the lowest income earners (between Tk. 7000 and Tk. 8500 per month) are the female garment factory workers, male agricultural workers (private farm), carton picker and those who do not have any fixed job.

It is important to note that wage rate is the lowest for the garment factory workers compared to even unskilled workers of other sectors. On an average, a garment factory worker earns Taka 180 approximately per day. By contrast even the part time workers who do not have work permit and work in most insecure condition earns around Taka 350 per day. Average wage rate for all other sector, except garment, starts from Taka 280 and reaches more than Taka 500 per day. With the exception of construction sector those who earn more than Taka 500 per day are the long-term employee in the same company for 10 years or work in big companies or public sector. Employers of the garment sector justified the lowest level of wage on grounds of tough international competition they face to get orders and to cushion against sudden closure due to workers' inability to meet demand deadlines. Garment was found to be the most problematic sector where workers complained about irregular payment and management complained about the non-cooperation from workers to

meet the demand schedule. Because of such stalemate the research team came across many instances of closure of garment factory in Ajman. As a result, in the case of RMG sector it was observed that those companies are operating in UAE that have branches in other parts of the region or even in Africa.

During field work in UAE the research team also came across with the report of closure of a few construction companies where respondents used to work. Despite that, the wage rate in this sector is high because construction is the booming sector in UAE where the bulk of the resources are invested on infrastructure building. A large number of respondents earn between US \$ 200-300 per month (47 percent) and there are workers (12 percent) who earn US \$ 500 or more. Compared to what they earned in Bangladesh, their income has doubled and even trebled in some cases. However, gross monthly income should not be treated as take home income because they spent substantial amount at destination for food and other necessities including postal and telephone cost. On an average they spend around 40 percent of their overseas income for self-maintenance and send 30 percent of the same as remittances to their areas of origin. Remaining one quarter of their income they keep as security money which they need anytime to meet any exigencies both at home or abroad.

However, their expenditure pattern varies depending on the facilities they get from their employers of respective sectors and this impinges on their remittances and savings. For example, respondents from formal services and manufacturing who spend nearly 22 percent of their income on sustenance remit 56 per cent of their overseas income (Table 2.6). By contrast remittances of the workers of construction, informal and other services squeezes to 25 to 40 percent largely because their expenditure at destination varies between 30 to 45 percent. However, savings also depend on the period of stay in UAE and other liabilities such as repayment of loan. Nearly a fifth of the respondents had no savings yet and they are largely from informal services sector and other irregular services. Among them more than two-fifths are recent migrant who migrated for less than a year and hence, had not yet secured either a regular job or accumulated enough income to generate savings. Of the remaining respondents a large majority had the liability of repayment of loan mostly at the place of origin. Subsequently, they sent between 40 and 60 per cent of their income as remittances and were left with little money that was spent for meeting their basic necessities at destination. Obviously it draws one's attention to the living conditions of the workers and their other entitlements to examine under what situation their consumption expenditure increases.

### **3.3 Living Condition**

Companies in the UAE generally provide accommodation, food and treatment facilities to their employees. Big companies and formal sector provide accommodation to their employees in the labour camps at the outskirts of the city.

The bulk of the employees of the big and small companies ranging between two-thirds and 100 per cent get free accommodation from their employer. Majority of the construction sector labours and those who run business and involved in part-time work do not get such facility. Labour camps are located in Musafa, Sonapur, Rolla and New Sanaiya with a distance approximately of 50 to 65 km from the city centres of Abu Dhabi, Dubai, Sharjah and Ajman. These are constructed in the middle of the desert far away from human settlements and are completely devoid of trees and lakes. Temperature in these places generally is above 2-5 degree Celsius from the city centres. In summer, when temperature reaches 50 degree Celsius or above, situation inside these camps become unbearable even with air-conditioning. In each room, there are three to six double bunk-bed system that allows 6 to 12 boarders living in the same room in most of labour camps. Municipalities of Abu Dhabi and Dubai and well established companies, such as Albert Abella catering service, ACC Construction Company, etc. keep their labours in the labour camps of Mussafa and Sonapur where living as condition is relatively better compared to boarding houses attached to formal and informal sector companies of Ajman.

For example, during the visit to the labour camps it was observed that per capita availability of space ranged approximately between 35 and 50 sq. feet in the case of the former category employees. Per capita space availability squeezes to 8 to 15 sq. feet for garment factory, many small scale informal sectors and part time workers who live in Ajman, Rolla and such other places. Existing literature reveals almost similar living situation of garment factory workers in Dhaka city (Afsar, 1998; 2000).

Garment factory labourers share their rooms with 10-12 co-workers. While interviewing female garment factory workers in one of those boarding houses the principal researcher observed that in a 8 by 19 sq. feet room there were 18 boarders. They sleep in double bunk-beds and the incidence of falling down from the upper bed is not uncommon. The complain of bugs was also found common among workers of other garment factories in Ajman. Drinking water is a big problem for many workers working and living in Ajman. From the running tap water they often get saline water which is not suitable for drinking. As an alternative arrangement the management buy drinking water or provide mineral water but often the quantity supplied is too little to quench their thirst. Some garment factory workers complained that supply of drinking water in insufficient quantity, particularly in summer aggravates their health problem.

Large number of workers of small construction firms live in mess with 10 to 15 co-workers and friends. By contrast, all those who own business and work part time live in mess but largely with 3 to 6 co-workers and or male relative. This obviously impinges on their expenditure pattern as they spend between 25 and 31 per cent of their income on accommodation as opposed to 4 to 7 per cent for their compatriots in other sectors with the exception of construction, formal manufacturing and municipal

workers. While the former spends 15 percent of their income the latter categories do not spend on this account as they live exclusively in company's boarding houses.

It is interesting to note that in Abu Dhabi there is eleven-storied building known as Almullah Plaza which is the abode of more than 10,000 Bangladeshi workers. The ground floor is rented out for commercial use such as running hotel, restaurants, grocery shops, etc and the rest of the building is rented for residential purpose. Here most of the Bangladeshi informal sector workers in small firms and business and those who do not have work permit but work part time on contract job live with 4/5 other boarders. The conditions of the rooms, bathrooms, and toilets are precarious in terms of hygiene and sanitation.

The situation however is the worst in the case of private agricultural workers. They are mostly youth in their early twenties. They often manage entry visa with the help of their relative in UAE. Since they do not have work permit for specific work they were introduced to Arabic sponsors for the purpose of employment. Taking advantage of their non-working visa, these employers generally engage them in the development of their land in desert into agricultural farms. As a result workers who work in private agricultural farms live alone or with 2/3 other farm boys in the middle of the desert far away from human habitat where they have to cook and do everything alone. In many cases they neither have proper drinking water and sanitation facilities and the small room in which they live becomes too hot in summer. It is learnt from inter view with 6 workers that air conditioning arrangement in these room does not work in summer.

Unlike accommodation, responsibility for food largely lies with the respondents. This is reflected clearly in their expenditure pattern. With the exception of formal and informal sector employees and small business owners, respondents working in all other sectors spend 43 per cent of their monthly income on food (Table 2.6). Informal sector employees spend the largest share of their income on food that is 46 percent, whilst their counterparts in the other two sectors spend the least, nearly 35 percent, compared to other occupational groups. Provision of food by the company and more importantly, quality of food appear to influence their expenditure pattern to a great extent. For example, both formal services and manufacturing sector employees are provided with food by the company and yet the amount they spend on food varies significantly mainly because of the difference in the quality of food served. During interview a good number of the garment factory workers complained that they often cook themselves since the company's food is neither of good quality nor of reasonable taste.

Cooking food consumes a significant portion of their time. Particularly in a situation where a large number of garment factory, private construction and informal sector workers have to work 10/12 hours per day, cooking is added to their existing

workload. As a result, among those who complained about long working hours there was disproportionately large representation from manufacturing, construction and informal services sector which ranged between three-quarters to more than 90 per cent. Among informal sector workers, those who work in private agriculture work longest hours ranging between 14 and 17 hours.

Like food cost of treatment is largely borne by respondents. Big companies and municipalities do provide medical facilities but that is limited to medical check up in public hospital or by company's doctor. It seldom covered cost of medicine and pathological tests. Thus the bulk of the workers do not have access to company provided medical facilities and those who had such access enjoy only partial coverage. This fact is borne out clearly from empirical data which reveal all respondents irrespective of their nature of job spend around 5 per cent of their income to procure health care services but it varies greatly across different occupational groups. For example, municipal employees are at the top in terms of medical expenditure since they spend more than 10 per cent of their income on this account. At the bottom end are their compatriots of formal services sector who spend only a fraction of their income on health services. Health related expenditure of informal services, manufacturing and construction sector labourer ranged between 4 and 7 per cent of their income. Existing evidence suggests that RMG factory workers in Dhaka city incurs 12 percent of their income on health care services (Zohir and Majumder, 1996). Although lower than Dhaka's RMG workers but given the level of average living standard in UAE, health expenditure incurred by respondents appears to be high by any reasoning.

From the salary cut in the month preceding the survey one could observe the stake of sickness by various sectors since leave of absence was mainly taken due to illness. Generally one out of every five respondents experienced salary cut in the month preceding the survey. However onus in this case was borne heavily by municipal sector employees since nearly half of them were suffering from chronic disease such as skin allergy and heart problem. They are closely followed by nearly two-fifths of the construction sector workers who had jaundice and heat stroke since they have to work in excessive heat like their counterparts in Municipal and informal service sector. Nearly one-third of the RMG factory workers were sick because of gastro-enteritis and various kinds of aches and pains.

In general excessive heat at workplace especially at construction site or private or public agricultural fields, semi-pucca type of vegetable and fruit markets that operate in open space covered with tent and Corrugated Iron (CI) sheet at the top leads to those types of diseases reported above. Even the formal sector employees are not immune from accidental hazards. Employees of Dubai dry dock reported that one of their compatriots died recently when a iron sheet weighing more than one ton fell over him. Bangladeshi workers who work as helpers generally load and unload these

iron sheets which are used to repair a ship. Moreover, those who work as cleaners at dry dock suffer from jaundice and loss of appetite as they are vulnerable to the emission of poisonous gasses while cleaning the engine of the ship.

Obviously it reflects lack of consistency between the standard practice and actual entitlement. This is possible because a large majority of respondents: 62 percent were not given any written contract prior to migration. Under the existing practice generally a worker is informed about the terms and conditions either verbally or in writing by the recruiting agency. However there are several gaps in the process of information and actual practice. One important gap relates to change in the contract since in most cases final contract is given after their arrival in UAE. As a result nearly half of the respondents who had the opportunity to see or hear about the terms and conditions of their prospective job in UAE prior to migration found discrepancy in their actual wage and working condition after migration. This problem is exacerbated because, often the contract shown at the place of origin is couched in Arabic which many of the respondents could not read. Private recruiting agencies are also notorious for fraudulent practices of showing different contract to the client and charging much higher fees for processing a case than is permissible under the existing law.<sup>13</sup> Survey data reveal that nearly 90 per cent of respondents were not aware about labour laws of UAE and more than 80 per cent did not have any idea about the Bangladeshi Diplomatic Mission. As a result there are violations of the existing laws of the land in terms of wages, working and living conditions and violation exist even in those factories which were inspected by the Bangladeshi labour Attache. This is possible because before and after inspections things are changed dramatically. Normally it is the responsibility of the employer to provide health care services and insure his workers against occupational hazards. In practice however, whilst management claimed to have accidental insurance but workers neither had any knowledge nor are they entitled to derive benefits from it. As a result, the Labour Attaché of the Bangladeshi Consular General's office receives news of mortality of one or two Bangladeshi workers every day who died of heatstroke at construction site or commit suicide while working in private agricultural farm. In case where they could recover some money from the employer the Bangladeshi Diplomatic Mission then sent the dead body home, otherwise they are buried in a allocated place in Sonapur labour camp. It indicates lack of knowledge and weak bargaining position of the worker as well as the sending country and the need to study both the mortality and morbidity situation of the Bangladeshi immigrant labour.

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<sup>13</sup>. Under the revised Emigration Act of 1982 a private or public recruiting agent shall not make profit exceeding Taka 3000/- per recruit while processing overseas employment.

**Table - 3.1**  
**Distribution of Migrants by Current Age, Year of Migration and Gender**

(Figures in percent of Total)

Age-group	<1 year	1-5 years	6-9 years	10+ years	All (Number)
20-29	9.4	81.2	9.4	-	32
Male	7.4	81.5	11.1	-	27
Female	20.0	80.0	-	-	5
30-39	6.1	45.4	21.2	27.3	33
Male	6.4	45.2	19.3	29.0	31
Female	-	50.0	50.0	-	2
40+	5.0	20.0	5.0	70.0	20
Male	5.0	20.0	5.0	70.0	20
Female	-	-	-	-	-
All	7.1	52.9	12.9	27.1	85
Male	6.4	51.3	12.8	29.5	78
Female	14.3	71.4	14.3	-	7

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

**Table - 3.2**  
**Distribution of Migrants by Current age and Level of Education**

(Figures in percent of total)

Age-group	No education	Primary	Secondary	High School	SSC/HSC And above	All (Number)
20-29	6.3	12.5	31.3	37.5	12.5	32
30-39	21.2	33.3	21.2	9.1	15.2	33
40+	20.0	10.0	25.0	35.0	10.0	20
All	15.3	20.0	25.9	25.9	12.9	85 (100)

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

**Table - 3.3**  
**Distribution of Respondents by their Occupation Skills Prior to Migration and Educational Attainment**

(Figures in percent of total)

Respondents/ occupational categories	No.	Percent of workers had skills prior to migration	No education	Primary	Secondary	High School	SSC/HSC and above
Municipal workers	6	50.0	16.7	-	-	66.7	16.7
Formal service	18	50.0	5.6	16.7	33.3	22.2	22.3
Informal service	21	52.4	14.3	19.0	23.8	28.6	14.3
Construction	11	36.3	18.2	18.2	27.3	18.2	18.2
Manufacturing	13	84.6	7.7	30.8	38.5	15.4	7.7
Small business	8	-	25.0	25.0	12.5	37.5	-
Others	8	33.3	37.5	25.0	25.0	12.5	-
<b>All</b>	<b>85</b>	<b>47.0</b>	<b>15.3</b>	<b>20.0</b>	<b>25.9</b>	<b>25.9</b>	<b>12.9</b>

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

**Table - 3.4**  
**Distribution of Respondents by Current Occupation, Period of Migration,**  
**Average Age and Average Duration in the Current Job**

(Figures in percent of total)

Occupations	Duration of Migration					Average Age (years)	Average duration in current job (years)
	<1 year	1-5 years	6-10 years	10+ years	All		
Municipal workers	-	16.7	33.3	50.0	100	32.83	9.67
Formal service	-	55.6	16.7	27.8	100	34.00	3.77
Informal service	14.3	52.4	4.8	28.6	100	33.71	4.90
Construction	-	63.6	9.1	27.3	100	32.72	3.80
Manufacturing	7.7	69.2	15.4	7.7	100	28.84	3.00
Small business	-	12.5	25.0	62.5	100	35.00	10.20
Others	25.0	75.0	-	-	100	27.62	1.50
<b>All</b>	<b>7.1</b>	<b>52.9</b>	<b>12.9</b>	<b>27.1</b>	<b>100</b>	<b>32.39</b>	<b>4.70</b>

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

**Table - 3.5**  
**Average Gross Monthly Income and Daily Wage Rate of Respondents by Major**  
**Industry and Period of Migration**

Major industries	Average gross income by period of migration (Taka)					Daily wage rate (Taka)
	<1 year	1-5 years	6-10 years	10+ years	All	
Municipality	-	11200.00	18550.00	14393.33	15246.67	508.2
Formal service	-	15250.00	18596.67	21266.00	17478.94	582.6
Informal service	15166.67	10490.00	13580.00	14700.00	12508.10	416.9
Construction	-	12300.00	18480.00	14233.33	13389.09	446.3
Manufacturing	9100.00	10220.00	16212.00	28000.00	12423.38	414.1
Small business	-	21000.00	25900.00	22960.00	23450.00	781.7
Others	4200.00	10383.33	-	-	8837.50	294.6
<b>All</b>	<b>10500.00</b>	<b>12010.47</b>	<b>19015.82</b>	<b>18400.43</b>	<b>14539.47</b>	<b>484.7</b>

Source: Survey of Bangladeshi migrant labour at UAE, 2000.

Table - 3.6

**Pattern of Expenditure of the Respondents and Remittances and Savings  
As Proportion of Average Gross Income at Destination by Major Industries**

	Mean (Taka)	Expenditure as percent of total expenditure	No. of cases		Total	As percent of income
<b>1. Municipality</b>			6			
<i>Expenditure on:</i>						
Food	2800.00	43.8	5	Income	91,480.0	100.0
Lodging	-	-	-	Expenditure	31,960.0	34.9
Clothing	808.33	15.2	6	Remittances	27,000.0	29.5
Medical	1690.00	10.6	2	Savings	32,000.0	35.0
Local conveyance	513.33	4.8	3			
Recreation	700.00	6.6	3			
Guest entertainment	326.67	3.1	3			
Renewal of job contract	-	-	-			
Postal cost	98.00	1.5	5			
Telephone cost	723.33	13.6	6			
Others	280.00	0.8	1			
<b>2. Formal service</b>			18			
<i>Expenditure on:</i>						
Food	2201.82	35.4	11	Income	3,14,621.0	100
Lodging	2800.00	4.1	1	Expenditure	70,870.0	22.5
Clothing	495.00	13.0	18	Remittances	1,77,000.0	56.3
Medical	140.0	0.4	2	Savings	66,600.0	21.2
Local conveyance	618.12	14.4	16			
Recreation	332.50	3.9	8			
Guest entertainment	330.00	6.7	14			
Renewal of job contract	-	-	-			
Postal cost	77.78	2.0	18			
Telephone cost	591.18	14.7	17			
Others	910.00	5.3	4			
<b>3. Informal service</b>			21			
<i>Expenditure on:</i>						
Food	2283.75	45.6	16	Income	2,62,670.0	100
Lodging	1733.33	6.5	3	Expenditure	80,190.0	30.5
Clothing	389.50	9.7	20	Remittances	1,17,600.0	44.8
Medical	417.69	6.8	13	Savings	50,500.0	19.2
Local conveyance	503.85	8.2	13			
Recreation	410.00	3.1	6			
Guest entertainment	400.83	6.0	12			
Renewal of job contract	-	-	-			
Postal cost	115.79	2.7	19			
Telephone cost	627.27	8.6	11			
Others	770.00	2.9	3			
<b>4. Construction</b>			11			
<i>Expenditure on:</i>						
Food	2401.00	43.1	10	Income	1,47,280.0	100
Lodging	1659.00	14.9	5	Expenditure	55,725.0	37.8
Clothing	341.00	6.7	11	Remittances	44,000.0	30.0
Medical	346.00	4.4	7	Savings	32,000.0	21.7
Local conveyance	574.00	10.3	10			
Recreation	326.67	3.5	6			
Guest entertainment	218.75	3.1	8			
Renewal of job contract	850.00	3.1	2			
Postal cost	77.00	1.4	10			
Telephone cost	532.00	9.5	10			
Others	-	-	-			

	Mean (Taka)	Expenditure as percent of total expenditure	No. of cases		Total	As percent of income
<b>5. Manufacturing</b>			13			
<i>Expenditure on:</i>						
Food	1695.60	43.1	9	Income	1,61,504.0	100
Lodging	-	-	-	Expenditure	35,420.0	21.9
Clothing	430.80	15.8	13	Remittances	72,500.0	44.9
Medical	378.00	5.3	5	Savings	49,000.0	30.3
Local conveyance	258.00	3.6	5			
Recreation	373.33	6.3	6			
Guest entertainment	285.70	5.6	7			
Renewal of job contract	-	-	-			
Postal cost	75.83	2.6	12			
Telephone cost	536.67	13.6	9			
Others	466.67	4.0	3			
<b>6. Small business</b>			8			
<i>Expenditure on:</i>						
Food	2712.50	35.7	8	Income	1,87,600.0	100
Lodging	2140.00	24.6	7	Expenditure	60,795.0	32.4
Clothing	568.75	7.5	8	Remittances	99,000.0	52.8
Medical	210.25	2.6	8	Savings	39,000.0	20.8
Local conveyance	761.25	10.0	8			
Recreation	210.00	0.7	2			
Guest entertainment	532.00	4.4	5			
Renewal of job contract	1213.33	6.0	3			
Postal cost	75.00	0.9	7			
Telephone cost	577.00	7.6	8			
Others	-	-	-			
<b>7. Others</b>			8			
<i>Expenditure on:</i>						
Food	2242.90	43.5	7	Income	70,700.0	100.0
Lodging	1866.67	31.0	6	Expenditure	36,070.0	51.0
Clothing	334.30	6.5	7	Remittances	17,700.0	25.0
Medical	128.33	2.1	6	Savings	13,000.0	18.4
Local conveyance	268.33	4.5	6			
Recreation	420.00	1.2	1			
Guest entertainment	175.00	1.0	2			
Renewal of job contract	-	-	-			
Postal cost	81.67	1.4	6			
Telephone cost	297.5	3.3	4			
Others	2000.00	5.5	1			
<b>8. All Sectors</b>						
<i>Expenditure on:</i>						
Food	2294.4	41.1	66	Income	12,35,855.0	100.0
Lodging	1930.7	11.5	22	Expenditure	3,68,730.0	29.8
Clothing	455.4	10.3	83	Remittance	5,54,800.0	44.9
Medical	367.1	4.3	43	Savings	2,82,100.0	22.8
Local conveyance	536.2	8.9	61			
Recreation	383.1	3.3	32			
Guest entertainment	336.7	4.7	51			
Renewal of job contract	1068.0	1.4	5			
Postal cost	88.1	1.8	77			
Telephone cost	573.1	10.1	65			
Others	802.5	2.6	12			

\*Expenditure, remittance and savings in total do not equal income in every sector, due to unreported savings of migrants.

Source: Survey of Bangladeshi migrant labours at UAE, 2000.



## CHAPTER 4

### BENEFITS AND COSTS OF WORKING ABROAD

#### 4.1 Theoretical and Methodological Consideration in Operationalizing Costs and Benefits of Migration

The costs and benefits of international migration for economic development<sup>14</sup> can be analyzed in two ways: (i) the impact of migration on development, or (ii) the impact of development on migration. While the former involves a comparison of the development costs and benefits of migration the latter discusses how the course of development affects the flow of migration. Labour migration has had profound consequences for employment, the balance of payments, commodity exports, business profits, and government revenues in the labour exporting countries. For instance, migrant remittances leave room for some optimism: *First*, expenditures for housing and for current consumption can become productive investments through their multiplier effects. *Second*, investments in land are not necessarily unproductive. One must look beyond the initial purchase to determine how the seller of the land utilizes the proceeds from the sale. Such indirect effects might prove to be very significant for development purposes. *Finally*, even if remittances are eventually used in an unproductive manner, the constant influx of remittances can be important source of funds for investment of loans from banking institutions.

Despite these positive aspects, convergence of three essential features of remittances makes the issue of international migration so critical and yet so vexing. *First*, they are earnings of private citizens; the government of the country sees little of these riches. *Second*, these earnings may be volatile and hence a very unpredictable source of foreign exchange (Looney, 1990). They are tied to course of economic events of the host countries. *Third*, they are illusionary; they are there but they are not there. These issues should be kept in mind while analyzing the cost and benefit of international migration. Choucri (1986) argues that at the heart of the question of costs and benefits of migration are twin issues of labour and remittances. Can remittances be channelled into productive investment, or are they, because of their dispersion, doomed to underwrite expanded imports of newly designed consumer goods, to finance food imports due to declined agricultural production, and thus fuel inflation in land and home construction? Despite the foreign exchange and balance of payments advantages, do remittances help the development process or, like drug dependence, do their existence and current uses primarily feed the need for more foreign exchange and exacerbate the balance of payments process, thus increasing the need for ever more remittances and accompanying dependency on the receiving countries?

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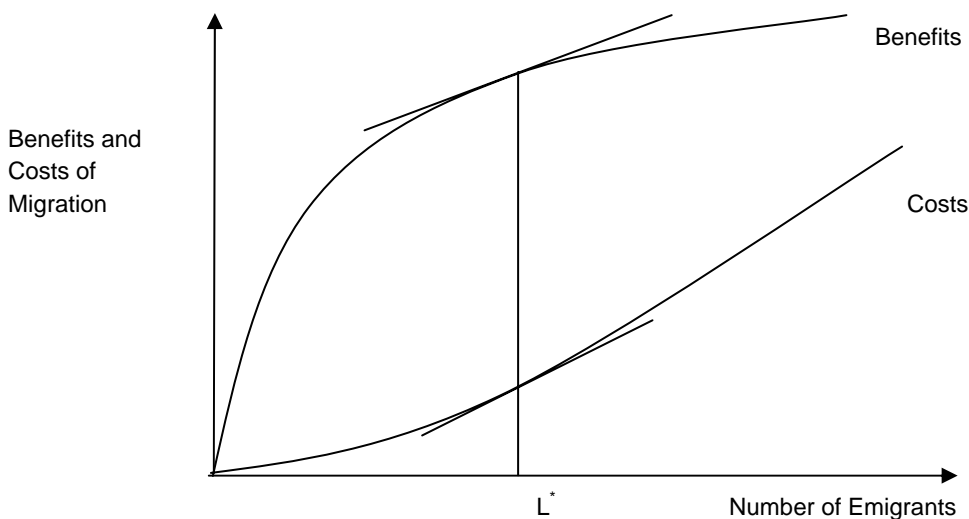
<sup>14</sup>. It is not meant to imply that the social or political impacts of migration are not significant or related to development in broader sense.

Both the costs and returns of migration can be broken down into monetary and non-monetary aspects. For any individual, the monetary returns will consist of a positive or negative increment to his real earnings stream to be obtained by migrating to the host country. In addition, there will be non-money component, again positive or negative, reflecting his preference for the host country as compared to his country of residence. While, the monetary costs include the out-of-pocket expenses, the non-monetary costs include foregone earnings and “psychic” costs of changing migrant’s environment. Analogously, both the costs and returns can be analyzed from the private and social perspectives. While the issue is assessed from the individual or family point of view in the private benefits/costs analysis, the same is done from the macroeconomic point of view in the social benefits/costs analysis. In such a backdrop, the issue of international migration would be looked into from all these perspectives.

Macmillen (1982) argues that an analysis of costs and benefits of migration of labour consists of three main stages. The first is the identification of relevant costs and benefits. This can only be undertaken in the context of a theoretical model of the effects of migration. The quantification of the costs and benefits in monetary terms constitutes the second stage in the analysis. Ideally one calculates the difference between what happened with migration and expected values in the absence of such migration. Third stage is discounting cost and benefit streams to their present values to enable valid comparison to be made. It may be noted from the figure that benefits are rising at a diminishing rate while costs are rising at increasing rates.

Prospective migrants very often face high monetary and emotional costs of moving and working in new country with different culture and language. Thus, migration is influenced by the perceived risks and uncertainties faced by the worker and/or his/her family (Hart, 1975). The expected gain from emigration must outweigh the disutility of these risks and uncertainties for it to take place. Labour exporting policy of the country is optimal (in economic sense) when the discounted net benefit is maximum (point  $L^*$  in Fig. 4.1).

**Figure - 4.1**  
**Optimal Level of International Migration**



Analysis of the private costs and benefits of workers' migration may reveal the extent to which the migrant households are affected as a result of the process. Several approaches are available to assess the costs and benefits of international workers' migration. Some of them include before-after analysis, with-without analysis, target-actual analysis etc. While the problem of the identification of the '*counterfactual*' is very severe in the cases of both with-without and target-actual analyses, it is less so in the case of before-after analysis. Apart from the problem of counterfactual, each approach has its own advantages and shortcomings. In fact empirical results and the concomitant conclusions hinge on the choice of approach. With these caveats in mind the present study applies the before-after approach in analyzing the costs and benefits of workers' migration from the private individual's point of view. Insofar as the macroeconomic impacts of migration have been dealt with in Chapter 2, this section will highlight the impact of working abroad from survey data.

#### 4.2 Private Benefits

- The Migration of workers involves costs; it accrues also benefits to migrant and/or his/her families. From a private citizen's point of view migration is only justified if benefits substantially outweigh costs. As can be found from the upper panel of Table 4.1, a typical migrant had to spend around Tk. 95 thousands for the migration process to be completed. Of the total costs of migration, apparently more than 95 percent is formal/official costs (the upper panel of Table 4.1). These include cost of purchasing visa and air fare. However, our field visits reveal that migrants in most of the cases are not supposed to bear the costs of air fare. Moreover, the BOESL rate of visa/migration fees is around Tk. 12-15 thousands. On these two counts, migrants are, thus, exploited by unscrupulous agencies. Hence, Although the migrants or their family member(s) left back home could recall total costs of migration fairly accurately, it was particularly difficult for them to disaggregate these costs into various heads. This caveat should be borne in mind while analyzing the costs of migration.
- Economic benefits of migration constitute mainly the direct remittances the households received. The households used the inflow of remittances for various productive and other purposes. As can be observed from the lower panel of the Table 4.1, the migrants appeared to have remitted a total of Tk. 267 thousands during their migration. It may be recalled that the total pecuniary benefits are underestimated as the migrants have retained a part of their earnings while still abroad. As can be found from the table a major share of the remittances (36 percent of total remittances sent back home) is used to meet the recurrent consumption of the family. Another 20 percent of the remittances was used for purchase of land of various types. The migrant households spent around 14 percent of the remittances for the construction/extension of houses. Less than 10 percent of the remittances was used to repay debts presumably incurred for financing the migration process.

- On the basis of the direct benefits and costs stated above due to the inflow of remittances migration is appeared to have yielded a benefit-cost ratio (BC Ratio) of 2.88. The actual ratio, albeit unobservable, would be much higher than the estimated ratio in view of the fact that the migrants invariably retain a significant part of their earnings abroad till they permanently return home.
- The major private pecuniary benefits of working abroad is earning higher income and use of remittances for the improvement of living condition and to get access to civic amenities for the migrant and his/her family. Some of the primary uses of remittances are to build a house for the migrant family, to establish a small business, to settle debt, and to purchase land and consumer durables (Mahmood, 1991). Looney (1990) mentioned that remittances improved standard of living of the migrants' families.
- Both the level and composition of annual household income are reasonably good indicators of family welfare. A comparison of the level and composition of annual household income would indicate the direction of family welfare over time. To that end two hypotheses were tested: *(i) migration increases the level of household income significantly; and (ii) remittances become a dominant source of annual family income.* As can be observed from Table 4.2, the level of income of the migrant households increased by 55 percent after migration has occurred. It is true that the level of household income of any country increases with the economic development of that country. However, the present increase in household income far outstripped the annual growth of GDP (about 5.5 percent at present) of Bangladesh. Empirical evidence also shows that remittances are a dominant source of annual family income. While non-agricultural wages and salary, agricultural produce, and small business were the principal sources of annual household income before migration, remittances contributed around two-thirds of annual household income after migration has occurred.
- Mere comparison of the annual household income before and after migration is incomplete unless the household expenditure interface is brought into consideration. As household income increases in course of time so do the household expenditures. The comparison of the level of household expenditures would indirectly show how family welfare has changed. As can be found from Table 4.3, annual household expenditures of the migrant households increased by 22 percent. A comparison of household income and expenditures show that the migrant households could barely meet both ends in the pre-migration situation, international migration of workers has enabled these families to increase the level of household surplus to a respectable level of Tk. 25 thousands annually. The level of family welfare can also be discerned by testing the so-called Engel's law: *the share of household expenditure on food budget and other necessities would decline and the same on luxurious and other supernumerary items would increase at the margin.* Empirical results corroborate this hypothesis. Expenditure shares

on the food items especially on rice decreased by about 5 percent. The sizeable amount of surplus in fact makes financial constraint less binding. The migrant households now afford to meet/increase some of the previously unmet/underfulfilled expenditures with the increased flow of remittances. Although still a small share of household expenditures, costs of medicare have doubled after the migration has occurred. Similarly, educational costs and the costs incurred on social/religious occasions have increased significantly.

- One of the reasons for migration of workers is to earn enough money to maintain and improve the economic well being of the family. Either the pre-migration level of individual income is not enough to maintain a decent life or the migrant was unemployed during the pre-migration period. Moreover, the economic condition of the family was not so strong as to bear the burden of unemployment or underemployment. Thus, the prospective migrant decides to decumulate household assets or borrows from various sources to finance migration. As found earlier, the direct costs of migration was around Tk. 95 thousands. The respondent could recall as much as Tk. 90 thousands as they financed it from various sources (Table 4.4). Empirical results show that most more than one-third of total migration cost has been financed through borrowing from various sources. Of the sources of loans relatives/friends appeared to have played a major part. One of the advantages of the source is that migrant could borrow funds at zero or nominal interest. Most of the migrants had to sell land or house to finance migration. This source contributed around 20 percent of migration costs. A part of the migration cost was financed from own past savings or some migrants have made an arrangement to deduct a part of the migration costs from salary they would earn at the place of destination. Less than 25 percent of the migration costs have been financed in this way.
- Empirical findings of the study indicate significant changes in the status of the underprivileged groups. Migrant households which largely belonged to underprivileged class have been catapulted into higher income brackets because of the remittances. As a result, nearly two-thirds of respondents perceived that migration has ensured a self-sufficient status to them and their families. More than a tenth of them also reported enhancement of their social status. Similar situation was observed in India and Pakistan (Gilani et al. 1981).
- The study shows that family bond is strong among migrants since migration was facilitated by joint-extended type of family which in turn sustained through remittances. In this way old and unemployed members get support from family's protective umbrella (see Chapter 5). As most of the contracts in the Gulf countries are of 3 years, the migrants have to seek help from one of the spouse's parents to attend the needs of the family. Such close interaction "have resulted in strengthening the extended family system in Sri Lanka, which was getting weaker due to urbanization, the expansion of education, and greater participation of women in the labour force" (see, Korale, 1986, p. 230).

- Households strive to build up assets of different genres with upward mobility along the income expansion path. One such trend among the households is the tendency to increase land holdings. Apart from giving an aura of nobility, increased land holdings provide both capital gains and return to the family. It is presumed that *migrants would have a tendency to buy land with less binding financial constraint after migration*. As can be observed from Table 4.5, total land holdings have increased by around 3 percent after migration. However, composition of land holdings appeared to have marginally differed after migration. While the migrant family seems to have sold out some of the agricultural land, they have increased the area of homestead land, especially the village homestead land. As will be found later, households had to sell some of their agricultural land in the process of migration, which could not be recouped at all. Conversely, most households appear to have been huddling in tiny homestead plots, which they wanted to expand. Migrant households appeared to have also marginally gained in terms of their land values by 5 percent.

#### 4.3 Private Costs

- Migration may cause shifts in the socio-political structure of a community with unintended but significant increase in females work burden. The study shows that female labour force participation is almost negligible. It is important to study whether international migration is likely to reduce women's economic activities and enhance their household burdens. Prakash (1978), Mathew and Nair (1978) pointed out that most of the migrants' families in India became female-centered as almost all of the active members have migrated to the Gulf countries increasing women's role in the household activities and caring the children.
- Many aspirants of migrating abroad are frequently cheated by unscrupulous recruiting agencies. Cost of migration borne out clearly that 95 percent of the cost borne by the respondents in terms of visa fee and air-fare are in reality the responsibility of the employers of the host country. It may be noted that under the existing laws of UAE, an employer is suppose to bear the visa cost and air-fare for his employees. Thus, for example, a Sri Lankan workers pays only Rs. 5000 to the Government for his/her insurance before overseas migration. By contrast, because of widespread ignorance and lack of initiative by the official recruiting agencies, private recruiting agencies in collusion with some employers of the host country and not infrequently along with the Bangladeshi Diplomatic Mission making a good profit. They not only transferred the liability of these official costs to employees of some sectors such as RMG, construction and few informal services but also sell work permit at an exorbitant rate which takes initial two/three years for the migrants to repay to the creditors. BOESL charges Taka 12,000 and 8,000 for skilled and unskilled employees as visa fee. Workers of Al Guraier Centre who were recruited by BOESL paid only Taka 13,000 for their cost visa fee and other

cost. By contrast, private recruiting agencies charged between Taka 50,000 to 100,000 for visa fee and air-fare as revealed during the interview with the respondents in UAE. Workers from Bangladesh are also victims of bribery, forgery by recruiting agencies and employers and hassle and extortion by airport staff, dalals and mastans as observed in the case of private agricultural workers and other categories of workers. Dishonest overseas employers exploit many emigrants with low skills. Aggarwal and Khera (1987) argue that this problem is particularly severe if country of destination does not have long standing tradition of concern for the rights of individuals. Of course, an advanced society does not necessarily guarantee fair treatment of foreign workers, but the incidence of such exploitation is relatively lower in those societies.

- It may be noted that spouses hardly accompany the migrants to the Gulf countries. The most adverse social consequence of such unaccompanied migration is the family problems. Nearly a quarter of respondents surveyed in UAE reported family problems of which conjugal relations and child-related problems featured most prominently. While Korale (1986) apprehended that divorce rate might have increased among the Sri Lankan migrants, Abbasi and Irfan (1986) pointed out high incidence of psychosomatic disease among younger women, drug addiction among adolescents and youths in Pakistan. Problems with spouse including extramarital sexual involvement among females of the migrant households was evidenced during field work in Fatikchari area. Similar pattern was observed in Pakistan by Bilquis and Hamid (1981). Siddiqui (1986) mentioned truancy of the children in Bangladesh which was also reported by two migrants in the present study.

#### **4.4 Social Benefits**

- Empirical findings from the study reveal that emigrants relieve unemployment and underemployment in their home countries. Also with the help of remittances migrants households bear the greater burden unemployed members and education of active age members than an ordinary rural households. Total emigrants in 1996 as recorded officially by BMET accounted for 0.8 percent of their age cohort (20-39) among rural labour force. The migration of unemployed labour should result in material gain for those left behind in the country of origin. Because the emigration of the unemployed workers would free the portion of GDP which they consumed for alternative uses. Usher (1977) argues that migrants confer benefits to the residents of the country of origin by relinquishing their share of public property and at the same time impose costs upon the residents of the country of destination by claiming a share in the public property. Korale (1986) mentioned that migration in Sri Lanka solved much of her unemployment problems. Looney (1990) mentioned that remittances add income in the hands of consumers that translates to more purchasing power, leads to increased aggregate demand, and eventually increased employment.

- Remittances promote development through increased material and human capital investment. Remittances provide increased supply of savings and investment for capital formation. Study shows that from zero level of savings respondent now save a quarter of their overseas income beside remittances which account for 45 percent of the same. Apart from that migrants' investment on health and education, the two major indicators of human capital has increased respectively by 108 percent and 51 percent after migration of respondents compared to pre-migration level. Consequently enrolment rates for the members of migrant households both for secondary and tertiary levels are higher than their age-cohorts of rural areas. This has been discussed in detail in the next chapter. Human development is considered to be the pre-requisite for poverty alleviation and growth and development of the country. Districts that record consistent outflow of migrants are also estimated to have lowest level poverty compared to other districts. Flow of remittances might have helped to bring down the poverty levels in those districts.
- Workers remittances have become a major source of foreign exchange for a number of countries. At about \$2.5 to \$3.0 billion per annum in each country, remittances constitute 15 per cent and over 40 per cent of current account receipts in India and Pakistan respectively<sup>15</sup>. Indian bankers have attracted over \$3.2 billion in deposits from more than 11 million Indian residents overseas (Wasledar, 1984). Bangladeshi emigrants remitted about \$1.7 billion in 1998-99. Currently worker's remittances met nearly two-thirds of the trade deficit and current account deficits of the country (BMET, 1998). Stahl (1988) argues that the magnitudes and uses of remittances provide the litmus test of the benefits of a labour export policy. From the perspective of the labour exporting countries, remittances have the potential of improving the economic welfare. In the first instance, remittances will have a direct positive impact on the real income of both the migrant worker and the remittance recipients. Indirectly, through multiplier effect, the benefits of remittance income should extend to non-migrating households. The sum of these direct and indirect impacts should be reflected in higher levels of private and public consumption and investment.
- Empirical findings of the study show that Bangladeshi migrants had opportunities to change their jobs and more than 40 percent of the respondents changed their previous jobs. Work experience in UAE along with the support of their social networks helped them secure new and better jobs. It is important to note that those who run small business had no training prior to migration and they are among the highest income earners. It is likely that both technicians and small entrepreneurs are likely to use their skills upon their return. More importantly, it depends on the favourable policy and resource endowments of the return migrant.

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<sup>15</sup>. Quoted in the Economist, September 1986.

- Apart from the direct benefits some indirect benefits also accrue to labour sending countries. For example, in most of the countries workers must travel by home or the host country airlines. Thus, labour exports to the Middle East bring revenues to the government. Further, government received increased passport issuance and renewal fees because of labour export as observed during visit to UAE. Insofar as most of the migrants' remittances is utilized in land purchase and subsequently it increases the construction sector through increased profit for the entrepreneur of kiln and increased employment for the construction workers. Increased employment opportunity of the poorer segment of population in the construction sector of urban areas in Bangladesh bear testimony to this fact.

#### 4.5 Social Costs

- The effect of emigration is argued to be felt unevenly across various categories of the work force of the source country. For example Serageldin *et al.* (1984) showed that even though only 0.7 per cent of Sudan's work force were abroad in 1975, this small figure included 44 per cent of its professional and technical workers. However, emigration of skilled workers may lead to skill shortages, and the affected firms will either have to bid away the skilled workers from the competitors, and in the process drive up wages, or replace lost workers with imperfect substitute labour. However, this does not hold for Bangladesh where more than half of the expatriate workers are unskilled. Moreover since the growth of labour force outstrip the growth of population rate in Bangladesh, international migration provides an avenue for employment of unskilled and semi-skilled labour. On broader social impacts of remittances which are beyond the review of the study, there are strong argument on both positive and negative studies.<sup>16</sup> However in the ultimate analysis it would depend among other thing on government policies and migrants ability as well as supportive base.

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<sup>16</sup>. Remittances, sent by the emigrating workers, often encourage conspicuous consumption and inflation. Because, most remittances went to consumer goods and real estate, few migrants are able to capitalize on their savings to generate income on their return (Serageldin *et al.*, 1984). Over-dependence on remittances may mean those traditional economic activities such as agriculture and rural industry can atrophy and local communities are unable to replace the foreign remittances once such remittances stop or decline. By contrast Adams (1991) argues, that even if very small proportion of remittance income is used for productive investment does not warrant the pessimistic conclusion regarding its potential development value. First, there is no reason to expect the remittance recipients to directly invest their savings. It is the purpose of financial intermediaries to channel the savings and/or collective credit balances (in bank deposits) of remittance recipients to investors. Second, remittances constitute an addition to real income. Although empirical evidence demonstrates that remittances are primarily destined to serve consumption needs, the theoretical anticipation is that this expansion of consumption will expand aggregate demand.

**Table - 4.1**  
**Costs and Benefits of Migration**

Items	Amount (Tk.)	Percent of Total
<b>Costs of Migration</b>		
1. Passport	1877	1.99
2. Migration/Visa Fees	66290	70.19
3. Medical Tests	286	0.30
4. Air Fare	23477	24.86
5. Clothing/Other Preparation etc.	1368	1.45
6. Others	1145	1.21
<b>A. Total Costs</b>	<b>94442</b>	<b>100.00</b>
<b>Benefits of Migration</b>		
1. Recurrent Household Consumption	97256	36.50
2. Purchase of Agricultural Land	26398	9.91
3. Purchase of Homestead Land in Village	22238	8.35
4. Purchase of Residential Plot in Town	4762	1.79
5. Constructed/Extended/Repaired House	45574	17.11
6. Started Own Business/Shop	1238	0.46
7. Repayment of Loan	24471	9.18
8. Saving/Bank Deposit	6844	2.57
9. Electronic Appliances	4078	1.53
10. Settlement of Cases in the Court	2048	0.77
11. Financed Migration of Other Family Members	6095	2.29
12. Jewellery/Furniture	8508	3.20
13. Wedding	11286	4.24
14. Treatment	1533	0.58
15. Others	4120	1.54
<b>B. Total Benefits</b>	<b>266449</b>	<b>100.00</b>
<b>Benefit-Cost Ratio (B/A)</b>	<b>2.82</b>	<b>-</b>

Source: Household Survey of Bangladeshi Migrants at the Place of Origin, 2000.

**Table - 4.2**  
**Annual Income of the Migrant Households by Sources**

Sources of Income	Income (Tk.)		Percentage Change	Percent Distribution	
	Before	After		Before	After
1. Agriculture	13661	12367	-9.47	25.45	14.83
2. Agricultural Wages	700	324	-53.74	1.30	0.39
3. Non-agri. Wages and Salary	22085	6692	-69.70	41.14	8.03
4. Business	12619	9476	-24.91	23.51	11.36
5. Remittances	3819	53695	1305.98	7.11	64.39
6. Other Sources	800	836	4.53	1.49	1.00
<b>Total</b>	<b>53684</b>	<b>83391</b>	<b>55.34</b>	<b>100.00</b>	<b>100.00</b>

Source: Household Survey of Bangladeshi Migrants at the Place of Origin, 2000.

**Table - 4.3**  
**Annual Expenditure of the Migrant Households by Sources**

Heads of Expenditures	Expenditure (Tk.)		Percentage Change	Percent Distribution	
	Before	After		Before	After
1. Food Expenditure	28103	31560	22.18	58.71	54.23
Rice	12377	12492	0.93	25.86	21.46
Other Food Items	15726	19068	21.25	32.85	32.76
3. Footwear/Apparels	2971	3792	27.62	6.21	6.52
4. House Maintenance	583	609	4.39	1.22	1.05
5. Educational Costs	3381	5126	51.60	7.06	8.81
6. Medical Expenditure	1173	2442	108.10	2.45	4.20
7. Social/Religious Costs	1829	2556	39.73	3.82	4.39
8. Electricity	1331	1462	9.80	2.78	2.51
9. Water, Gas, Fuel	1976	2483	25.65	4.13	4.27
10. Conveyance	1217	1554	27.70	2.54	2.67
11. Occupation Related	4390	5213	18.74	9.17	8.96
12. Cosmetics	823	1209	46.92	1.72	2.08
13. Other Costs	91	192	110.53	0.19	0.33
<b>Total Costs</b>	<b>47870</b>	<b>58197</b>	<b>21.57</b>	<b>100.00</b>	<b>100.00</b>

Source: Household Survey of Bangladeshi Migrants at the Place of Origin, 2000.

**Table - 4.4**  
**Sources of Financing Migration**

Sources	Amount (Tk.)	Percent of Total Fund
1. Own Savings	8357	9.31
2. Deduction from Salary	13024	14.51
<b>3. Sale/Mortgage of Assets</b>	<b>25600</b>	<b>28.52</b>
Sale of Land/House	17943	19.99
Sale of Ornaments	467	0.52
Sale of Other Assets	1952	2.18
Mortgage of Properties	5238	5.84
<b>4. Loan</b>	<b>31342</b>	<b>34.92</b>
Loan from Relatives/Friends	22580	25.16
Loan from Money Lenders	8095	9.02
Loan from Bank/NGOs	667	0.74
5. Others	11438	12.74
<b>Total</b>	<b>89761</b>	<b>100.00</b>

Source: Household Survey of Bangladeshi Migrants at the Place of Origin, 2000.

**Table - 4.5**  
**Land Ownership Structure of the Migrant Households**

Type of Land	Area (Decimal)		Percentage	Current Value (in Tk.)		Percentage
	Before	After	Change	Before	After	Change
1. Agricultural Land	84.60	84.11	-0.57	226262	218933.6	-3.24
2. Homestead Land	17.67	20.94	18.54	170552	195838	14.83
In Village	17.55	20.74	18.18	165333	186809	12.99
In Town	0.11	0.20	75.00	5219	9029	72.99
3. Non-agri. Land	2.00	2.10	4.76	10952	12000	9.57
<b>Total Land</b>	<b>104.27</b>	<b>107.15</b>	<b>2.77</b>	<b>407767</b>	<b>426772</b>	<b>4.66</b>

Source: Household Survey of Bangladeshi Migrants at the Place of Origin, 2000.

## CHAPTER 5

### WHAT WOULD HAVE HAPPENED TO MIGRANTS AND THEIR FAMILIES HAD MIGRATION NOT OCCURRED?

#### 5.1 Recapitulating Pre-migration Situation of the Respondents and Their Families in the Context of Increasing Youth Unemployment

Studies on international migration overwhelmingly concentrate on remittances while making impact analysis (Ashraf, 1981; Alam, 1982; Adams, 1991; Chouri, 1986; Grecic, 1990; Kandil and Metwally, 1990; Looney, 1990; Mahmud, 1991; Quibria, 1986; Stahl and Habib, 1989). Few studies looked into demographic, social and other non-economic dimensions of international migration (Arnold and Shah, 1986; Gulati, 1986; Siddiqui, 1986; Korale, 1983).

However, it is rare to come across with studies that postulate a scenario without overseas migration that is what would have happened to migrants and their families had migration not occurred. The study addresses this question with the help of demographic profile of the household including unemployment, labour market participation and dependency situation, poverty level and socio-economic status and the whole issue of migrants' fall back and the scope for reintegration once they return to the place of origin.

A large majority of migrants (71 percent) were youth and all of them were at their prime working age at the time of migration. They had on an average seven years of schooling and nearly 30 percent were either unemployed (15 percent) or students (14 percent). According to the World Bank estimates currently underemployment in Bangladesh have reached a quarter (World Bank, 1997). Although in the context of massive poverty open unemployment is low in Bangladesh but a disaggregation by age group reveals that the incidence of open unemployment is much more severe for youth. Rate of open unemployment is 9 times higher compared to the labour force aged 30+ for both sexes, nearly 11 times for males and 8 times for females (Masum, 2000). Of the total unemployed in Bangladesh, 86 percent are youth compared to 14 percent for those aged 30+ and this pattern prevails irrespective of rural and urban areas and gender.

Existing evidence suggests that youth labour force is highly concentrated in non-agricultural sector such as industry, construction and transport and communication. By way of contrast, excepting for the lower age-group the propensity to be engaged in agriculture increases with age (Masum, 2000). However, trend in the sectoral distribution of employment between 1989 and 1995/96 suggests that whilst 1.9 million labour force were added to agricultural sector, industrial employment shrank by 2.4 million. The decline is caused mainly because of shrinking employment

opportunities in the manufacturing sector in rural areas although it increased significantly in urban areas during the same period. The prospects for employment for educated youth is even worse. Unemployment rate for the labour force with SSC and HSC certificate increases three times from 3.7 percent to 10.3 percent between 1989 and 1995/96. During the same period there was remarkable increase in graduate unemployment rate from 3.9 to 9.2 percent (Table 5.1). The situation is particularly worse in rural areas and among women. For these two groups unemployment rates increases by 3 and 5 times in rural areas (that is from 3.6 percent and 2.5 percent to 11.8 and 12.7 percent) during the same reference period.

Although educated women lagged behind their male counterparts in terms of employment opportunity, the situation has slightly improved for women with tertiary education. By way of contrast, there was massive rise in unemployment rate for high school passed women particularly in rural area.<sup>17</sup> Drop in unemployment rate for women particularly in urban area indicates that the apparels sector has played positive role in this regard. However, this is a tiny drop in the turbulent ocean of youth labour force who have bleak future in terms of productive employment and in the context of growing lure from muscle power, drugs and cheap entertainment sources. Micro-credit programs by NGOs and Grameen Bank created employment opportunities for 8 million borrowers and their family members but the youth or new entrants to the labour market did not benefit significantly from those programs. Whilst some of the NGOs also run market oriented skill development programs for the youth they only reach a fraction of the youth population. From the government side, skill development programs of the Directorate of Technical Education and BMET are "small in scale, deficient in quality and are hardly responsive to emerging trends in the job market" (Masum, 2000).

Lack of adequate employment opportunity along with declining trend in the real wage in rural areas contribute to the persistent poverty and increase in the absolute size of the poor population. Existing estimate by the World Bank suggests that real agricultural wages fell in rural areas and the decline in more severe in depressed regions such as Rangpur than more affluent regions like Dhaka and Chittagong. According to the same source between financial year 1986 and 1993, real wage of a rural worker in Rangpur fell by 48 percent, and 21 percent and 9 percent decline are noted for their counterparts in Chittagong and Dhaka respectively. The fall in real agricultural wages suggests low economic growth and the demand for labour has been insufficient to absorb new entrants into the labour force.

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<sup>17</sup>. Unemployment rate for this group was zero in 1989 and 15% in 1995/96 in rural areas. For their male cohorts the unemployment rate was estimated at 4.3% and 10.9% respectively during the reference years. By way of contrast unemployment rate for graduate women was 17.1% and 16.7% respectively in rural and urban areas in 1989 which stood at 15.3% and 15.4% respectively (BBS, 1996, 1992).

## 5.2 Demographic Profile of Migrant Households

Household data also confirm declining opportunity for employment of new entrants in rural areas in a number of ways. Table 5.2 and 5.3 show at the time of migration, respondents predominantly represented youth group (72 percent) and a large majority migrated precisely for better employment opportunity (80 percent). It may be noted that a sizeable proportion of youth male migrants that is 37 percent were either unemployed or students prior to migration followed by those who were self-employed (33.3 percent) and employed (29.6 percent) prior to migration. By contrast, the adult group (30+ age-group) were largely self-employed (46 percent) followed by employed person (42 percent) and only 12.5 percent were unemployed at the time of migration. Women migrants were younger than their male counterparts and almost all of them were employed in garment factories prior to migration.

Composition of migrant households reveals some contrasting characteristics. Generally they are marked by lower sex ratio than an ordinary household in rural area. Sex ratio for the sample households is estimated at 87.5 compared to 103.4 for rural areas (BBS, 1998). Age and gender wise distribution of migrant household shows a reverse M pattern where except for two peaks that is under 20 and 65+, there is predominance of female over male members, particularly for 20-24 age group the heaviest concentration of women members, could be observed (Figure 5.1). One possible reason was early marriage of male migrants. Between 25 and 29 years three-quarters of male migrants got married prior to migration. By contrast, the figure comes down to three-fifths for the ordinary Bangladeshi men of same age group (BBS, 1998). Other noticeable features of migrant household is paradoxical co-existence of active age and ageing population in significantly higher proportion than that of an ordinary household in rural areas. This can be explained by higher prevalence of joint and extended types of family with more than two adults in those households than what is commonly found in rural area. Unlike the existing patterns of family composition, only a quarter of migrant households at their areas of origin can be characterized as nuclear. Existing estimates suggest that nuclear families constitute nearly half of the total households in rural areas and is higher in the case of poorer families mainly because of increasing landlessness and land fragmentation. By contrast, migrant households are characterized by predominance of joint and extended types of families. Subsequently, they have larger family size and higher proportion of ageing population than the rural average. Gulati (1986) observed that migration increased dependence on family networks in Indian State of Kerala: the need for family support to meet the initial cost of migrations and (ii) the dependence on the family to provide necessary support and protection for the family members in the absence of the migrant.

### 5.2.1 Dependency and Labour Force Participation

Active and ageing (60+) population constituted 62 percent and 13 percent of the total population of migrant households as opposed to 53 percent and 6 percent of their

age-cohorts of rural area (BBS, 1998). Such a large base of active age population yields to a significantly lower demographic dependency ratio at 61.69 percent for the sample households than the latter category for which it is estimated at 90.5 percent. What is intriguing to note is remarkably lower labour force participation rate obtained from the sample households compared to rural household in general. Refined LFPR is estimated at 19 percent and 48.9 percent for the two categories of households respectively. This can be explained by relatively low participation of active age women in labour market and concentration of student population in the sample households which is higher than the general pattern found among rural households.

Out of 184 women of active age only four women were employed and excepting three none were seeking employment either. They were largely reported to be housewife who constituted three quarters of the active women in migrants household in origin followed by a fifth of those who were current students. It is likely that overseas migration by male members is increasing their domestic burden since they have to look after a large family of extended kins. This aspect needs to be studied as to whether international migration by menfolk increasing women's workload or it is prosperity induced domestication of women. The bulk of their male age cohorts (nearly half) were current students followed by employed category (41.6 percent). Please note that nearly 70 percent of employed members of migrant's families are self-employed as opposed to 44 percent of their age cohorts in rural area (Table 5.4). In contrast to the high labour force participation rate (LFPR) obtained from the existing estimates (BBS, 1996) for active men in rural area (78.8 percent), it is almost half for male and negligible for female members of migrant households. Paradoxically unemployment rate among the active male member of migrant households is worked out at around 10 percent which is much higher than their age-cohorts in rural areas and a reverse pattern is observed in the case of female members. Had overseas migration not occurred it might not be very difficult to say that the sample household could not afford either to finance the education of such a large number of members or to keep them as unemployed or housewives. This becomes clearer if one makes a comparative analysis of pre and post migration condition of migrant households in terms of composition of household income and its fluctuation across income categories.

### **5.3 Income and Poverty Situation**

Prior to migration, migrant household were heavily dependent on agriculture. More than two-thirds of these households derived their main income from agriculture. Next in descending order is the service sector that constituted main source of income for nearly a fifth of the migrant households (Figure 5.2). Although a quarter of migrant households derived secondary income from remittances which constituted main source of income only for a fraction of those households. There are some notable changes in the income situation that occurred as aftermath of respondent's departure

to the UAE. One of the most visible changes in this regard has been emergence of remittances as the main source of income for nearly every third of migrant households. As a second source, its coverage is even more wide-spread as it covered nearly three-quarters of those households. Subsequently, there is significant decline in the number of households that derived main income from agriculture and services sector.

Side by side there is big jump in the number of households having second and third sources of income from 56 percent to 85 percent and 5.9 percent to 27 percent respectively. Despite its severe drawbacks, reported income of migrant households clearly indicates the importance of overseas migration in improving household's income situation.<sup>18</sup> A strong positive correlation has been found between remittances and household income which is statistically significant at .001 per cent level. The proportion of households earning up to Taka 6000 per month or barely over US \$ 100 (or exactly US \$ 111 following the current conversion rate) were 70 per cent prior to migration which squeezes to 18 percent after migration<sup>19</sup>. Paradoxically migrant households experienced enormous expansion of their income base during the post migration period (Table 5.5). For example households having more than Taka 10,000 as monthly incomes expanded five times from 9 to 45 per cent compared to its position in pre-migration period. Currently a fifth of the migrant households have monthly income between Taka 20,000 and 30,000 compared to a solitary household prior to migration of the respondents. Expansion of income base leads to a dramatic improvement of the household's poverty situation.

Existing estimates drew poverty threshold income at Taka 567 on a per capita basis for rural households in the year 1995-96 (Ravallion and Sen 1996). Median years of duration since migration in UAE the present study was 4 years. Discounting four years from the period of the survey (that is the year 2000), 1996 was considered to be a proxy indicator of pre-migration year for making poverty estimates. In 1996 average family size of migrant households was 5.7 and hence their poverty line income at household level was estimated at Taka 3231.9. After adjusting for inflation @ 4 per cent per annum and taking into cognizance of current family size of migrant households, poverty line income is estimated Taka 4275.18 for those household during post-migration period. A household having income below Taka 3232 and Taka 4276 were identified as moderately poor for pre-migration and post-migration period respectively. Table 5.5 shows that 21 per cent of the migrant households were moderately poor prior to overseas migration by the respondents. In the post-

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<sup>18</sup>. Reported income is notorious for underreporting and it often suffer from recall bias and inadequate precision.

<sup>19</sup>. Under the current conversion rate which become operative since the third week of August are US dollar is equivalent to Taka 54.

migration period the proportion of such households slashed down dramatically to seven per cent.<sup>20</sup>

Table 5.5 also suggests that poverty incidence in migrant households is not as high as found in rural areas. However, it is now widely acknowledged that the aggregate value of head-count index (HCI) measured at national level masks significant variations at the district level. Existing estimates suggests that Dhaka, Chittagong and Noakhali had HCI value lower than 30 percent (BBS, 1996, Sen, 2000). Being exclusively drawn from these districts, it is obvious that migrant households experienced lower incidence poverty than the national poverty level. Continuous flow of remittances might have reduced severity of poverty in these districts.

The question arises how much time it took for the household to graduate from poverty line? Whether overseas migration by the migrant was the major factor behind it? If poverty was not so wide-spread then would it really matter had there been no overseas migration?

#### **5.4 Remittances, Poverty and Income**

Table 5.6 shows clearly that those nearly a third of migrant failed to send poverty line income for the family and except 15 percent, they are all recent migrants. After 3-4 years of migration, average size of remittances reaches Taka 7313.33 per month for male migrant. As the female constituted only 8 percent of total migrants, hence often it was not possible to establish gender disaggregated patterns. Like income one fails to see any influence of migrant's occupation on remittances pattern with one exception. This exception relates to intensity of concentration of recent migrants in irregular types of jobs. Since very recent migrant are heavily concentrated among part time workers who do not have any work permit, remittances sent by nearly two-thirds of respondents from these categories are among lowest compared to other occupational groups.

Role of remittances in the alleviation of poverty could be clearly observed from the fact that four out of six household that had below poverty level income belonged to those respondents who remitted smaller amount than the poverty threshold income. Other two households that fall below poverty level income category had not received any remittances at all.

Size of monthly remittances increases dramatically from Taka 3333.30 per month to Taka 5217.80 showing about 57 per cent increase within a span of first five years. In the next five years also it increases substantially by 57 per cent after which however it increases only marginally. From the size of remittances, one might observe that it takes more than four years to send remittances that can help keep the household out of poverty threshold if it is dependent solely on respondents' remittances.

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<sup>20</sup>. The inflation rate is derived on the basis of revaluation of dollar between 1996 and July 2000 since the bulk of the survey was completed by July 2000.

## **5.5 Migration and Human Development**

Had migration not occurred it is likely that a sizeable proportion of households would remain under the threshold of poverty which had been demonstrated clearly with pre and post income situation of migrant household. All but six respondents sent remittances last month to their families and most of them remit regularly on a quarterly basis. Average size of the remittances sent is estimated at Taka 6527.10 per month or US \$ 128 which constitutes 44 per cent of their overseas income 51.58 per cent of their family income at origin on an average. As mentioned in Chapter 3, size of remittances varies greatly by their expenditure pattern and types of liability at destination and also year of migration. Those who did not send remittances yet constituted predominantly of recent migrant (two-thirds) who came to UAE for the last two-three months (taking the period of survey as the reference point). Duration of migration exerts strong positive influence on the size of remittances which is found statistically significantly at .001 percent level. Excepting a few cases, remittances of the respondents contributes between a quarter to 100 per cent of their household income at the place of origin. Size of the remittances constitutes less than half of their household income in the case of nearly a third of the respondents and more than three-quarters of them were the recent migrant whose duration in UAE varied between less than one year to five years. Subsequently size of remittances and its share to household income appears to increase with the longer duration of respondent in the place of destination. For example, half of those respondents whose remittances contribute between 75 and 100 per cent of their household income migrated to UAE for more than 10 years.

### **5.5.1 Human Capital Development**

Apart from income poverty, there would be little scope for human development as found under current situation and hence, there would have been deterioration of human stock which is dangerous both in terms of poverty and moral degradation. It should be noted that more than 80 per cent of the respondents were exposed to formal schooling and had secondary and above level of education which is much higher than what is commonly found in rural areas where majority of the labour force (nearly half) are illiterate. Similarly, at the tertiary level when enrolment rate for 16-24 age-group generally squeezes to 11 percent from 49 percent for secondary school age cohort (11-15 age-group) (Alam and Mia, 2000), enrolment rate for those age cohorts in migrant households are estimated at 88 percent and 24 percent respectively.

Obviously strong history of out-migration from migrants' areas of origin played an important part. In the context of growing competition for Middle-Eastern job among South Asian neighbours, one might explain higher enrolment rates found at tertiary level. As indicated earlier in this section, a large majority of migrants perceived secondary plus education and technical skills as the most important pre-requisites for

the prospective migrants and subsequently, these households are characterized by disproportionately large base of educated person power compared to rural households in general.

Had migration not occurred, both incentives and funds for investment on Secondary plus education might have been suspended jeopardising the scope for human capital development. With poor quality of human capital and lack of adequate market opportunities to effectively utilize the existing stock of human capital, economic growth of the country would have been arrested further.

Increasing incidence of drug abuse by youth and their involvement in anti-social activities is often traced to accumulated frustration generated by a long period unemployment experienced by the educated youth (Masum 2000). There is a vast pool of unemployed youth who are often used by the political parties to materialize their interest by means of violence. Backed by their political god fathers this reserve army of youth is resorting to violent means to materialize their own or their supreme command's narrow interest. As a results violence of various forms is on alarming rise in the society shattering completely country's law and order situation. Had migration not occurred unemployed youth migrant and some of their educated unemployed family members might have swelled the rank of unemployed and the mastaan.

### **5.6 The Issue of Migrants' Fallback and Reintegration after Return**

Under the existing arrangement it is important to examine the issue of reintegration of migrant once their contract is over. This would help to understand whether the respondent would have been better off or worse off had he not migrated to overseas. The issue of reintegration would be addressed with the help of subjective data on their future plan and quantitative data on the purpose of sending remittances and its use. Remittances related data would be used to seek answer as to whether migrant themselves or their families generate enough savings or expanded their productive assets to help migrant in the process of reintegration once they return to their place of origin. A recent study by Murshid et al (2000) revealed that unemployment is very low among return migrant contrary to some of the findings in early 1990s which shows a very high level of unemployment among the unskilled and semi-skilled return migrants which is even higher compared to their pre-migration situation (Mahmud, 1988).

Apart from their own savings which ranges from US \$ 10 to 274.50 approximately with an average of US \$ 82, nearly half of the migrant households at origin also generated savings in the last years. Issues of savings and productive use of remittances are important for a number of reasons. First, most of the migrant have had no bank account in their own name in their areas of origin. Hence they channelize the bulk of their income ranging between 40-57 per cent through other members account. Second, nearly 90 per cent of the respondents wanted to return to

Bangladesh and start business upon return. Obviously how far they would be in a position to materialize their future plan depends on their savings and asset base. It is important to examine if those resources are invested in building productive assets. Existing literature reveal that remittances are largely used for direct consumption and in the procurement of consumer durables and as a result upon return they often do not have substantial resources to fall back on (Mahmood, 1991)

However, the term productive still remained controversial. Consumer durables are often considered as unproductive because these do not generate any income on a sustained basis (Mahmood and Osmany, 1980). Paradoxically because of their saleability they are also considered productive (Mahmood, 1991). Study by Murshid et al. (2000) shows also contradictory evidence on fall back position of return migrant which is found to be higher in terms of landed assets compared to current migrant households. They also found that income generated from rent, business, livestock and other non-crop as well as crop sectors is higher for the former than the latter category It indicates greater scope for reintegration of return migrants which needs to be examined from findings of the present study. Findings of the study on purpose of sending and actual use of remittances reveal some interesting patterns. More than 90 per cent of the respondents claimed that they sent remittances mainly for family maintenance. A third of them also remitted for building productive assets such as land and generating savings and new business. Repayment of loan also emerged as an important purpose since indirectly it helps to enhance family income and recover assets such as mortgaged land.

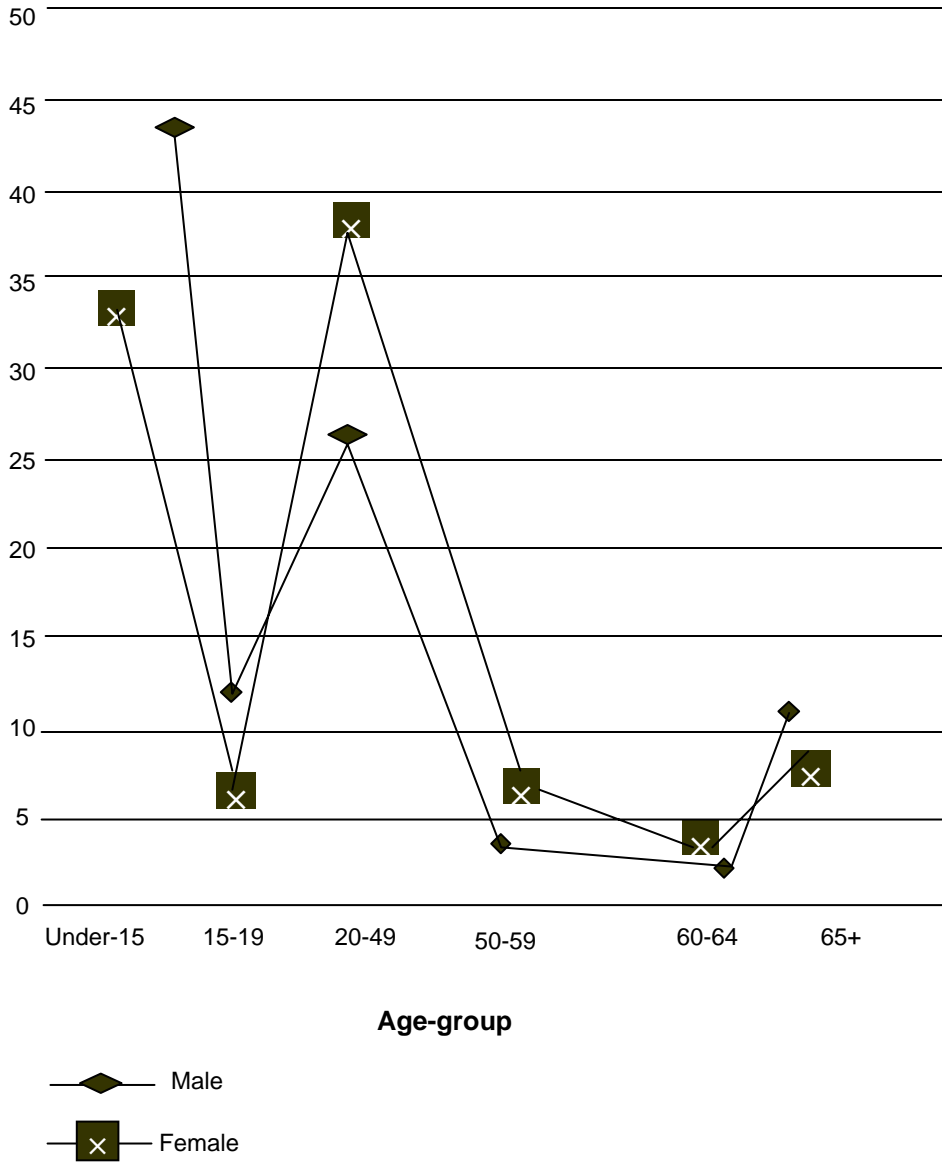
Despite the weaknesses of the recall biases, household data on use of remittances reveal clearly that more than 80 percent of the households had productive or profitable assets to bank on after their migration. These include mainly having agricultural or residential land and house, savings in the form of fixed deposit, and house, business as well as occupational implements. Investment in housing is often considered as unproductive. However, contrary to this notion increasingly shelter serves the storage function for the family based enterprises and even a part of it is used as shop for petty trading of retail goods or as tea or pan shop. Those who do not have productive/profit generative assets also had hard cash with them as savings to rely on once they return home. Except nearly a tenth of the households which were not benefited from the overseas migration average value of assets is estimated at US \$ 2704.91 after discounting for the investment on unproductive sectors such as loan repayment, marriage ceremony, clothes and electrical gadgets and medical expenses.

Findings of the study show that excepting a few part-time workers who are mostly involved in construction sector and menial job (carton picker), all other categories of workers reported three years tenure of their job contract. Almost 90 per cent of them also reported that their contract is likely to be renewed and hence a large majority of

migrants would be these for another three to five years period at the minimum. Obviously, they would have greater opportunity for sending remittances and generating savings. As discussed in Chapter 3, on an average they save nearly a quarter of their income which they often keep in their own account in destination and intensity of savings often depends on their expenditure pattern at destination and liabilities at origin. Generally savings as percentage of income does not increase with longer duration with a few exception. One of this relates to those migrants who went to UAE since less than one year could hardly generate any savings. Second although proportionately savings tend to increase after five years of stay in UAE but this does not hold for those migrants who went there since 10 years and/or before.

Hence both from of productive assets and from magnitude household that did not benefit from migration one might estimate that around 85 percent of the households have some form of productive assets. From the savings of the respondents almost a similar proportion of migrants reported to have savings at destination. After discounting for crisis situation such as food, death, accident and other health hazards plus social problems such as theft, rent seeking etc one might say that between three-quarters to four-fifths of the migrant are likely to have some means to fall back once they return home. It is interesting to note consistency between the above estimate and respondents subjective perception of their situation had migration not occurred. Four out of five of them perceived worsening of their situation had migration not occurred to them. However, sectoral variation in this regard should be noted carefully. Those who opined worsening of situation without migration were all from municipality, formal sector and business followed by more than four-fifths from manufacturing, three-quarters from informal services and two-thirds from construction sector. Three-quarters of the part-time or irregular workers, one-third of the construction labours and a quarter of workers from informal services sector, especially private agricultural workers perceived that their situation would have been same or better off had migration not occurred. Pre-migration conditions and post-migration entitlements influence the gains of migration. Whilst family's resource endowment is a complicated issue involving both endogenous and exogenous factors, clearly there are some strong exogenous factors where state and government machineries in collaboration with NGOs and private sector can intervene to ensure legitimate entitlements for the migrants. This will be discussed in the next chapter.

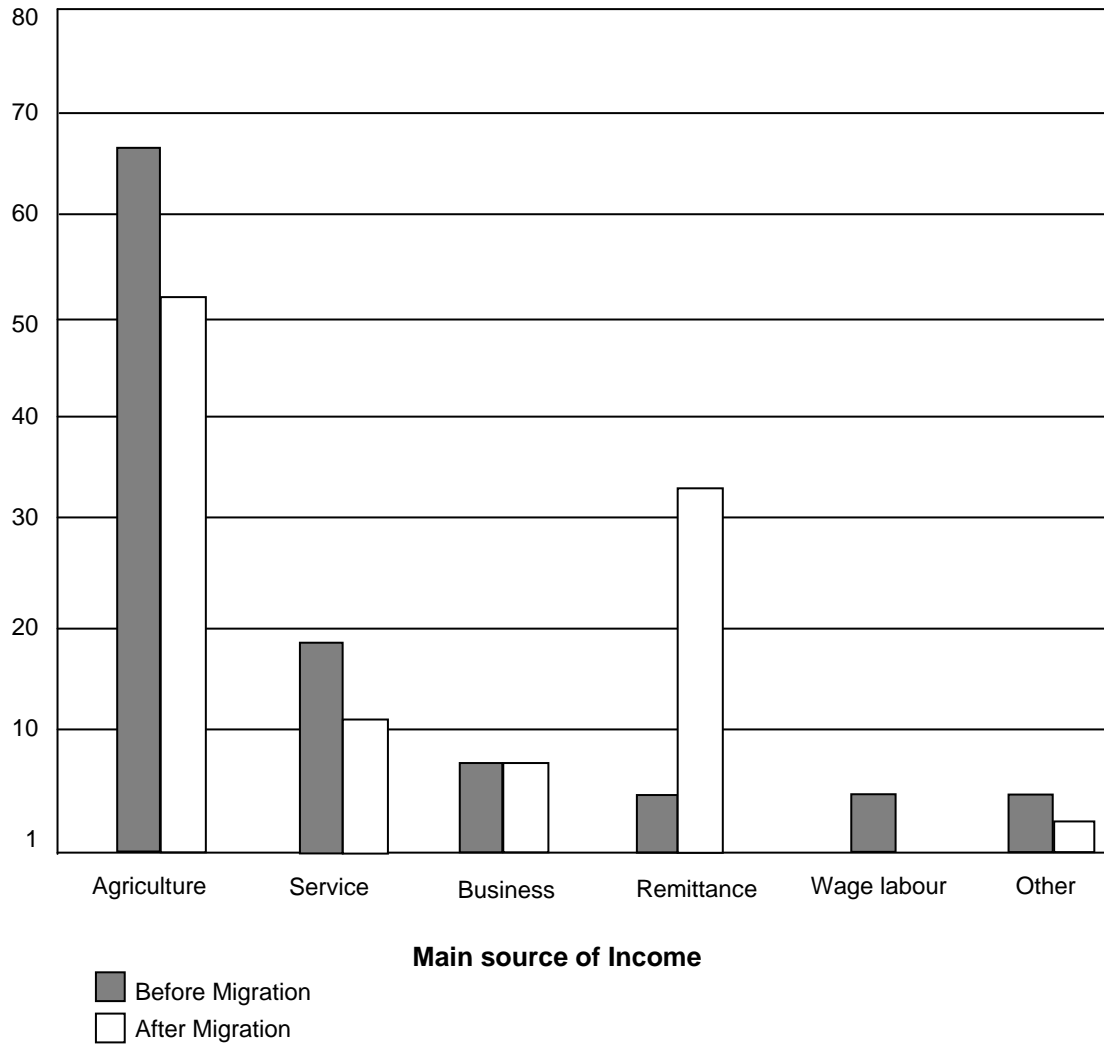
**Figure - 5.1**  
**Distribution of Members of Migrant House holds by Age-group and Gender**



Source : Household survey of Bangladeshi Migrants at the place of origin, 2000.

Figure - 5.2

**Distribution of Respondents' Household in Area of Origin by Main Sources of Income Before and After Migration of the Respondent**



Source : Household Survey of Bangladeshi Migrants at the place of origin, 2000.

Table - 5.1

**Unemployment Rates by Level of Education, Sex and Residence**

Level of Education	1989						1996					
	Bangladesh			Rural			Bangladesh			Rural		
	Both sex	Male	Female	Both sex	Male	Female	Both sex	Male	Female	Both sex	Male	Female
Total	1.2	1.3	1.1	1.0	1.0	0.9	2.5	2.7	2.2	2.1	2.2	1.9
No education	0.9	0.8	0.9	0.8	0.8	0.9	0.7	0.6	0.8	0.6	0.5	0.7
Below class X	1.3	1.3	1.3	0.9	0.9	1.0	3.0	2.9	3.3	2.6	2.4	3.0
SSC & HSC & equival.	3.7	3.9	1.8	3.6	4.3	0.0	10.3	9.7	12.9	11.8	10.9	15.0
Degree & above	3.9	2.3	16.9	2.5	1.4	16.7	9.2	8.4	15.2	12.7	12.7	15.4
Others*	2.6	2.9	0.0	0.0	0.0	0.0	-	-	-	-	-	-

\*Others: Diploma + Madrasah & other education. Please note that this category is missing in the 1995-96 labour force survey.

Source: BBS, 1992, 1996.

**Table - 5.2****Distribution of Respondents by Pre-migration Age-group and Reasons for Overseas Migration**

(Figure in percent of row total)

Age-group	For better income	For betterment of the family	Lesser working opportunity at home	Due to unemployment	Others	All (numbers)
15-19	77.8	-	-	22.2	-	9
20-29	63.6	11.5	9.6	7.7	7.7	52
30-39	73.9	8.7	4.3	8.7	4.3	23
40+	-	-	100	-	-	1
All	67.0	9.4	8.2	9.4	5.9	85

Source: Survey of Bangladeshi migrant labours at UAE, 2000.

Others include "to ensure own and children's' security" which was expressed by women respondents only. It also includes fulfilment of long-cherished desire which was expressed as reason for migration by two male respondents.

**Table - 5.3****Percentage Distribution of Migrant by Pre-Migration Age Group and Employment Status Prior to Migration**

Age-group	Service	Self- employed	Unemployed	Student	Housewife	All (Number)
15-19	22.2	11.1	22.2	44.4	-	9
Male	12.5	12.5	25.0	50.0	-	8
Female	100.0	-	-	-	-	1
20-29	38.5	32.7	13.5	13.5	1.9	52
Male	32.6	36.9	15.2	15.2	-	46
Female	83.3	-	-	-	16.7	6
30-39	43.5	47.8	8.7	-	-	23
Male	43.5	47.8	8.7	-	-	23
Female	-	-	-	-	-	-
40+	-	-	100.0	-	-	1
Male	-	-	100.0	-	-	1
Female	-	-	-	-	-	-
All	37.7	34.1	14.1	12.9	1.2	85
Male	33.3	37.2	15.4	14.1	-	78
Female	85.7	-	-	-	14.3	7

Source: Survey of Bangladeshi Migrant Labour at UAE, 2000.

**Table - 5.4****Distribution of Active Age Members of Respondents' Households (11-59) by Gender and Employment Status**

<b>Employment status</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Service/employed	18 (13.1%)	4 (2.2%)	21 (6.5%)
Self-employed	39 (28.5%)	-	39 (12.1%)
Unemployed	13 (9.5%)	3 (1.6%)	16 (5.0%)
Retired	6 (4.4%)	2 (1.1%)	8 (2.5%)
Student	62 (45.3%)	38 (20.7%)	100 (31.2%)
Housewife	-	137 (74.5%)	137 (42.7%)
<b>All</b>	<b>137</b> <b>(100.0 %)</b>	<b>184</b> <b>(100.0 %)</b>	<b>321</b> <b>(100.0 %)</b>

Source: Survey of Bangladeshi Migrants Labour at UAE, 2000.

**Table - 5.5****Distribution of Respondents' Households by Income Categories Before and After Migration of Respondents**

<b>Monthly Income</b>	<b>Before migration</b>		<b>After migration</b>	
	<b>No. of households</b>	<b>Percentage</b>	<b>No. of households</b>	<b>Percentage</b>
<b>Less than 3231.9</b>	<b>18</b>	<b>21.2</b>	<b>3</b>	<b>3.5</b>
<b>3232 - 4275</b>	<b>16</b>	<b>18.8</b>	<b>3</b>	<b>3.5</b>
4276 - 6000	26	30.6	9	10.6
6001 - 10000	18	21.2	30	35.3
10001 - 15000	5	5.9	20	23.5
15001 - 30000	2	2.3	19	22.3
30000 +	-	-	1	1.2
<b>All</b>	<b>85</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>

Source: Survey of Bangladeshi Migrants Labour at UAE, 2000.

**Table - 5.6**  
**Distribution of Migrants by Size of Remittances and Average Size of Remittance by**  
**Year of Migration and Occupation of the Respondents**

<i>Length of Migration</i>	<4276	4276-6000	6001-8000	8001-10000	10001+	All (Number)	Average size of remittances (Taka)
<1 year	50.0	50.0	-	-	-	6	3333.3
1-5 years	42.2	31.1	11.1	13.3	2.2	45	5217.8
6-9 years	18.2	27.3	18.2	18.2	18.2	11	8181.8
10+ years	8.7	34.8	8.7	17.4	30.4	23	9130.4
<i>Occupation group:</i>							
Municipality	50.0	33.3	16.7	-	-	6	4500.0
Formal service	-	16.7	22.2	38.9	22.2	18	9833.3
Informal service	28.6	52.4	14.3	-	4.8	21	5600.0
Construction	54.5	36.4	9.1	-	-	11	4000.0
Manufacturing	30.8	46.2	-	15.4	7.7	13	5576.9
Small business	-	12.5	-	37.5	50.0	8	12375.0
Others	87.5	12.5	-	-	-	8	2212.5
<b>All</b>	<b>30.6</b>	<b>32.9</b>	<b>10.6</b>	<b>14.1</b>	<b>11.8</b>	<b>85</b> <b>(100.0 %)</b>	<b>6527.1</b>

Source: Survey of Bangladeshi Migrant Labours at UAE, 2000.

**Table - 5.7**  
**Contribution of Remittances to Monthly Income of Respondents Households at Areas of**  
**Origin by Duration of Migration of Respondents**

(Figures in percent of row total)

<b>Contribution of remittances to H.H Income</b>	<b>&lt;1 year</b>	<b>1-5 years</b>	<b>6-9 years</b>	<b>10+ years</b>	<b>All (Number)</b>
<25	12.5	75.0	-	12.5	8
25-49	5.0	70.0	15.0	10.0	20
50-74	3.4	44.8	13.8	37.9	29
75-100	-	36.4	13.6	50.0	22
No remittances	50.0	16.7	16.7	16.7	6

Source: Survey of Bangladeshi Migrant labours at UAE, 2000.



## CHAPTER 6

### ADDRESSING POLICY ISSUES

#### 6.1 Major Issues and Recommendations

International migration in Bangladesh has been dominated by temporary migration of unskilled and skilled labour to the Middle East. Like micro-credit and export of ready made garment, export of manpower in Bangladesh was largely channelized under the ægis of private initiative of friends and relative followed by private recruiting agencies. Secondly, a large chunk of overseas labour represent the poor segment of the country like the RMG workers and micro-credit borrowers. Therefore remittances received by the country are generated by the sweat and blood of underprivileged class of the society.

Although Bangladesh was a late starter in the race of manpower export to the Middle East as compared to other South Asian countries, nonetheless it achieved considerable success in terms of export of manpower and earning foreign exchange through workers' remittances. A review of international migration situation reveals that overtime mobility of semi-skilled and unskilled workers gained unprecedented mobility whilst export of professionals to the Middle East dropped. However, it did not affect the flow of remittances; rather contribution of remittances to country's GDP and trade deficit increased significantly over time. This is mainly because it is the unskilled, and semi-skilled labours who channelize their remittances through national banks.

The officials of the Janata Bank at Abu Dhabi disclosed during an interview with the research team that more than 90 per cent of the remitters in UAE are labours. White collar job holders do not generally remit through government bank. They rely mainly on *hundi* system of transfer of money. Whatever money they remit through Janata Bank goes mainly to Western country to finance education of their children. It brings forth the twin issue of making banks more efficient and attractive than its current level and providing incentives to migrant labour whose remittances constitute cheap and an important source of foreign exchange. The first issue relates to the context where Bangladeshi national banks are competing with banks and foreign exchange bureau of the host country that are computerized, flexible and cost-effective. As a result they are more efficient and can offer better rates than a Bangladeshi bank could possibly do. It may not be out of place to mention that Janata Bank in UAE have four branches and 54 staff members but it got only eight computers (PC) since June 1999. Obviously its productivity and efficiency have been hampered to a great extent. For example, with the arrival of PC, bank staff prepare about 100 demand drafts per day. Prior to that they could prepare only 60 drafts manually. Moreover

Janata Bank could partially computerize its transaction that is only the remittances with the help of those computers.

Similarly, Janata Bank officials demanded flexibility in determining the exchange rate with a guideline from the Bangladesh Bank indicating broad range to be followed. Currently they follow a flat rate imposed by the Bangladesh Bank which makes them less competitive and in this process they lose a good number of customers who are attracted by higher exchange rates offered by private exchange houses. On the issue of incentive, many overseas workers particularly long-term migrants demanded that those who channelize their remittances through national banks should be given a slip or letter that would exempt them from paying tax on taxable items and entitle them to get loan for productive venture upon their return.

Although skill levels do not impinge on flow of remittance, nevertheless findings of the study reveal clearly that it gives them leverage in UAE's labour market to get more secured job. The study further reveals that skills or higher level of education among labourers do not necessarily lead to enhanced income but ensures better working and living conditions at the destination compared to their compatriots who have no skills and lower levels of education. Nearly half of the workers who acquired skills prior to migration did so largely from private institutions and due to their exposure to the same job. During field work it was observed that some travel agencies also run training courses on garment in Dhaka. Besides there are more than 200 private trade schools operating in different regions of the country. These schools emerged to meet demands of the Middle-Eastern labour market and they offer non-formal and short duration training courses which were availed by a large number of respondents. Training organized by BMET and Directorate of Technical Education (DTE) often fail to meet the needs of the labouring class who want short term and flexible types of training schedule particularly for jobs in the construction, maintenance and manufacturing sector. Construction sector is booming and it generates demand for overseas labour. Even those migrants who do not have regular work permit also get job in this sector. Metal works and apparels generate consistent demand for Bangladeshi labour and so is the maintenance sector. It is important for BMET and DTE to tune its training program in this direction. With the booming IT field, some of the workers also demanded training in the field of computer and electronics.

Increasingly younger, more educated and skilled people are migrating to UAE in the last five years compared to their compatriots who migrated for more than a decade. Paradoxically there is increase of part time and undocumented workers among recent migrants. It shows clearly that despite demand for migrant labour, market for more secured jobs is becoming more competitive. Moreover, predominance of informal sources as channels of overseas migration and prevailing ignorance about the labour laws of the host country and the role of Bangladeshi diplomatic mission over there, leave rooms for fraudulent and corrupt practices. The direct cost of migration as emerged from the study has been Taka 95,000 on an average. From

the field visit in UAE and interview with workers and relevant authorities it was observed that visa fee and one way air-fare should not cost more than Taka 15,000 and 17,000 per person respectively. The study shows more than Taka 90,000 is misappropriated by the private recruiting agency mainly in collaboration with employers in the name of visa fee and airfare. These parties also reported to give a share to the Labour Ministry of the host country to get work permit and to some officials of the Bangladeshi Mission at UAE and a regular share to BMET which renews license of the private recruiting agencies. On the one hand, private recruiting agencies are considered as "necessary evils" because they opened the door of overseas employment for the poor and unskilled labours who were not covered by official agencies. On the other hand, corruption related to work permit and visa fee are so wide-spread and deep rooted that legislative measures alone are not likely to succeed to deal with them. Under the circumstances, it may not be unrealistic to expand the profit margin of official recruiting agencies up to Taka 25,000 provided they serve as the links between employers and unskilled and/or semi-skilled workers. Second, staff and officials of Bangladeshi Mission in GCC countries should have non-renewable tenure for not more than three years to minimize the scope of corruption. Finally a high powered audit body should be formed with the representatives of National Board of Revenue, Bangladesh Bank, Ministry of Labour and Employment, and Representative of Auditor and Controller General's office to audit the income and expenditure of private recruiting agencies and BMET's licensing practices after every three years. Considering the national importance of overseas migration such a step is proposed.

Bangladeshi workers are also cheated in terms of their nature of job and entitlements. Nearly two-thirds of the respondents did not have their contract prior to migration. Among those who heard or saw their contract prior to migrants nearly half found discrepancy between the actual wage and working condition and those stipulated under the contract. Bangladeshi diplomatic mission receives plenty of such complaints. However if the worker is not recruited by a corporate sector and he fails to produce adequate evidence of discrepancy, he is not covered under existing legal protection of the host country. In this process a large number of workers with low income, skill and educational background who made their passage to UAE through relatives, friends and private recruiting agencies remained outside legal protection. Considering their important contribution to their family and the country's economy, it is important that 42 District Employment and Manpower Office (DEMO) of BMET should be reorganized to have members of local NGOs and representatives from returnee migrants who should give necessary information about labour laws of the Middle-East and workers' rights, entitlements and necessary steps to be taken prior to migration. At the Zia International Airport, Civil Aviation Authority should open a "help window" in collaboration with Ministry of Labour and Employment for Bangladeshi labours going abroad to check their visa status, contract and more

importantly to save them from undue harassment at the airport. During visit to UAE, many respondents told their sad experience. The very utterance of the word "Middle-East" or "Dubai" or "Abu Dhabi" often lead to extortion and they end up paying bills and taxes which they are not supposed to pay. After their arrival at destination there should be a system of registration with the Bangladeshi Mission which could deploy few staff at Dubai and Abu Dhabi International Airport to help labourers meeting formalities and for registration. It is important to recapitulate that the post of the Labour Attaché has been created to look after the welfare of the migrant labours. Hence labourer should have easy access to those missions and their wellbeing should get the highest priority. In this context regular inspection of particularly garment factories by Labour Attaché and deployment of lawyer on a regular basis to deal efficiently with litigation cases are some of the steps to be undertaken on urgent basis.

In the bi-lateral agreement of labour export Bangladeshi government must emphasize on legal protection for labourers working in the non-corporate sector. Particularly in the context of tough working condition of private construction and agricultural workers which reported to lead to high morbidity, mortality and even suicide, the government must demand the right to inspection and legal protection of those labourers. Workers or their family's entitlement to insurance against accident or injury and death during work should also be ensured at the time of such agreement. Upon return, respondents made two demands to the government: one like some special categories such as army, Muktijodha, bureaucrats, return migrants should have a quota for certain kind of job based on their skills. Second, they should be entitled to get loans on easy terms from Government and commercial banks and plots for low-cost housing. As a pre-condition they need to produce the evidence that they channelized their remittances through nationalised banks. However there is a strong demand for better law and order situation because the overseas migrant and their families face insecurity time and again of varied nature and intensity. Theft and snatching of good, rent seeking and excess payment of taxes are common problems they faced in and outside Zia International Airport. Even after that their family members sometimes need to pay money to release demand draft from nationalized banks. Some of them are also threatened and even experienced land grabbing by powerful neighbours in their absence. Still there are few who are given death threat once they return home. Obviously it shows growing insecurity among migrants. Government needs to take active steps to deal with such situation effectively by restoring law and order situation in the country. So long political parties depend on the muscle men and black money it is very difficult to establish rule of law in the country. With strong democracy and local government, answerable police department and efficient justice system and over and above, a vigilant civil society one can expect respite from insecurity to a great extent.

During data collection phase it was observed that BMET does not maintain addresses of overseas migrants although it is one of their mandates. Also there are

divergences on the reported data on flow of remittances by BMET and the Bangladesh Bank. Since overseas migration and remittances are important from the perspective of economy, poverty, growth and development it is important to streamline remittances related data. Moreover BMET should preserve the addresses of overseas migrant and this process could be facilitated by the proposed 'help window' at the entry and exit points.

## **6.2 Concluding Remarks**

International labour migration is adopted as a strategy for employment and income generation by a large majority of unskilled and skilled workers. The study shows clearly that migrants are not chasing after golden deer especially in terms of material gains. Migration has enabled the migrant households at origin to increase the level of household surplus to a respectable level of Taka 25 thousands annually. Moreover, migrant households are marked by better human resources development than an ordinary rural households as borne out from empirical data on expenditure pattern and enrolment rate. After first few years they are capable of sending remittances that alone can keep a family above poverty threshold. However, in order to make their migration financially viable they work very hard 10/12 hours on an average braving the blazing sun of the desert, particularly in a situation when they often do not get adequate food, drinking water and medicare. All these have implications on migrants' morbidity and mortality that constitute an important agenda for future research.

However, unlike other labour exporting countries, here generally a migrant worker bears the lion's share of the cost of migration which are supposed to be borne by the employers under the laws of the host country. Moreover taking advantage of their ignorance and lack of protective laws migrants are often deprived of their entitlements for sustenance which erodes around a third of the monthly earnings at destination. Hence, it calls for creating public awareness, direct intervention and more cautious steps by the government in making bilateral agreements and formulating appropriate incentive and disincentive schemes in the light of the above suggestions for all the actors involved in the process of international migration.

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