

First Draft

**Efficiency of Migrant Workers' Remittance:
The Bangladesh Case**

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Efficiency of Migrant Workers' Remittance: The Bangladesh Case

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During the 18th and 19th centuries, development impact of migration was mostly recorded in the context of receiving states whereas since 2nd world war migration experience underscores positive economic and social benefits for both receiving and sending countries. Remittances are substantive yardstick of macro level benefits in sending countries. Various figures indicate that flow of migrant remittances from sending to receiving countries are continuously growing. Global figures state that official remittances have increased from less than US\$ 2 billion in 1970 to US\$ 80 billion in 2000 (ILO, 2002). This does not include informal transfers. Micro-studies in countries like Pakistan and Bangladesh have shown that only around half of the remittances are transferred through official channels and the rest find their way through different unofficial methods. Consequently the actual amount of remittance is likely to be at least double the officially recorded figures¹.

Sixty percent of the global remittance flow is towards developing countries (Sorensen 2004). This figure is more than global official development assistance (ODA) as well as capital market flows (Gammeltoft, 2002) to those countries. When compared with foreign direct investment (FDI) in those countries, amount of remittances are over half of total flow. Moreover, remittances as source of financial flows are found to be more stable than private capital flows and to be less volatile to changing economic cycle (Ratha, 2003). International organizations like ILO, IOM, IMF, World Bank and ADB are increasingly emphasising migrants' remittance as tool to promote development.

Bangladesh is a huge labour surplus country. Hence it belongs to the supply side of the global labour market. On an average, 2,50,000 people annually (1995-2003) migrate to take up overseas employment. Flow of migrant workers is associated with growing flow of remittance to Bangladesh. In 2002, it accounted for 2% of the global remittance transfer and 12% of the official remittance to South Asia (Table: 1). Since the late 1990s, successive governments of Bangladesh, realising the importance of remittance to the economy, have undertaken different macro-economic reforms to encourage official flow of remittance. The 7th parliamentary government has established a new ministry entitled Expatriates' Welfare and Overseas Employment (EWOE) to ensure efficient management of migration sector in Bangladesh. This paper aims to understand the outcomes of recent government policies and actions with respect to remittance management. Objective of the study is also to understand current use of remittance and its potential for further productive investment to promote development.

¹ It is understood that after 9/11/2001 surveillance on money transfer may have reduced the share of unofficial channel.

Conceptual Issues

International remittances are defined as the portion of migrant workers' earnings sent back from the country of employment to the country of origin (ILO, 2000). Remittance can also be sent in kind. Transfers that take place in kind is quite difficult to measure. Rivera Batiz (1986) showed that in Pakistan its share in total remittance could be between 9-17%, in Yemen it was between 8-10%. Levitt again (1996) identified ideas, practices, identities and social capital that flow from receiving to sending countries as social remittance. One may however argue that social capital, identities and ideas that are taken by the migrants from their countries of origin to the countries of destination should also be seen as social remittance. In this case, it flows from origin to destination.

Remittances can be individual and it can also be collective. When individuals send remittance to his/her household or kith and kin that can be termed as individual remittance. When a group of migrants, their associations or professional bodies mobilize resource together and send for collective or community programmes, that can be termed as collective remittance. Individual remittances are mostly geared towards the family whereas collective remittances are generally used for community development.

Methodology

This paper is mostly based on recently completed studies. Over the last few years, a few important studies have been done on migrants' remittance that include Siddiqui and Abrar (2003) and Murshed (2000). Along with the studies, publications and reports of central, public and private banks and bank websites constituted secondary information. Primary information gathering is also part of the methodology. Interview of Bangladesh Bank officials, private and public bank officials, functionaries of the ministry of EWOE and leaders of micro finance institutions (MFIs) constitute primary sources of data.

The paper is divided into eight sections including the introduction and the conclusion. Section two gives a brief description of different types of migration flow from Bangladesh, their extent, countries of destination, gender distribution and skill composition. Section three provides information on the size of remittance and its importance in macro-economy. It explains remittance transfer process both informal and formal and also makes a comparative statement of costs in two channels and reasons behind their choice. Section four identifies major public and private sector actors in remittances. Section five presents recent steps undertaken by different ministries and agencies to increase the efficiency of migrants' remittances. Various regulatory instruments are also discussed. Section six look into use of remittance and its link with development. The last section draws conclusion in each of the areas and offers recommendations that may help develop strategies for further efficient management of remittance.

SECTION II

BANGLADESHI MIGRANTS

Currently two types of voluntary international migration occur from Bangladesh. One takes place mostly to the industrialized west and the other to Middle Eastern and South East Asian countries. Voluntary migration to the industrialized west includes permanent residents, work permit holders and professionals. They are usually perceived as long term or permanent migrants. Migration to Middle East and South East Asia are usually for short term. The migrants return home after finishing their contract. Although long-term migration is much older than short term yet information on their types, extent and composition is not available with the government. Information on the short term labour migrants who officially go overseas for employment is available with the Bureau of Manpower Employment and Training (BMET) ².

Extent

BMET³ data show that from 1976 to 2003, the total number of Bangladeshis working abroad as short-term migrants stands at more than three million (Table 2). It indicates a yearly average flow (1991–2002) of around 214,098. There is a slight decline in migration in 1991, perhaps because of Gulf War in that year. Again, dramatic increase is recorded in the following two years. This might have been the reward for Bangladesh's participation in the anti-Iraq alliance through deployment of troops in protecting the holy land of Mekkah and Medina in Saudi Arabia during 1991 Gulf War. The workers were involved in post-war reconstruction. It also shows that the highest number of people migrating from Bangladesh was in the year 1999 (268,182). A large number of Bangladeshi is also believed to have gone to the Middle East through irregular process.

Main Flow

Currently, Saudi Arabia, UAE, Kuwait, Qatar, Oman, Iraq, Libya, Bahrain, Iran, Malaysia, South Korea, Singapore, Hong Kong and Brunei are some of the major countries of destination. Saudi Arabia alone accounts for nearly one half of the total number of workers who migrated from Bangladesh. Labour market of Bangladeshi workers is not static. During the 1970s Saudi Arabia, Iraq, Iran and Libya were some of the major destination countries. While the position of Saudi Arabia remains at the top, Malaysia and UAE became important receivers. In mid-1990s, Malaysia became the second largest employer of Bangladeshi workers. However, since the financial crisis of 1997, Bangladeshis migrating to Malaysia dropped drastically (see Table 2). Now UAE has taken over its place.

Type of Employment

BMET has classified short-term migrants to Middle East and South East Asia into four categories: professional, skilled, semi-skilled, and unskilled. Doctors, engineers, teachers and nurses are considered as professional workers. Manufacturing or garment workers, drivers, computer operators and electricians are considered as skilled, while tailors and masons as semi-skilled. Housemaids, agri-labourer, hotel boy and menial labourers, ie, cleaners, cart loader, carton pickers are considered as unskilled workers.

² BMET is the executing agency of the ministry of EWOE.

³ BMET, among other things, maintains record of migrants.

Table 3 shows the percentage share of different skill category of migrants from 1976 to 2003. Only a small proportion of migrants are professionals (4.40%). 31% of them are skilled, 16% semi-skilled and 47% are unskilled workers.

Gender Distribution

BMET data also shows that Bangladeshi workers are predominantly men. From 1991 to 2003 altogether 2,754,693 persons have migrated overseas for employment. Among them only 17512 were women (Table 4). During the period 1991 to 2003, women constituted less than 1% of the total migrants from Bangladesh. During 1991- 95, women constituted 0.98% of the total migrant flow. In 1997 it came down to 0.76%. The figure of 1999 more or less suggests the stemming of the flow of female migration from Bangladesh. However, the figure rose to .67% in 2003. IOM INSTRAW (2000) and Siddiqui (2001) estimated that the number of female migrants might be 10 to 50 times more than the above official figure⁴. There is a government restriction on migration of unskilled and semi-skilled women. Women of the unskilled and semi-skilled categories migrate through unofficial channels. Their number is not accounted in any statistics.

Age and Educational Level

Database of BMET is also not segregated according to age and educational level. Different micro studies conducted in migrant prone areas have shown that most of the migrants were young (15 to 30 years of age) when they first migrated (Siddiqui and Abrar, 2000; Afsar, 2000; Murshed, 2000) and a substantial majority were either illiterate or possessed educational background from class one to SSC.

SECTION III REMITTANCE DYNAMICS

Flow of Remittance

The Bangladesh Bank⁵ documents remittance flows to Bangladesh from all over the world. This means it covers remittance of both long term and short term migrants. Bank data shows that the remittances sent by the migrants have grown over time. It has increased from a paltry figure of US\$ 23.71m in 1976 to more than US\$ 3b in 2002-03 fiscal year (Table 5). Nonetheless, the yearly growth rate of remittance is much less than the growth rate of the total number of migrant workers.⁶ Throughout the last twenty-five years, the remittance flows broadly indicate an average yearly increase of around 10 percent. The most important reason behind such gap in migrant and remittance flows is that in recent times Bangladesh has exported more unskilled and semi-skilled migrants whose wages are rather low compared to

⁴ This information is based on interviews of recruiting agents who process undocumented migration.

⁵ It is the central bank of the country.

⁶ In 1991, the flow of migrants increased 41.72 percent, whereas remittances grew only 1.56 percent compared to the previous year. Similarly, in 1994, the number of people who migrated overseas grew at a rate of 23.79 percent whereas remittances grew only 14.31 percent during that time. In the year 1997 the number of migrants increased 79 percent compared to 1996 and remittance flow increased 12.52 percent. In case of 1998, growth in migrants was 29 percent while growth in remittances was 4.86 percent.

those of previous skilled and professional ones. Wage rates have also fallen drastically over the past decade (Siddiqui and Abrar, 2003).

Table 5 also shows, annual quantities of remittances per sending country. One half of the total remittance came from one country, i.e., Saudi Arabia. Over the years, the US has become the second largest remittance sending country, Kuwait and the UAE being the third and fourth. Migrants use different methods in sending remittance involving both official and unofficial channels.

A section of remittance is also transferred in kind. The goods that migrants bring along while visiting or returning to Bangladesh, or send with acquaintances can be termed as remittance in kind. Siddiqui and Abrar in a study (2003), calculated remittances received in kind by 100 families in two regions of Bangladesh⁷. Table 6 shows the number of goods received by the migrant families as remittance in kind and their estimated value. When added with the total sum sent in Taka, this value increased the total remittance of these families by another 9.21%.

Contribution of Remittance to the National Economy

Labour migration plays a vital role in the economy of Bangladesh. Bangladesh has a very narrow export base. Readymade garments, frozen fish, jute, leather and tea are the five groups of items that account for four-fifths of its export earnings. Currently, garments manufacturing is treated as the highest foreign exchange earning sector of the country (US \$ 4.583 billion in 2003). However, if the cost of import of raw material is adjusted, then the net earning from migrant workers' remittances is higher than that of the garments sector. In 2003, net export earning from RMG should be between US\$2.29-2.52 billion, whereas the earning from remittance is net US\$3.063 billion. In fact, since the 1980s, contrary to the popular belief, remittances sent by the migrants played a much greater role in sustaining the economy of Bangladesh than the garments sector.⁸

For the last two decades, remittances have been at levels of around 35% of export earnings, making it the single largest source of foreign currency earner for the country. This has been used in financing the import of capital goods and raw materials for industrial development. In the year 1998-99, 22 percent of the official import bill was financed by remittances (Afsar, 2000; Murshed, 2000 and Khan, 2003). The steady flow of remittances has resolved the foreign exchange constraints, improved the balance of payments, and helped increase the supply of national savings (Quibria 1986). Remittances also constituted a very important source of the country's development budget. In certain years in the 1990s remittances' contribution rose to more than 50 percent of the country's development budget. Government of Bangladesh treats Foreign aid (concessional loan and grants) as an important resource

⁷ While coming on holidays, the migrants themselves brought or through friends they sent among other things cassette players, VCR, VCP, computer, television, camera, video camera, clothes, blanket, home appliances, brief case, radio, watch and gold. Apart from clothes and blankets, most of the above items have the potential of being used as capital as they have liquidity value.

⁸ Quoted in *Beyond the Maze* (2002), pp. 53. Speech delivered by Professor Wahiduddin Mahmud, former Advisor to the Interim Government in 1996, at a conference on 'Streamlining Labour Recruitment Process in Bangladesh for Employment Abroad', 24 September 2001.

base of the country. However, remittances that Bangladesh received last year was twice that of foreign aid. Remittances have played a major role in reducing the extent of the country's dependence on foreign aid.

The contribution of remittance to GDP has also grown from a meagre 1 percent in 1977-1978 to 5.2 percent in 1982-83. During the 1990s the ratio hovered around 4 percent. However if one takes into account the unofficial flow of remittances, its contribution to GDP would certainly be much higher. Murshed (2000) finds that an increase in remittance by Taka 1 would result in an increase in national income by Tk 3.33.

Following the expiry of multi-fiber agreement (MFA), Bangladesh will face steep competition in export of RMG. The country will cease to enjoy any special quota. It is apprehended that Bangladesh's RMG export will decline sharply. This will result in loss of job of many workers and shortfall in foreign exchange earning. Potential of retaining employment and export earning through export of frozen fish, jute, leather and tea seems rather bleak. It is in this context labour migration has become key sector for earning foreign exchange and creating opportunities for employment. Therefore, the importance of migrant remittance to the economy of Bangladesh can hardly be over emphasized.

Methods of Transfer

Migrants use different methods in sending remittance involving both official and unofficial channels. Officially, transfer of remittance takes place through demand draft issued by a bank or an exchange house; travelers' checks; telegraphic transfer; postal order; account to account transfer; automatic teller machine (ATM) facilities; electronic transfer and in kind. When remittances are transferred directly from the foreign account of migrant worker to his own account at home it is known as direct transfer. *This can be through telegraphic means or otherwise.* Remittances are frequently sent through demand draft in Taka issued by a bank or an exchange house in favour of a nominee of migrant. Usually the draft is sent by post, or in emergency by courier service. One can send remittance through the postal authorities. In such case the remitted money is handed over to the receiver by the local post office. Travellers' cheques are also used as a means to send remittance. However they will be treated as official transaction when they are encashed through banks. While coming from abroad one can bring in foreign currency. If the amount is more than US\$5000 one has to declare at customs by filling up the FMJ form. Migrants can also send remittance to their Non-resident Taka and Non-resident foreign currency accounts⁹.

Hundi/ Money Courier is the most common among the unofficial channels of transfer. Hundi refers to illegal transfer of resource outside the international or national legal foreign currency transfer framework. Organised groups based in diverse cities such as London, New York, Dubai, Kuala Lumpur and Singapore conducts hundi operation through their partners in Bangladesh or

⁹ From some countries remittances are sent by moneygram. It can be only collected from a local agent on production of a satisfactory identity document.

in the region. Besides this, other unofficial methods are, sending remittance through departing friends and relatives; personally hand carried by the senders themselves without declaration, and in the form of visa/ work permit for sell or family use.

Siddiqui and Abrar's, study (2003), conducted in two *thanas* of Chittagong and Tangail found that 46 percent of the total volumes of remittance to these households have been channeled through official sources. Around 40 percent came through *hundi*, 4.6 percent moved through friends and relatives and about 8 percent of the total were hand-carried by the migrant workers themselves when they were on visit to home (Table 6). The above data do not reflect current situation as the fieldwork of this study was conducted in 2001. It is understood that remittance transfer through official channel has increased significantly over last couple of years.

The above study (Siddiqui and Abrar, 2003) also identified some macro and micro level reasons behind Hundi operations in Bangladesh. The macro level reasons were:

- the demand for foreign exchange from racketeers who wish to finance smuggling of various items including gold;
- the demand from importers' for foreign exchange from other sources in order to benefit from the existing tax regime by under-invoicing imports;
- an unholy alliance among officials of financial institutions, business and hundi operators;
- financing recruitment charges of the recruiters;
- difference between official and unofficial exchange rates;
- quality and speed of service, and ability to reach clients both in destination countries and in the source countries.

From individual's perspective, the hundi system provided the quickest method for sending money and little fees for transaction. Hundi operation used the social network of the migrants, which made door to door service available. Bank transactions required paperwork, and officials were not always customer friendly. Given the less-educated background of most migrants, many of them opted for hundi channel. Besides, an important social reason for choosing hundi was the need to maintain confidentiality. Migrants desired to send money to two or more persons secretly without creating tension among the receivers i.e., wife and father of the sender.

Such micro level research is not readily available on methods used in sending remittance by the Bangladeshi immigrants from industrialised countries. However the macro data of Bangladesh Bank on remittance flows from all over the world highlights an interesting feature. In 2002, an abnormally high growth of remittance flow in the formal channel was witnessed from the UK and the US. Over a period of the last seven years, the growth of remittance remained between 4-6 percent with regard to the US. In 2001, remittance from the country grew by 47.99 percent. Remittance flows from the UK were erratic during this period. In some years, it registered growth, and in others, it declined. Surprisingly, in 2001, from January up to November, remittances grew 136 percent (Table 7). Such unusual growths are attributed to increased

surveillance of governments of concerned countries and improved services of the banking sector since 2001.¹⁰ One may infer that the additional amount (the amount on top of average increase) used to flow through unofficial channels in the past.

Transaction Cost and Time

The study, 'Migrant Workers' Remittance and Micro- finance in Bangladesh' (2003) also calculated the remittance transfer through official and hundi channels at both sending and receiving ends. At the *receiving* end, for official channel costs included service charge, speed money, conveyance and other costs. The average cost per official transaction was Tk. 236.50. For hundi, at the receiving end, the costs involved phone charges, conveyance, and remittances lost. For the hundred households under the study, such costs averaged at Tk. 75.53.

At the *sending* end, costs of remittance transfer in the official channel included service charge, postal charge and conveyance totalling Tk. 166.64. For hundi, the costs involved fax, phone, postal charges and money lost. The average transaction cost for hundi at the *sending* end was Tk. 52. If one added the average costs of sending and receiving money through official and hundi methods, those would amount to Tk. 403.14 and Tk. 127.53 respectively. The common perception that sending money through hundi does not involve cost, is not valid. Costs may be a minor factor why people use hundi methods; speedy transaction; less paperwork and confidentiality are more important considerations.

Time particularly was an important factor in determining the method for sending remittance. The study calculated that on an average remitting through official channels took 12 days and through hundi it took 3 days. Since this study was published, various measures were undertaken by the government. This has reduced the lead time in remittance transfer substantially. Therefore, the required days for transfer through official channel should be much less at the moment. Annually each households on an average received remittances around four times.

SECTION IV PUBLIC AND PRIVATE ACTORS IN REMITTANCE TRANSFER

There are several actors involved in the area of remittance transfer. Among them, Ministry of Finance (MoF) and Bangladesh Bank (BB) are the two most important institutions. Besides, Ministry of EWOE (MoEWOE); Ministry of Foreign Affairs (MoFA); Ministry of Commerce (MoC); Bureau of Manpower, Employment and Training (BMET); National Savings Bureau (NSB); Privatisation Commission (PC) and Board of Investment (BoI) are other relevant ministries and agencies in the public sector. Nationalised Commercial Banks (NCBs), Private Commercial Banks (PCBs), and

¹⁰ Interview with Mr. Sudarshan Banik, BMET, 2 February 2003, and Mr. Abdul Mannan, Senior Vice President of Islami Bank Bangladesh Ltd., 4 March 2003.

exchange houses holding drawing arrangements with public and private banks operating in Bangladesh are the other public and private actors. A new bank, established by a Micro-finance Institution (MFI) and Refugee and Migratory Movements Research Unit (RMMRU) of the University of Dhaka are two of the recent non-traditional players in the area of remittance.

Direct Actors

Ministry of Finance

Ministry of Finance (MoF) is the prime policy making body regarding banking and remittance. Macro-economic policies that affect exchange rate, monetary and fiscal mechanisms, foreign exchange reserve etc. are regulated by this ministry. The Internal Resources Division (IRD) of the MoF floats savings instruments in market, frame rules and identify purchase procedures.

Bangladesh Bank

Bangladesh Bank (BB) is the central bank of Bangladesh. Among other powers and functions, BB regulates scheduled bank activities, acts as a clearing-house, maintains foreign exchange reserves and monitors floating exchange rate mechanism in the current accounts. Bangladesh Bank encourages the nationalised and private banks to link up with foreign banks and exchange houses in the destination countries. It has a separate department for regulating and monitoring remittance entitled Foreign Exchange Policy Department (FEPD). It also generates, analyses, interprets and distributes data on inflow of remittance.

Nationalised Commercial Banks

Nationalised Commercial Banks (NCBs) of Bangladesh make direct banking facilities available at the doorsteps of Bangladeshi emigrants specially in those countries where a large number of Bangladeshis are employed. Five NCBs are deeply involved in remittance transfer. These are Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank Ltd. and Bangladesh Krishi Bank (BKB). Among the NCBs, BKB is solely targeted towards agricultural development in rural areas. Within Bangladesh these five NCBs have 2945 branches. Through them they can disburse remittances even in distant areas. Besides their own branches, NCBs have opened exchange houses in joint collaboration with different banks and financial institutions in different countries of the world.

Private Commercial Banks

Private Commercial Banks (PCBs) are also involved in remittance transfer. Of the PCBs, Islami Bank of Bangladesh Ltd. has been found to be most proactive in the area of migrants' remittance. National Bank, International Finance and Investment Corporation (IFIC), Prime Bank and Uttara Bank are other private banks involved in remittance transfer. Most of their activities are in the Middle East. Saudi Arabia is the major working area of Islami Bank along with Qatar, Bahrain and UAE. National Bank is operating in Oman, Kuwait, UAE, Qatar, Bahrain and Saudi Arabia. IFIC has carved out a major niche in Bangladeshi community in Oman and has its largest share with 41% of the market. It also has branches and exchange offices in Nepal and some

other Middle Eastern countries. Uttara Bank runs exchange house in Qatar in collaboration with a local financial institution.

Corresponding Relationships

In almost all countries of the world, both NCBs and PCBs have corresponding relationships with banks through which Bangladeshi migrants may easily send their money to their beneficiaries' accounts with any branch of any bank in Bangladesh.

Indirect Actors

MoEWOE

The government, in responding to the demand of the expatriate Bangladeshis and the migrant workers, created a new ministry entitled the Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE) in December 2001. Prime function of the ministry is to create, promote and regulate employment in overseas. An important consideration for promoting employment is to ensure steady flow of remittance (GoB, 2003). This ministry has appointed labour attaches in 13 foreign missions to protect the rights of migrants and disseminate information on dos and don'ts in the receiving countries including information on official remittance transfer mechanism.

MoFA

The Bangladesh missions in various migrant receiving countries also have a role in the remittance transfer process. Among other things, the labour wing in foreign missions assess the feasibility of opening new branches of Bangladeshi banks in the country concerned and the efficacy of foreign banks and exchange houses whose names are proposed by Bangladeshi financial institutions for developing correspondent relationship.

BMET

BMET is the executing agency of the MoEWOE in regulating migration. Some of the major functions of BMET were to develop and implement training programmes, collect and analyse market information on labour, and control and regulate the recruiting agencies. The government believed through the above activities BMET would be able to ensure maximum outflow of labour and inflow of remittance. An important objective of BMET is to take measures for increasing the flow of skilled labour so that the remittance flow is enhanced.

Besides, the above two ministries, MoC, PC and Bol are some more indirect players in remittance transfer.

Non-traditional Players

Micro-finance Institutions (MFIs)

Micro-finance Institutions (MFIs) have emerged as a non-traditional player in remittance area. MFIs have been delivering various banking facilities in rural Bangladesh for over two decades. The largest MFI of Bangladesh, BRAC has already established a bank. BRAC Bank has developed corresponding

relationships with different international banks and participating in remittance transfer. It is using 1200 branch offices¹¹ of BRAC in quick transfer of remittance at the grassroots. Grameen Bank, the global pioneer of micro-finance, had seek permission to BB for taking part in remittance transfer and utilization. BB was favourably disposed to this idea. However, Grameen Bank was established under the Social Act Ordinance, 1983. The bank is governed through that. It does not allow her to deal with foreign exchange. Therefore, in order to participate in remittance area, the ordinance has to be amended in the parliament. As this is cumbersome process, Grameen Bank is yet to get involved with remittance.

Research and Training Institution

Refugee and Migratory Movements Research Unit (RMMRU) of the University of Dhaka is the only research, training and advocacy institution that specialises on migration. It has conducted major researchers in different areas of migration ranging from streamlining labour recruitment process, female migration, returnee reintegration, work condition of migrants, impact of labour migration on national economy and households, and Bangladeshi diaspora. The pioneering study on migrant remittance to Bangladesh that covered nature of remittance receiving families and remitters, methods of remittance transfer, comparative costs, and, scope of microfinance institutions in remittance transfer and utilisation was conducted by RMMRU. The immediate past Governor of Bangladesh Bank officially recognised the contribution of this research in policy reforms for increasing official flow of remittance¹².

RMMRU has two training programmes on migration. Both of them are geared towards capacity building of actors involved with migration. One is for young academics and professionals on 'Social Science Research and Migration'. The other one is specifically targeted towards channeling information to the potential migrants. Local level government representatives along bank officials and NGO workers at the grassroots are provided training on 'Labour Migration Process'. This is a one-week residential training programme. Among other things, the training provide information on relative merits and demerits of remittance transfer through formal and informal channels, investment instruments available for the migrants both in public and private sector, practical demonstration on remittance transfer procedures etc. For imparting the training, a module has been developed by RMMRU with the help of government functionaries, bank officials, members of returnee migrants' associations, academics, lawyers and executives of MFIs¹³. Besides RMMRU, BMET and Welfare Association of Returnee Bangladeshi Employees (WARBE) also use this module in their pre-departure briefings and orientation training of migrants respectively. Different ministries, public

¹¹ In order to provide door to door micro-credit service, over the last 25 years, BRAC has established 1200 branch offices all across the country.

¹² Statement of Dr. Mohammad Farashuddin, the then Governor, Bangladesh Bank, in the National Workshop on Streamlining Labour Recruitment Process in Bangladesh jointly organised by the Ministry of Labour and Employment, RMMRU and Bangladesh Association of International Recruiting Agencies (BAIRA), held on 24 September 2001.

¹³ The module is equipped with 15 texts, 20 visual aides and 37 transparencies.

and private banks, and government agencies call upon RMMRU expertise in the area of migration including remittance.

SECTION V

REFORMS AND ACTIONS IN HARNESSISING REMITTANCE

Since the return of civilian regime in 1991, successive governments have undertaken various proactive measures for encouraging the flow of remittance through official channel. Particularly, when the 7th parliamentary government began its tenure, the foreign exchange reserve of the country was as low as US \$100 Million. The government first attempted to increase the reserve through accessing foreign credit. However, due to unacceptable conditions set by the international creditors, the government instead identified remittance as the potential source for increasing the foreign exchange reserve. Ever since, government has been undertaking concrete reform measures for increasing inflow of remittance through official channels. The reform measures can be divided under four broad heads. These are macroeconomic reforms, streamlining the transfer process, development of lucrative investment instruments, framing legislation for curbing money laundering and encouraging entry of non-traditional players into remittance transfer market.

Floating Exchange Rate in Current Account

In the year 2000, BB relaxed foreign currency dealing, allowing authorized dealers to transact dollars with Bangladeshi Bank. Earlier the banks were obliged to transact at certain fixed rates. In 2002, MoF has reformed exchange rate policy further. Foreign exchange in current account has been made free floating. The Bank officials believe that a decision of allowing market to decide exchange rate in current account has help curb *hundi* business in a significant scale. Interestingly, there are days when the curb market rate of US Dollar was lower than the bank rate.

Streamlining the Transfer Process

Fixed Time Limit for Transfer

Relatively longer transaction time in delivering remittance was identified as one of the major reason for choosing unofficial channel. In 2001, MoF issued a circular to all NCBs instructing that remittance must reach the clients within 3 days of receipt of the draft/TT. It was communicated that stern actions will be taken against bank functionaries if remittances remain unprocessed for more than the stipulated days. Accordingly, such circular was followed by concrete actions. Few functionaries of NCBs were penalized ranging from show-cause, transfer to temporary suspension for their lapses.

Electronic Transfer

Both NCBs and PCBs are encouraged by BB to switch over to Electronic Fund Transfer (ETF) system. This has reduced time as well as bureaucratic procedures of remittance transfer. One of the major problems of less educated migrants was to feel up the draft with total accuracy. Postage of

draft also created problem. Introduction of EFT at a greater scale has addressed these problems adequately.

Accountability of Nostro Account

In the past, delays in remittance delivery were also due to withholding of remittance in the international 'nostro account' of the NCBs for certain periods ranging between a week to a fortnight. This was to yield undue interest on the remittance. The BB instructed all NCBs for daily reconciliation on the remittance received. It is now mandatory to recover remittance on daily basis. After such instruction and concomitant monitoring, it was found that US \$ 25 million was received by one branch of a NCB from Saudi Arabia in one month. Once this delay in nostro account was settled, it reduced lead time in remittance transfer substantially.

Expansion of Exchange Houses and Correspondent Banks

BB has recently permitted opening of new exchange houses where there is large concentration of Bangladeshi migrants. BB has minimized the timeframe for scrutinizing applications for developing correspondent relationships of foreign banks and exchange houses with NCBs and PCBs. Currently, 267 drawing arrangements are in operation with 96 exchange houses in different parts of the world. Besides these, PCBs are also receiving permission to open branches in new areas (Sonali Bank et al, 2002).

Remittance Data and Monitoring

BB maintains data on remittance transfer since 1972. Recently, it has introduced a method of weekly (provisional) data collection for understanding the trend of remittance. Currently, datasheets are prepared on bank and country wise. BB analyses and interprets the reports to identify remittance trends like increase or decrease. Comparative statement on performance of various NCBs is then distributed among banks, MoF, MoEWOE and other important agencies. Weekly and monthly monitoring system of remittance trend is seen by bank officials as an important avenue of problem identification and concomitant action in keeping the remittance flow steady. BB is now actively considering exchange house wise analysis and interpretation of remittance data. According to bank officials, this would lead to competitiveness among the NCBs and their exchange houses. BB has also determined annual minimum target for the exchange houses. The NCBs have to ensure that their exchange houses meet those targets. Each exchange houses situated in USA should transact at least US \$3 million. For UK exchange house, the target is 2 million GBP¹⁴ and for Canada, the target is US \$2.5 million (BB, 2004).

Application of ICT

BB has set up a website (www.bangladeshbank.org). In order to provide information to potential remitters on available transfer institutions in their localities, necessary information of all the exchange houses and drawing arrangements of NCBs are provided in the website. These include their names, contact phone and fax numbers, and postal and email addresses.

¹⁴ Great Britain Pound.

Complaint

If a client face problem in transferring remittance or feel harassed, a system of lodging complaint to higher authorities has been established. Remitters may contact directly to the Secretary, Finance Division, MoF or the Managing Director or Executives of concerned NCB to express their opinions or lodge complaints. Telephone and fax numbers and email addresses of relevant persons are provided in the website of BB, and also in the directory published by the five NCBs (Sonali, Janata, Agrani, Rupali and BKB)¹⁵ engaged in remittance transfer.

Investment Instruments

Investment instruments are another effective mechanism for encouraging remittance through official channel. BB, NCBs and PCBs have developed different packages in this respect. From the government side, few packages were already there before 2001. Nonetheless, two new investment instruments have been launched at the end of 2002. In the following, some of the packages developed by all the three actors mentioned above is presented.

Bangladesh Bank

Non-resident Foreign Currency Deposit (NFCD)

Migrants can have a NFCD account in any branch of Bangladeshi and foreign banks that holds an authorized dealership license. The account can be opened for different periods: one month, three months, six months or one year in US dollar, pound sterling (PS), Canadian dollar (CD), German Mark (DM), Japanese Yen (Y) or Euro-currency (Euro). The minimum necessary balance must be US\$1000 or PS 500 or their equivalent amount in currencies stated above. The accounts are renewable and can be maintained for an indefinite period even after the return of the wage earner (migrants). One is also eligible to open an NFCD account with his/her savings within six months of one's return to Bangladesh. The interest is determined in terms of interest accounted on the value of Eurocurrency. The interest accrued is tax-free. The capital and interest of NFCD account is also transferable in Bangladeshi taka at the current exchange rate. There is also the provision to withdraw the capital money before the expiry of the period specified but in that case one will not receive the interest. The central bank also allows investment of NFCD funds in remunerative business projects to allow payment of competitive interest rates to account holders. NFCD forms are available in Bangladeshi missions abroad. In order to make the schemes popular among the migrants, BB has gradually simplified the formalities with regard to NFCD. Only photocopy of passport, signature or a certification from a notary public is sufficient to open such an account. As far as the campaign to market these instruments is concerned, Bangladesh Bank is engaged in regular contacts with the missions abroad.

¹⁵ 'List of Correspondent Banks working with Bangladeshi Banks: A Guide for Remittance to Bangladesh' published and circulated jointly by 5 NCBs in June 2002.

Wage Earners' Development Bond

The remittance of Bangladeshi migrants abroad can be invested in Bangladeshi currency in five-year Wage Earners' Development Bond. The bonds are available in different denominations: Tk. 1000, Tk. 5000, Tk. 10,000, Tk. 25,000 and Tk. 50,000. The Bonds are issued for specific periods. The profits are investable in Bangladesh and the bonds accrue an annual interest of 12% (as of 28.11.2000). If a bondholder wants to encash them before the expiry of the term s/he would be entitled to get interest at a reduced rate. The capital money of the investment is freely transferable abroad in foreign currency. The interest is tax free. The Bond is available at National Savings Bureau offices, branches of Bangladeshi banks abroad and Bangladesh missions abroad.

Non-resident Investor's Taka Account (NITA)

One can open a NITA by the money remitted from abroad for investment in the share and securities of the capital market of Bangladesh. Such an account may be opened in any dealer branch of an authorised bank. The current balance of NITA is transferable in foreign currency to any country any time. One can buy share and securities from stock exchange with the balance of NITA and the money earned as dividend and shares and securities sold may be saved in NITA. The capital and profit money is tax exempt and the bank directing the account can work as nominee.

US Dollar Investment Bond, 2002

The IRD of the MoF introduced the US Dollar Investment Bond, 2002 in 16 October 2002 as an investment instrument in foreign currency for Bangladeshi emigrants (GoB, 2002).

Eligibility for the bond: It provisions for issuing US Dollar Bond in the name of a holder of a non-resident account against remittances from abroad to the account.

Maturity, denomination, etc.: The US Dollar Investment Bond(s) shall be matured for payment after completion of three years from the date of its issue. The Bond holder will be entitled to draw interest on half-yearly basis at 6.5% fixed rate per annum in US Dollar. However, the Bond holder may surrender the Bond(s) before maturity and encash the same at the paying office in which case interest will be paid as under:

- a. No interest for encashment within 1 year of issue;
- b. 5.5% interest for encashment after completion of 1 year but within 2 years;
- c. 6% interest for encashment after completion of 2 years but within 3 years; and
- d. 6.5% interest for encashment after completion of 3 years.

The Bond(s) shall be issued in the denominations of US \$500, \$1000, \$5000, \$10000 and \$50000, and in such other denominations as the government may decide. The principal and interest will be payable in US Dollar to the holder or his/her nominee. The money invested in the purchase of Bond(s) shall be exempt from tax payable under the Income Tax Act, 1922.

Nominee after death: If the Bond holder dies, the nominee will be able to draw the principal and the interest in US Dollar if he/she is non-resident. If the nominee is resident, the principal and the interest is payable in Bangladesh currency.

Method of payment for the bond: Payment for the purchase of a Bond can be made either by cheque or draft in foreign currency received against inward foreign exchange remittance, or by funds held in non-resident foreign currency account of the applicant.

Additional benefit for substantial investment: If a purchaser buys bonds totalling US \$ 1,000,000 (one million) or above in value, he/she will be treated Commercially Important Person (CIP) and will be entitled to all the facilities accordingly. The CIP facilities will cease to apply if the purchaser's investment in this bond goes below US \$ 1,000,000 (one million) because of subsequent encashment and on his/her failure to retain the limit of US \$ 1,000,000 (one million) through further investment in the Bond within 3 months of encashment.

US Dollar Premium Bond, 2002

The US Dollar Premium Bond is the most recent investment instrument in foreign currency introduced for Bangladeshi emigrants by the IRD, MoF. It was announced in October, 2002 and became applicable from the next month (GoB, 2002a).

Maturity, denomination, etc.: The US Dollar Premium Bond(s) shall be matured for payment after completion of 3 years from the date of its issue. The Bond holder will be entitled to draw interest on half-yearly basis at 7.5% fixed rate per annum in Bangladesh currency at the USD/BDT rate. However, the Bond holder may surrender the Bond(s) before maturity and encash the same at the paying office in which case interest will be paid as under:

- a. No interest for encashment within 1 year from the date of issue;
- b. 6.5% interest for encashment after completion of 1 year but within 2 years;
- c. 7% interest for encashment after completion of 2 years but within 3 years; and,
- d. 7.5% interest after completion of 3 years.

The Bond(s) shall be issued in the denominations of US \$500, \$1000, \$5000, \$10000 and \$50000, and in such other denominations as the government

may decide. The principal amount will be payable in US Dollar to the holder of his/her non-resident nominee, where applicable. The principal amount due to the holder or his/her nominee may also be paid in Bangladesh currency as per option of the holder/nominee. However, interest amount shall be paid only in Bangladesh currency.

Eligibility: The Bond can be issued to a 'Non-resident account holder' that means an FC account holder who is a Bangladeshi national residing abroad or a Person of Bangladeshi Origin (PBO) who has assumed foreign nationality and is residing abroad.

Issuing authority: The 'Issuing Authority' of the Bond is the BB and the scheduled bank branches/authorized dealers in Bangladesh and their authorized offices abroad and shall include any such authority as the government may, from time to time determines. A foreign correspondent of an Authorised Dealer Bank may also act as an office of issue.

Incentives by Other Ministries and Agencies

National Board of Revenue (NBR)

In July 2002, as an outcome of series of inter-ministerial meeting¹⁶, the NBR has approved revised incentives for exemption of tax on remittance. It ensured full tax exemption when the money is remitted through the official channel. Under the new arrangement, emigrants will not be required to furnish Tax Identification Number (TIN) certificate to purchase immovable properties in Bangladesh. During the period of 1 July 2002 to 20 June 2006, emigrants can invest any amount of money in commercial and industrial sectors and in these cases the Government will not enquire about the sources of funds (Siddiqui, 2004). The following incentives have been given to the emigrants who are interested to set up agro-based industries in Bangladesh:

- Interest earned from foreign currency will be tax free.
- All bonds targeted towards emigrants will be tax free.
- The emigrant and his/her family members holding foreign passports will not require producing certificate of income tax payment during departure from Bangladesh.

MoEWOE

The MoEWOE has fixed a quota for the emigrant Bangladeshis in government housing projects. One thousand plots have been reserved for them. Opportunities have also been created for EBs to avail low cost housing. Emigrants get preference if they purchase in dollars. Special incentives are also in place for those emigrants who are interested in communication and transport sectors.

¹⁶ Ministry of EWOE, MoF, Ministry of Commerce, MoFA, Ministry of Home Affairs, Ministry of Civil Aviation and Tourism, Ministry of Communication, BMET, Bangladesh Privatisation Commission and BB.

PC

The PC offered cheaper rates for EBs while purchasing denationalised industries. Incentives offered are:

- 40 percent reduction in the price for emigrants if they pay 100 percent price at a time within thirty days.
- 20 percent reduction of price if 75 percent of the total price is paid at a time within thirty days.
- Extra 5 percent reduction of price if the payment is made in foreign currency.

The government has decided to honour Important Non-Resident Bangladeshis (INRB) who will invest in the country. A committee has been formed to frame a policy under the chairmanship of the Minister for EWOE. Emigrants who will invest equivalent of US\$500,000 in foreign currency and who remit equivalent of US\$750,000 will be honoured as INRBs.

Investment Instruments of Private Banks

Of the private sector banks, National Bank and Islami Bank have some special facilities open to all that may be accessed by migrants abroad. The government owned, but privately run, BASIC Bank also has innovating programmes that may be linked up with remittance.

National Bank

National Bank has a General Savings Insurance Scheme that can be availed by the wage earners. It is a blend of savings and insurance facilities. There are four categories of savings account varying on the amount of money that one is prepared to put in. The amount is withdrawable before the end of the policy time but at the end of the term specified, each investor/account holder will receive double the amount deposited after death. If the death is accidental than s/he will get triple the amount. These will be non-cheque account and the depositor will lose interest if he/she withdraws the capital during the policy period. The account will be automatically renewed at the end of its term unless stipulated otherwise. The scheme has a built in life insurance component.

Islami Bank

Islami Bank Bangladesh Ltd. (IBBL) has a number of saving and investment schemes for all. These may be accessed by the wage earners. The Mudaraba Savings Bonds are instruments of Tk. 5000, Tk. 10,000, Tk. 25,000 and Tk. 50,000, Tk. 100,000 and Tk. 500,000 denominations to be taken for five or eight years. The holder of the bond will receive share of the profit of the capital raised through the bond according to Islamic *Sharia*. The owner of the bond will also receive part of investment in Mudaraba account in every account year. The weightage is 1.25 for 8 year scheme and 1.10 for 5 year scheme. The Bank also offers Special Pension Scheme under which individuals could deposit money at rates agreed upon and in return will earn

profit in the same way as Mudaraba bonds. With social goals as one of its prime motivations Islami Bank also has programmes for rural development and agriculture, housing and business. Its other investment schemes such as transport, doctor may attract migrant workers specially those who want to invest money and receive profit according to Islami *Sharia*.

IBBL has expanded its operations in areas where the migrant workers generally originate from. In order to provide effective service, branches were opened in strategic locations so that beneficiaries of migrant workers' remittances and migrant workers themselves on return can access these accounts with relative ease.

MFI Investment Products

Bangladesh Rural Advancement Committee (BRAC)

The BRAC has initiated a micro enterprise lending, and assistance programme (MELA) catering to the small entrepreneurs through providing credit and non-financial business development services. It was introduced through 10 branches of Rural Development Project (RDP) in 1997 and by the end of 1998 this programme had expanded to 34 branches. Currently loans are disbursed in six sectors: textile, cottage, transport, food processing, agro-based farming and other enterprises. BRAC allocated Taka 100 million in RDP Phase IV (1996-2000) for MELA Programme. The specific characteristics of MELA differ from more traditional small-scale credit programmes. MELA provides loans to individuals (not small group formations as normal MFI credits are disbursed) for both working capital and capital investment¹⁷. As MELA considers applications from non-BRAC members living within 15 km radius area of the project, migrant workers and members of their families may access its resources by submitting viable enterprise projects. Such projects may also be an example for the government and other micro finance institutions that are interested to take schemes for those whose needs cannot be met by existing institutions

Grameen Bank

Grameen Bank has several product items that remittance receiver or sender may choose from. Under one of its savings schemes, the amount saved doubles in seven years. Another scheme offers client a dividend of Tk. 5000 for every Tk.100,000 deposited. In addition, under the Grameen Mutual Fund, a person depositing Tk. 1000 per month will get more than double the amount

¹⁷ The applicant must provide with one or 2 guarantors as well as some legal covenants as part of the qualification process. The minimum and maximum loan amount is Tk. 20,000 and Tk. 200,000 respectively and the interest rate is 15% flat with equal monthly loan repayments. The loan terms can be either for 12, 18 or 24 months. Tk. 100 as application fee and 1% of the loan amount is charged as loan appraisal fee after the approval of the loan. Collateral requirement exists especially in the case of loans greater than Tk. 50,000 or in the case of new borrower. All non-members are required to provide collateral irrespective of the loan size. The maximum loan equity ratio is 80:20. The authority may cancel the loan if three consecutive loan installment payments are missed. In keeping with BRAC's mission, MELA gives preference for women, local artisan and new entrepreneurs with sound proposals.

All loans are appraised by the Programme Organizer of MELA project, scrutinized and approved by the respective District Managers (MELA) before sending it to the Senior Regional Manager (MELA) for final approval. Loans over Tk. 100,000 require the approval of the Manager - MELA. Loans are disbursed by cheque and loan repayments are made in the branch offices by the borrowers. The whole project is monitored in two ways. The District Managers directly oversee the operations of the PO (MELA) and the Monitoring Department periodically checks the documentation and whether or not the borrowers are utilizing their loans in accordance with their loan application.

invested after ten years. Grameen's Venture Capital Fund provides opportunities for relatively solvent families or individuals. It is a joint investment opportunity with Grameen Bank and the investor gets the share of loss and profit. As Grameen is established as a bank, it can mobilise savings of non-borrowers.

Evaluation of Investment Instruments

From the above discussion on investment instruments of public and private banks, and NGOs, it appears that majority of the bank instruments are for large savers or investors. NGO programmes are for microsavers. Majority migrants are small investors. Not very many instruments are available for them.

A survey of remittance receiving families (Siddiqui and Abrar, 2003) demonstrates that remittances are received by more than one person in a family. More than half of the remittance sending persons were married, yet parents constitute the highest number of remittance recipients. Fifty percent of the remittance receivers were more than 45 years of age. Almost 48% belong to the age group 21-44. Forty six percent of the remittance receivers were illiterate and another 15% studied only upto Class V. Twenty nine percent were women.

If age is considered, two types of investment opportunities are necessary. Those who are more than 45 years of age would need savings instruments where they can invest and receive interest. Those who belong to age category of 25-44 can be treated as risk takers who would be able to run business venture. For this group, information on safe business avenues, credit facilities, training assistance etc. are required. Almost half of the remittance receivers are illiterate. This means that processing loans and/or receiving training through formal institutions could be problematic for them.

Average short-term migrants would require investment portfolios ranging between Tk. 100,000-500,000. An evaluation of the investment instruments mentioned in this section earlier reveals that almost all of them are aimed at investors with larger capital. So, none of the existing government investments suit needs of the migrants'. MFIs on the other hand offer credit starting from Tk.5,000-20,000 at best. They are also not suitable for migrants. Only MELA programme of BRAC has scope for investment by migrant families.

Profitable savings instruments that government used to offer earlier have been withdrawn from market. MFIs can only mobilize savings of their borrowers. They are legally barred from making financial transaction with non-members. They cannot either make a non-creditor their member for offering general savings services. Therefore, the receivers who are more than 50 years of age do not have much opening for investment. Investment instruments of Grameen mentioned in section V can be of some use to the migrants.

Regulatory Instruments

There are two regulatory instruments that applies to remittance. These are, Foreign Exchange Regulation Act, 1947 and Money Laundering Prevention Act, 2002. Foreign exchange regulation act is operational for a long time, whereas Money Laundering Prevention Act is a recent creation.

Foreign Exchange Regulation Act, 1947 (As modified upto 1996)

The Foreign Exchange Regulation Act, 1947 is the primary regulatory instrument of Bangladesh with respect to all kinds of foreign exchanges including that of foreign currency transfer like remittance. The act came into being on 11 March 1947. But it has been modified several times upto 30 June 1996 (BB, 1998).

Authorised foreign exchange dealers: The act provisions authorized dealers in foreign exchange. It restricts foreign exchange dealings like buying, borrowing, selling, lending, conversion etc. by any person other than an authorized dealer. The authorized dealers have to comply with general and/or specific directions and instructions issued by Bangladesh Bank from time to time. The authorized dealers shall, before undertaking any transaction in foreign exchange on behalf of any person, require that person to declare that the transaction will not involve any violation of the act.

Penalty, prosecution and tribunal: The act provides for jail sentence of maximum 2 years and/or fine equal to the amount decided by court as punishment for violation of the act. Where the violation is perpetrated by an organization instead of a person, every official thereof who is knowingly a party to the offence shall also be guilty of the same offence and liable to the same punishment. Session courts will act as tribunals for trial of violation of the act.

Power to call information: The act entitles government or BB to call for any kind of information with regard to any matter of foreign exchange by any person.

Power of inspection: The act entitles government or BB to inspect books of accounts and other documents of any person, firm or business organization over foreign exchange.

Export of foreign currency: The Notification No. FE 1/94-BB dated 12 November 1994 permits any person, at the time of departure, take out Bangladeshi currency of Tk.500/- value.

Import of foreign currency: The Notification No. FE 2/94-BB dated 12 November 1994 permits any person to bring into Bangladesh from any place outside US \$5000 or equivalent in foreign exchange and/or Tk.500/- in Bangladeshi currency without declaration. If the amount of money brought is more than the said amount, the concerned person has to make a written declaration to the Customs Authority at the time of arrival, in the form prescribed by BB.

Implementing agency: Bangladesh Bank is the implementing agency of the act. It has a specific department entitled 'Foreign Exchange Policy Department' for supervising all kinds of foreign exchange matters including foreign remittance.

Evaluation: Foreign Exchange Regulation Act, 1947 is an all encompassing legislation that covers all kinds of foreign exchange transfer. This act does not have any specific section on migrant remittance. Under the broad umbrella of the act, the Foreign Exchange Policy Department has framed guidelines to manage remittance movement. Currently there are 16 cases under this act. But none of them are related to migrant remittance.

Money Laundering Prevention Act, 2002

The Money Laundering Prevention Act, 2002 received the consent of President to become a law on 5 April 2002. The act was amended in 2003 (BB, 2003). The act understands 'money laundering' as illegally earning or gaining resources directly or indirectly and as perpetrating or assisting in illegal transfer, conversion or concealing position of legal or illegal resources earned or gained directly or indirectly.

Responsibilities and powers of BB in prevention: The BB is entrusted with the responsibility of suppressing and preventing money laundering crimes by implementing the act. Bangladesh Bank has an Anti-Money Laundering Department who has the following responsibilities:

- a) Investigating money laundering crimes;
- b) Supervise and observe activities of banks, financial institutions and other bodies involved in financial activities;
- c) Calling up report on money laundering from banks, financial institutions and other bodies involved in financial activities;
- d) Reviewing the aforementioned reports and act accordingly;
- e) Train officers and staffs of banks, financial institutions and other bodies involved in financial activities; and
- f) Conducting other activities required for fulfilling the objectives of the act.

Power of investigation: BB or a person empowered by BB can investigate money laundering crime(s). All money laundering investigations are initiated by BB. If a case concern a bank official, BB conducts the whole investigation. But if the alleged perpetrators are general people, BB gives power to police/CID/Bureau of Anti-corruption etc. to investigate the case. It often happens that police or other law enforcement agency comes across a money

laundering crime. Then they request BB to empower them to investigate and she obliges.

Reasons of launching money laundering investigation: Money laundering investigation can be launched for a number of reasons: absence of source or destination of money in a bank transaction; imbalance of a transaction with the known earning of the account holder; suspicious TT; hundi; money recovered from public place like road, rail station, port or airport; complaint from bank(s), other financial institution(s) or law enforcement agency/agencies.

Money laundering court: Trial of money laundering cases will take place in a session court. Any session court will be considered as money laundering court while trial of a money laundering case is underway in the court and the judge hearing the case will be called money laundering court judge at that point of time.

Punishment for money laundering: A person can be given a minimum of 6 months to a maximum of 7 years jail sentence along with fine worth double the amount of money involved for money laundering.

International agreements: The act provides scope for entering into agreements with foreign governments to fulfill its objectives. After it came into being, Bangladesh was approached by Thailand last year for an agreement to prevent inter-state money laundering. But that agreement stipulated for existence of Financial Intelligence Unit (FIU) which Bangladesh is yet to have. Formation of FIU is currently under active consideration of government.

Evaluation: Bangladesh is the first South Asian nation to have specific law for prevention of money laundering and money laundering court for trial of such cases. Pakistan and Sri Lanka is yet to establish such specialised laws and courts to deal with money laundering. India has framed money laundering law in 2003.

Since introduction of the act, BB received around 300 complaints of money laundering. After investigation, 17 of them turned out to be criminal offences. All 17 cases are currently under trial. However, in general, prosecution process in Bangladesh is extremely slow paced. In many instances, cases remain unresolved for decades. For effective implementation, prosecution process has to be streamlined, of course, maintaining due course of law.

SECTION VI

REMITTANCE AND DEVELOPMENT

The impact of remittance on the economy of labour sending countries depends to a large extent the way they are used (Martin, 1983). Over the years, concerns have been expressed about the limited extent of the productive use of remittance. Different authors have different perceptions about what constitute productive use. However, there is a general agreement that bulk of the remittance money is used in daily expenditure for food and

clothing. Another big segment goes into house improvement. Demary (1986) estimated that 50-60% of remittance in Asia are typically spent in current consumption and only about 10% goes into investment.

Utilisation

Over the last few years in Bangladesh, major policies and actions have been undertaken to ensure greater flow of remittance through official channel, yet steps towards effective utilization of remittance are still inadequate. Here as well, common perception of government functionaries and NGO activists is that migrants spend a large portion of their remittance in conspicuous consumption. However, a number of studies (Siddiqui, 2001; Murshed, 2000; Siddiqui and Abrar, 2001 and, Siddiqui and Abrar, 2003) conducted over the last 5 years demonstrate that in the 1980s a section of migrants may have spent the remittance unproductively. But the picture since 1990s is greatly different. Siddiqui & Abrar (2003) shows sector wise use of remittance in value terms by 100 interviewee families (Table 8). A summary of the findings is given below.

Food, Clothing, Health

The one-hundred interviewee families spent 20.45% of remittance in food and clothing. Their spending in food was not found to be conspicuous rather they ensured better diet to help meet their calorie needs, particularly for the younger ones. This can be seen as investment in future human resource development. Medical treatment and children's education consumed another 5.97%.

Investment in Land

Agricultural land purchase, homestead land purchase, release of mortgaged land, taking mortgage of land altogether accounted for 16.43% of the remittance. The table 10 informs that some changes have occurred in landholding pattern of the migrant remittance receiving households. In one of the two areas, there has been a reduction in ownership over arable land, while with regard to homestead land there has been an increase. In the other, the ownership of arable land has increased, while that of homestead land has decreased.

Home Construction and Repair

Home construction and repair also consumed a large portion of remittance (15.02%). Investment in home construction and repair is reflected on the type of homestead of these families (Table 9). These families owned five types of houses: Pucca (brick house with concrete floor and roof), semi-pucca (brick house with tin roof and concrete floor), tin (tin structure with concrete floor), semi-kutchha (earth floor, sides with tin and roof with tins or thatched) and kutchha.(mud floor, sides with mud or bamboo, roof either tin or thatched). The table shows upward mobility of the households regarding type of homestead structure.

Repayment of Loan

International migration involves huge cost and it was seen earlier that a significant portion of these costs was borne through borrowing. 10.55% of last

three years' remittance of these families went into repayment of loan. Another 3.47% went into settling debts incurred by the families due to reasons other than migration. Table 11 shows that 30% of the respondents have paid back the total loan taken for the purpose of migration, 36% partially repaid and only 14% could not repay their loans at all. Other 20% did not take any loan in the first place.

Business Investment

Of the total remittances received by these families only 4.75% has been invested in business. Such business investment was made by 20 persons. They have used remittances in running shops, in constructing a market place, opening phone and fax shop, tailoring shop, stationery store, pottery, saw mill, transport business and handloom factory. Some invested in different types of services related to farming; for example, irrigation schemes and trading in agricultural items. Interviewees were dependent on agriculture for living. There existed hardly any other investment opportunity.

Financing Migration of Other family Members

Quite a substantial portion of remittance have gone into financing migration of other family members. This is 7.19% of the total remittance. To the families interviewed this was treated as a very important investment for further enhancing the family income.

Social Ceremonies

A good amount of remittance has been used (9.7%) in social ceremonies such as wedding, naming of the child, Eid and death. Among these the highest portion has been spent in weddings of family members of the remittance sender. In few examples, migrants spent a lot of money in their own weddings. Besides, dowry was paid when their sisters were married off.

Savings

In both study areas the amount of savings was comparatively low. It was 3.40% of the total remittance. Savings were kept in banks, few made fixed deposits and still a few others had taken insurance policies.

Community Development Activities

A small amount of remittance was contributed to the road construction, and construction and maintenance of mosques and madrasas. Another study (Siddiqui 2004) on Bangladeshis in UK and USA shows that almost all the interviewees send a sizeable amount of money to Bangladesh as zakaat (annual mandatory religious contribution). This amount is spent mostly in community development and helping of poor relatives and destitute.

Others

Others include speed money, court settlement, misappropriation, purchase of home appliances, installing tube-wells and sanitary latrine.

Evaluation

Certain things are clear from the discussion, remittances are generally treated as income source of the households, yet these households did not spend

major share of the remittance in consumption. Some considered investment of remittance in housing or land purchase as unproductive since it does not add to the country's productive capacity and also results in inflation¹⁸. However if considered from migrants' point of view given the lack of viable avenues of investment, law and order situation and concomitant pressure from the extortionists, land still constitutes the safest avenue for remittance utilisation. Arable land immediately provides economic return through crop production and value of both arable and homestead land increases over time. Use of remittance in releasing mortgaged out land is also quite important in the rural context as it re-establishes the right of the person to cultivate in the land. It also adds to the social esteem of the family concerned. Construction of house is not also seen by some early studies as productive venture. This is because such an investment was seen more in terms of improved economic status rather than avenue of economic activity. However, home construction may be seen as durable asset, which does have exchange value. Investment in house can also be treated having potential for migrant worker as it can be used as collateral if he/she wants to borrow for investment purpose from banking or MFI sources.

In comparison to previous studies, investment in savings among these households was found to be relatively low. In general there is a lack of information about different savings schemes available. Utilising remittance in sending family members abroad from the perspective of the migrants' families is an investment rather than consumption. Therefore, if one adds investment in land, financing migration of other family members, construction of homestead, investment in business, then one would appreciate the intention of the families for income maximisation given the limited options. On the basis of the above it may be said that remittance play a significant role in the economic and social development process of the families of migrants.

SECTION VII

CIVIL SOCIETY AND INTERNATIONAL BODIES

Civil Society Organisations

Though Bangladesh has been a major labour sending country, civil society institutions have not been involved in any major way in providing services and protecting the rights of migrant workers. Over the last few years some human rights organisations and research bodies have initiated limited activities concerning labour migration. But remittance is still outside the parameter of civil society organizations (CSO). Of course, few civil society research bodies have undertaken studies on migrant remittance. A section of the returnee migrants have developed their own organisations. Over the last few years, three such organisations have emerged: the Welfare Association of the Bangladeshi Returnee Employees (WARBE) is involved in organising returnee migrants since 1997. The Association acts as a pressure group for promoting and protecting the rights of migrant workers. The Bangladesh Migrant Centre (BMC) focuses its activities on returnees from Korea.

¹⁸ Discussed in Fred Arnold (1992).

Bangladeshi Women Migrants Association (BWMA) is engaged in a campaign for lifting the ban on women migrants (Siddiqui, 2003).

Researchers of Bangladesh Institute of Development Studies (BIDS) have worked on some aspects of labour migration (Mahmood, 1994, 1996, 1998; Afsar *et al* 2000; Murshed 2000). Bangladesh Unnoyon Parishad (BUP) has undertaken a study on utilization of remittance in the district of Sylhet (Ahmad and Zohora, 1997). The Refugee and Migratory Movements Research Unit (RMMRU) of the University of Dhaka is a specialized research, training and advocacy body on migration. Its programmes have been discussed earlier as a non-traditional player in the area of remittance.

Policies and Programmes of International Agencies

In the context of Bangladesh, migration is a sector where until recently, not many international agencies had their programmes. Among the UN bodies and affiliates, International Labour Organisation (ILO) and International Organization for Migration (IOM) are the major organizations that have mandates on migration. Over the years, ILO has commissioned four important studies in Bangladesh regarding migration. The studies are, 'International Labour Migration from Bangladesh and the Trade Unions' (1999), 'Migrant Workers Remittances and Micro Finance in Bangladesh' (2003), 'Out Migration from Bangladesh' (2003) and 'Decent Work and International Migration' (2004). Once the regional office of IOM was established in Dhaka in 1999, it took different initiatives with regard to migration. IOM's head office in Geneva and INSTRAW jointly commissioned a study on temporary labour migration of women from Bangladesh. In collaboration with UNDP, IOM commissioned five studies on remittance. IOM along with Ministry of EWOE commissioned a study on Bangladeshi diaspora in UK and USA. The Policy Division of the Department for International Development (DfID), UK has recently taken interest in migration. It has commissioned five country studies in Asia including Bangladesh. Along with RMMRU, DFID organized a regional conference in Dhaka in June 2003 on migration. As follow up the conference, South Asian Migration Resource Network (SAMReN) has been established. RMMRU is the secretariat of the network. The core group that manages the network have two members from five South Asian countries. An interactive website on migration, fellowship for young South Asian academics and training on labour migration are three major activities that the network is implementing. DFID, UK has provided financial assistance for the network. ADB and DFID,UK are jointly supporting IOM in organizing an inter-governmental meeting on labour migration to be held in Manila in September 2004 for which ADB also commissioned a study on Efficiency of Migrant Workers' Remittance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This paper looks into Bangladesh's experience of migrants' remittance management. The paper underscores that remittance play an extremely important role in sustaining the economy. It is the highest foreign exchange earning sector of the country. Macro economic growths in different sectors

ranging from agriculture to service have direct correlation with migrants' remittance. It constitutes very important source of the country's development budget and the amount received through remittance is higher than foreign aid to Bangladesh.

The paper shows both long term and short term migration is common in Bangladesh. Data is available on different aspects of short term migration, but there is no data on long term migration. Figures indicate that number of short term migrants are increasing rapidly over the years and market of Bangladeshi labour is changing all the time. Migration to certain countries has reduced whereas some new countries of destination have emerged. In the early years of short-term migration, skilled and professionals used to migrate more. Now Bangladesh has created a niche in the unskilled and semi-skilled labour market.

Over the years, remittances have increased in absolute terms, although per capita a remittance has declined. Both official and unofficial channels were used by migrants for sending remittance. In recent times, various shortcomings of official channels have been addressed by different policy measures. This may have resulted in increased flow of remittance through official channels.

Ministry of Finance and Bangladesh Bank are the two most important institutions involved in framing public policy concerning remittance. Besides, MoEWOE, MoFA, MoC, NSB, PC, BoI, NCBs and PCBs are other important actors. BRAC Bank and RMMRU are the two non-traditional players in the area of remittance.

There are two major regulatory instruments that affect remittance. These are Foreign Exchange Regulation Act, 1947 (As amended upto 1996) and Money Laundering Prevention Act 2002 (As amended in 2003). There is no specific provision on migrants' remittance in the 1947 act. On the basis of the principles laid down in the act, a guideline has been prepared by BB which governs the migrants' remittance. The money laundering act is particularly promulgated after the 9/11 with dual purpose. In one hand, to ensure surveillance on money laundering and on the other hand, to ensure greater flow of remittance through official channel.

Since the return of the civilian regime in the 1991, successive governments have undertaken various proactive measures to enhance flow of remittance through official channel. In order to address the problem of difference between official and unofficial exchange rate, foreign exchange in current account has been made free floating. The lead time in transfer has been reduced substantially by limiting timeframe for transfer, greater introduction of electronic transfer, ensuring accountability of nostro account, facilitating expansion of exchange houses and correspondent banks, introduction of weekly and monthly evaluation and monitoring system, providing information of NCBs, exchange houses and correspondent banks in the website, and establishment of formal system of complaint. Along with the previous investment instruments, the US Dollar Investment Bond and the US Dollar

Premium Bond have been floated in late 2002. This for the first time has created opportunity for the migrants to invest in dollar. Incentive packages are also offered by PC, MoC and Ministry of Communication to encourage migrants' foreign direct investment. National Bank and Islami Bank offer some savings instruments that are useful for the migrants.

It was observed that most of the government investment opportunities available are targeted towards the big investors. This may attract the long term migrants with large capital. Investment need of short term migrants cannot be met through those. Besides, lowering the interest rates of investment instruments in local market has left little opening for the remittance receiving families, particularly for the elderlies. For those who want to invest in small enterprise, the MELA programme of BRAC seems to be well suited. Nonetheless, it was found that information on different packages offered is not easily accessible to the migrants.

The report reveals that the general perception about unproductive use of remittance by the migrants may not be reflecting the empirical reality. Such observations may had been valid in the late 1970s or the early 1980s. But studies show that in the 1990s, migrants' have invested in nutritious food for the family members, health, education, land purchase, financing migration of other family members, construction of homestead and in business. The report concluded that the migrant families tried their best to effectively utilise the remittances given the limited options they had. Such endeavour did result in economic and social development of many migrant families.

A stocktake of civil society organisations show that large scale NGOs or MFIs did not have any substantive programmes on labour migrants. Migrant workers' associations were found to be extremely active and committed to the cause. In Bangladesh, important studies have been conducted that covered various aspects of migration including remittance.

Recommendations

Public Policy Reforms

The government needs to commit adequate resources to migration sector. The MoEWOE should propose allocation of resources equivalent to the value of 5% of the remittances in order to organise services for the migrant workers.

A large segment of hundi money is channeled to finance smuggling. This necessitates reevaluation of taxation policy, and tariff and duty structures. Such revision has also become necessary for reducing under-invoicing of imports that is another contributing factor to hundi. The concerned authorities need to assess if the revenue earning under the existing tax, tariff and duty regimes is higher than the loss of foreign exchange due to smuggling and under-invoicing.

The Bangladesh Bank's policy of not allowing private banks opening branches in foreign cities where nationalised commercial banks have their branches needs to be reconsidered. Such protectionism is against the

principle of liberalisation and private sector development. If banks gear themselves adequately for harnessing migrants' remittance then opening of branches by private banks would lead to a healthy competition and thus is likely to contribute increased flow of remittance.

Government may give migrant workers the right to import goods that can be considered as remittance in kind. Such remittance in kind may be exempted from custom duties.

The government's concern of the high risk involved in allowing MFIs to mobilise non-members' savings is appreciated. However, considering the need for special savings schemes for the migrant families and the absence of such services at door to door level, the government may give special permission to a few tested MFIs to engage themselves in managing non-members' savings.

Government may undertake a high profile project like 'Jamuna Bridge' dedicated to the migrants and mobilise fund from the migrants in implementing that project.

Banks

The report amply demonstrates that the banks are working hard to match the level of services provided by hundi operators. Following measures may be undertaken to further improve their quality of services.

A good percentage of those who are remitting money and their families are less educated. In most cases, they are not familiar in dealing with formal institutions and are not aware about the need for having a bank account. In that context, those who are going overseas should be encouraged to open accounts before their departure. This can be ensured through existing BMET clearance process. Before issuing clearance certificate, BMET can ensure if the migrant has opened a bank account.

A segment of Bangladeshi migrant population is undocumented. There is a tendency of irregular migrants to send remittance through informal channels. Therefore, along with efforts towards encouraging flow of regular migration, procedures must be simplified so that irregular migrants can send remittance through regular channels. In this regard, following the Filipino example, Bangladeshi banks overseas may be instructed to facilitate opening of account by accepting documents, other than passport.

Bangladeshi banks overseas should periodically mount drive in a planned way for opening of accounts of Bangladeshi migrant population overseas. Branches of each bank should set specific targets for opening new accounts of migrants and a concrete plan of action for attaining such target should be in place.

Bank officials are to be trained, regularly updated and motivated about the importance of migrant remittance. Training module developed by RMMRU can be utilised in this regard.

The central bank may consider allowing banks appoint brokers/agents on payment of commission who help mobilising individual remittances. This appears to be an effective tool to mobilise remittance of Bangladeshi migrants.

Framing of money laundering prevention act and subsequent setting up of anti-money laundering department in the BB are great steps towards curbing hundi. However, prosecution under the law should be ensured. Financial Intelligence Unit (FIU) may be established under the auspices of BB.

Bangladesh Bank website contains information on investment opportunities and available transfer institutions. Websites of MoEWOE, MoC and PC provide information on investment incentives to migrants. These addresses should be advertised in local ethnic media run by the migrants in the receiving countries. Missions may organise regular meetings with community associations and distribute brochures and leaflets among the community leaders.

Ministries and Agencies

There is much room for improvement in the functioning of Bangladeshi missions abroad with respect to remittance. When queries are made on opening new branches and corresponding relationships, the missions need to act on them promptly. Procedural delays have to be minimised by fixing specific time frames.

Data is non-existent on the long term migrants of Bangladesh. In order to design its targeted interventions, BB requires information on number of migrants, their professional background and area of concentration in the receiving countries. Recently, the government of India has generated global data on migrants of Indian origin through its foreign missions. MoFA can also generate estimated figures through its missions abroad.

There is a general decline in the supply of skilled and professional categories of migrants from Bangladesh. This has given rise to a situation where increase in number of people migrating has not been matched by commensurate increase in remittance inflow. Under such conditions, a number of measures need to be taken by BMET. Many labour receiving countries have projection plans of development work and concomitant labour needs. Following the example of the Phillippines, these projection plans need to be collected and analysed on a routine basis. Accordingly human resources of Bangladesh have to be trained and marketed. Initiatives must be taken for proper certification of skills that a good section of migrant workers possess, such as electrician, mason, bricklayer, plumber, fitter, turner etc. In this respect, special incentives may be provided to private recruiting agencies who export skilled manpower.

Vocational training should be incorporated in mainstream primary and secondary level curricula. Chapters on migration should be incorporated in

textbooks. To increase the communication skills, English should be introduced as a second language from the first grade.

Micro Finance Institutions and Civil Society Bodies

Tested microfinance institutions should come forward to play a role in managing migration. They can take up the migrant workers' issue as a matter of social responsibility. BRAC has already emerged as a non-traditional actor in remittance transfer. Experience of BRAC bank regarding remittance transfer may be studied thoroughly. This will give idea on the possibility of their replication. For serving the migrants, Grameen Bank may consider proposing amendment to its ordinance.

MFIs can make migrants their members before departure, develop credit schemes for facilitating their migration, form partnership in remittance transfer, provide package on repayment of loans and savings for the migrants, assist the remittance receivers in setting up micro enterprises and help reintegration of returnee migrants through investment assistance.

Potential migrants should be provided information on official remittance process. The training programmes designed by RMMRU can be replicated at a large scale by private sector and MFIs. Returnee migrants' associations should be used as resource organizations in delivering these trainings.

International Agencies

International organisations can jointly establish migrant workers resource centres (MWRCs) in major receiving countries. These MWRCs can provide all kinds of services including remittance information to the migrants of different labour sending countries.

Coordination

It is well recognised that migration is a complex process with many stakeholders. It involves various ministries of the government, private and nationalised commercial banks, MFIs, migrant workers and members of their families. Effective coordination among the actors is essential for enhancing the efficiency of migrant workers' remittance. The inter-ministerial coordination committee headed by the Minister for EWOE should incorporate all the actors, government, private sector and the civil society.

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Annex: 1

List of Interviewees

1. A T M Nasir Uddin, General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka.
2. Md. Atiqur Rahman, Deputy General Manager, Anti-Money Laundering Department, Bangladesh Bank, Head Office, Dhaka.
3. S M Abul Quasem, General Manager, Anti-Money Laundering Department, Bangladesh Bank, Head Office, Dhaka.
4. Abul Kalam Azad, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka.
5. Abdul Mannan, Senior Vice President, Islami Bank Bangladesh Ltd. Head Office, Dhaka.
6. Md. Shahidul Haque, Regional Representative, IOM Dhaka.
7. Abdus Sobhan Sikder, Deputy Secretary, MoEWOE
8. Dr. Nurul Islam, Director, Research and Evaluation, BMET, Dhaka.

9. Annex: 2

Tables

Table 1: Remittance Flow to Major Remittance Receiving Countries

| Country | Regional Share | Worldwide Share |
|--------------------|----------------|-----------------|
| India | 73% | 15% |
| Mexico | 34% | 8% |
| Philippines | 43% | 8% |
| Turkey | 27% | 6% |
| Egypt | 35% | 5% |
| Spain | 20% | 4% |
| Portugal | 19% | 4% |
| Morocco | 20% | 3% |
| Bangladesh | 12% | 2% |
| Jordan | 17% | 2% |
| El Salvador | 9% | 2% |
| Dominican Republic | 9% | 2% |
| Greece | 10% | 2% |
| Nigeria | 65% | 2% |
| Yemen | 12% | 2% |
| Total | - | 75%* |
| | | |

*The rest 25% of remittances are received by other countries.

Source: Orozco, 2003, using data of central bank of each country and World Bank, World Development Indicators, 2002.

**Table:2 Destination wise Percentage Distribution of Migrants from Bangladesh
(1976- Sept. 2003)**

| Country Year | K.S.A | Kuwait | U.A.E | Qatar | Iraq | Libya | Bahrain | Oman | Malaysia | Korea |
|-----------------|-------|--------|-------|-------|-------|-------|---------|-------|----------|-------|
| 1976 | 3.56 | 10.56 | 32.68 | 20.06 | 9.64 | 2.84 | 5.5 | 1.86 | 0 | |
| 1977 | 8.77 | 8.36 | 37 | 14.38 | 7.87 | 4.57 | 5.53 | 9.49 | | |
| 1978 | 14.08 | 9.16 | 32.93 | 5.71 | 6.37 | 10.5 | 3.34 | 12.61 | 0.1 | |
| 1997 | 26.44 | 9.38 | 20.69 | 5.65 | 9.65 | 8.04 | 3.38 | 15.42 | | |
| 1980 | 28.91 | 12.26 | 16.12 | 4.84 | 6.41 | 9.9 | 4.49 | 15.78 | 0.01 | |
| 1981 | 23.99 | 9.79 | 11.5 | 4.07 | 23.58 | 7.46 | 2.5 | 13.18 | 0 | |
| 1982 | 25.96 | 11.54 | 10.93 | 9.96 | 20.55 | 3.3 | 3.25 | 13.14 | 0 | |
| 1983 | 21.83 | 17.36 | 11.17 | 12.76 | 8.33 | 3.73 | 4.18 | 18.76 | 0.04 | |
| 1984 | 35.97 | 9.92 | 9.14 | 4.81 | 8.29 | 5.97 | 4.06 | 18.42 | 0 | |
| 1985 | 47.79 | 9.5 | 10.73 | 6.12 | 6.5 | 1.95 | 3.82 | 11.86 | 0 | |
| 1986 | 39.67 | 14.98 | 12.8 | 7.06 | 6.89 | 4.53 | 3.78 | 9.11 | 0.77 | |
| 1987 | 53.09 | 12.91 | 13.45 | 7.96 | 5.2 | 3.07 | 2.78 | 0.59 | 0 | |
| 1988 | 40.55 | 9.58 | 19.73 | 10.85 | 6.15 | 4.05 | 4.8 | 3.26 | 0 | |
| 1989 | 39.27 | 12.19 | 14.93 | 8.32 | 2.53 | 1.58 | 4.75 | 15.17 | 0.39 | |
| 1990 | 55.37 | 5.74 | 8 | 7.39 | 2.6 | 0.45 | 4.4 | 13.47 | 1.33 | |
| 1991 | 51.36 | 19.4 | 5.83 | 2.56 | 0 | 0.76 | 2.36 | 15.67 | 1.11 | |
| 1992 | 49.51 | 18.27 | 6.9 | 1.73 | 0 | 0.86 | 3.09 | 13.73 | 5.6 | |
| 1993 | 43.51 | 10.8 | 6.47 | 1 | 0 | 0.74 | 2.21 | 6.49 | 27.79 | |
| 1994 | 49.05 | 8 | 8.08 | 0.33 | 0 | 1 | 2.27 | 3.47 | 25.67 | 0.8 |
| 1995 | 44.79 | 9.33 | 7.83 | 0.04 | 0 | 0.59 | 1.6 | 11.17 | 18.76 | 1.7 |
| 1996 | 34.35 | 9.94 | 11.25 | 0.05 | 0 | 0.93 | 1.78 | 4.11 | 31.47 | 1 |
| 1997 | 46.10 | 9.14 | 23.68 | 0.81 | 0 | 0.84 | 2.17 | 2.59 | 1.23 | 0.3 |
| 1998 | 59.3 | 9.51 | 14.49 | 2.54 | 0 | 0.47 | 2.62 | 1.79 | 0.21 | 0.2 |
| 1999 | 69.26 | 8.35 | 12.06 | 2.09 | 0 | 0.65 | 1.73 | 1.51 | 0 | 0.5 |
| 2000 | 64.94 | 0.27 | 15.28 | 0.64 | 0 | 0.45 | 2.08 | 2.36 | 7.74 | 0.4 |
| 2001 | 72.63 | 2.83 | 8.6 | 0.12 | 0 | 0.24 | 2.31 | 2.41 | 2.6 | 0.8 |
| 2002 | 72.47 | 7 | 11.29 | 0.25 | 0 | 0.7 | 2.38 | 1.74 | 0.04 | 0.0 |
| 2003 | | | | | | | | | | |
| Jan- Sept | 66.85 | 7.88 | 15.55 | 0.04 | 0 | 1.28 | 2.76 | 1.6 | 0 | 0.0 |
| Total | 51.78 | 9.46 | 12.16 | 2.58 | 1.85 | 1.44 | 2.64 | 6.42 | 7.19 | 0.3 |

Source: Prepared from BMET data 2003

Table 3: Skill Wise Percentage Distribution of Migrants from Bangladesh (1976- Sept. 2003)

| Year | Professional | Skilled | Semi-skilled | Unskilled | Total |
|----------------|--------------|---------|--------------|-----------|---------|
| 1976 | 9.33 | 29.16 | 8.92 | 52.59 | 6087 |
| 1977 | 11.23 | 41.00 | 3.12 | 44.66 | 15725 |
| 1978 | 15.15 | 35.91 | 4.60 | 44.34 | 22809 |
| 1979 | 14.26 | 28.60 | 6.88 | 50.26 | 24495 |
| 1980 | 6.59 | 40.60 | 7.79 | 45.02 | 30073 |
| 1981 | 6.98 | 40.21 | 4.39 | 48.42 | 55787 |
| 1982 | 6.21 | 32.84 | 5.21 | 55.74 | 62762 |
| 1983 | 3.08 | 31.98 | 8.61 | 56.33 | 59220 |
| 1984 | 4.66 | 30.30 | 9.67 | 55.37 | 56714 |
| 1985 | 3.31 | 36.33 | 10.07 | 50.30 | 77694 |
| 1986 | 3.22 | 38.30 | 13.49 | 44.99 | 68658 |
| 1987 | 3.00 | 32.21 | 13.00 | 51.79 | 74017 |
| 1988 | 3.92 | 37.12 | 15.99 | 43.09 | 68121 |
| 1989 | 5.23 | 38.16 | 17.36 | 39.24 | 101724 |
| 1990 | 5.78 | 34.30 | 20.03 | 39.88 | 103814 |
| 1991 | 6.13 | 31.87 | 22.16 | 39.84 | 147131 |
| 1992 | 6.05 | 26.94 | 16.47 | 50.54 | 188124 |
| 1993 | 4.54 | 29.31 | 27.06 | 39.09 | 244508 |
| 1994 | 4.50 | 32.76 | 24.97 | 37.77 | 186326 |
| 1995 | 3.39 | 31.94 | 17.09 | 47.58 | 187543 |
| 1996 | 1.51 | 30.37 | 16.38 | 51.74 | 211714 |
| 1997 | 1.64 | 28.22 | 18.85 | 51.29 | 231077 |
| 1998 | 3.58 | 27.91 | 19.27 | 49.23 | 267667 |
| 1999 | 3.00 | 36.71 | 16.76 | 43.53 | 268182 |
| 2000 | 4.79 | 44.73 | 11.88 | 38.60 | 222686 |
| 2001 | 3.14 | 22.62 | 16.25 | 57.99 | 188965 |
| 2002 | 6.41 | 24.98 | 15.99 | 52.61 | 225256 |
| 2003 (Jan-Sep) | 6.09 | 29.53 | 11.93 | 52.45 | 185523 |
| Total | 4.40 | 31.80 | 16.66 | 47.14 | 3582402 |

Note: 150000 Bangladeshi workers legalised in Malaysia during 1997

Source: Prepared from BMET data 2003.

Table 4 Number and Percentage of Women Migrants in Comparison to Total Flow (1991-2003)

| Year | Women Migrants | | Total Number Male and Female |
|---------------|----------------|------------|---------------------------------|
| | Number | % of Total | |
| 1991-1995 | 9308 | 0.98 | 953632 |
| 1996 | 1567 | 0.74 | 211714 |
| 1997 | 1762 | 0.76 | 231077 |
| 1998 | 939 | 0.35 | 267667 |
| 1999 | 366 | 0.14 | 268182 |
| 2000 | 454 | 0.20 | 222686 |
| 2001 | 659 | 0.35 | 188965 |
| 2002 | 1217 | 0.54 | 225256 |
| 2003(Jan-Sep) | 1240 | 0.67 | 185523 |
| Total | 17512 | 0.64 | 2754693 |

Source: Prepared from manually consolidated figures provided by BMET 2003.

Table 5: Percentage of increase/decrease in number of migrants and remittance over the previous year

| Year | Number of migrants | Increase/Decrease % | Remittance (us \$ million) | Increase/ Decrease % |
|-------|--------------------|---------------------|----------------------------|----------------------|
| 1976 | 6,087 | | 23.71 | |
| 1977 | 15,725 | 158.33 | 82.79 | 249.18 |
| 1978 | 22,809 | 45.04 | 106.90 | 29.12 |
| 1979 | 24,495 | 7.39 | 172.06 | 60.95 |
| 1980 | 30,073 | 22.77 | 301.33 | 75.13 |
| 1981 | 55,787 | 85.51 | 304.88 | 1.18 |
| 1982 | 62,762 | 12.5 | 490.77 | 60.97 |
| 1983 | 59,220 | 5.64 | 627.51 | 27.86 |
| 1984 | 56,714 | -4.23 | 500.00 | 20.32 |
| 1985 | 77,694 | 36.99 | 500.00 | 0 |
| 1986 | 68,658 | -11.63 | 576.20 | 15.24 |
| 1987 | 74,017 | 7.8 | 747.60 | 29.74 |
| 1988 | 68,121 | -7.97 | 763.90 | 2.18 |
| 1989 | 101,724 | 49.33 | 757.84 | -0.79 |
| 1990 | 103,814 | 2.05 | 781.54 | 3.12 |
| 1991 | 147,131 | 41.72 | 769.30 | -1.56 |
| 1992 | 188,124 | 27.86 | 901.97 | 17.24 |
| 1993 | 244,508 | 29.97 | 1,009.09 | 11.87 |
| 1994 | 186,326 | -23.79 | 1,153.54 | 14.31 |
| 1995 | 187,543 | 0.65 | 1,201.52 | 4.16 |
| 1996 | 211,714 | 12.89 | 1,355.34 | 12.79 |
| 1997 | 231,077 | 9.14 | 1,525.03 | 12.52 |
| 1998 | 267,667 | 29.76 | 1,599.24 | 4.86 |
| 1999 | 268,182 | 0.19 | 1,806.63 | 12.96 |
| 2000 | 222,686 | -16.96 | 1,954.95 | 8.21 |
| 2001 | 188,965 | -15.14 | 2,071.03 | 5.94 |
| 2002 | 225,256 | 19.20 | 2,847.79 | 37.50 |
| Total | 2,909,972 | | 18058.74 | |

Source: Prepared from BMET data, 2003

Table 6: Remittance Flow in Kind

| Item name | Mirersharai | | Kalihati | | Total Number of items | Total Tk. |
|---------------|-----------------|-------------------------------|----------------|--------------------------------|-----------------------|-----------|
| | Number of items | Approximate Market Value (Tk) | Number of item | Approximate market value (Tk.) | | |
| Cassette | 28 | 228500 | 14 | 118500 | 42 | 347000 |
| VCP/VCR | 2 | 17000 | 5 | 54000 | 7 | 71000 |
| VCD player | 1 | 30000 | 1 | 30000 | 2 | 60000 |
| Computer | 9 | 175000 | 1 | 70000 | 10 | 245000 |
| Television | 8 | 42000 | 14 | 265000 | 22 | 307000 |
| Camera | 1 | 25000 | 10 | 39000 | 11 | 64000 |
| Video Camera | 3 | 6200 | 1 | 25000 | 4 | 31200 |
| Clothes/Shoes | 36 | 160000 | 18 | 80000 | 54 | 240000 |
| Blanket | 32 | 52800 | 22 | 38800 | 54 | 91600 |
| Home App. | 5 | 9500 | 3 | 6000 | 8 | 15500 |
| Gold | 22 | 340000 | 18 | 300000 | 40 | 640000 |
| Briefcase | 14 | 21000 | 8 | 15000 | 22 | 36000 |
| Radio | 1 | 600 | 2 | 600 | 3 | 1200 |
| Watches | 32 | 30400 | 19 | 20400 | 51 | 50800 |
| Others | 11 | 7100 | 14 | 8000 | 25 | 15100 |
| Total | 205 | 1145100 | 150 | 1070300 | 355 | 2215400 |

Source: Siddiqui and Abrar, 2003

Table 7: Total Remittance Received by the Families (in Taka)

| Method Used | Mirersharai | | | | Kalihati | | | | Grand Total |
|-------------------|-------------|-----------|-----------|---------------------|----------|---------|---------|---------------------|-----------------------|
| | 2000 | 1999 | 1998 | Total | 2000 | 1999 | 1998 | Total | |
| Official | 12,46,000 | 14,12,000 | 14,06,000 | 40,64,000 39.04% | 2176500 | 2275000 | 1592000 | 60,43,500 52.88% | 1,01,07,500 46.28% |
| Hundi | 12,84,000 | 15,91,000 | 10,56,140 | 39,31,140 37.76% | 1069000 | 2072000 | 1543040 | 46,84,040 40.98% | 86,15,180 39.45% |
| Returning Friends | 3,08,000 | 2,19,000 | 70,000 | 5,97,000 5.73% | 81000 | 210000 | 120000 | 4,11,000 3.60% | 10,08,000 4.62% |
| Carried by MW | 2,90,000 | 11,90,000 | 1,81,000 | 16,61,000 15.95% | | 80000 | | 80,000 0.70% | 17,41,000 7.97% |
| Others | 56,000 | 51,000 | 51,000 | 1,58,000 1.52% | 210000 | | | 2,10,000 1.84% | 3,68,000 1.68% |
| Total | 31,84,000 | 44,63,000 | 27,64,140 | 1,04,11,140 100% | 3536500 | 4637000 | 3255040 | 1,14,28,540 100% | 2,18,39,680 100% |

Source: Siddiqui and Abrar (2003)

Table 8: Year wise Growth of Remittance Flow from the US (In million dollars) from 1997-2002

| Year | US | | UK | |
|-------------|---------|------------|--------|------------|
| | Amount | % increase | Amount | % increase |
| 1997 | 207.65 | - | 59.43 | -- |
| 1998 | 217.09 | 4.57 | 62.95 | 5.92 |
| 1999 | 229.64 | 5.78 | 54.85 | -12.86 |
| 2000 | 248.21 | 8.08 | 68.87 | 25.56 |
| 2001 | 264.95 | 6.74 | 63.93 | -7.17 |
| 2002 (Nov.) | 392.12 | 47.99 | 151.43 | 136.86 |
| 1997-2002 | 1559.66 | 14.63 | 461.46 | 29.66 |

Source: Siddiqui, 2004.

Table 9: Utilisation of Remittance by 100 households

| Use | In taka | % |
|-----------------------------------|-----------------|---------------|
| | Food & Clothe | 4466280 |
| Medical Treatment | 703800 | 3.22 |
| Child Education | 600940 | 2.75 |
| Agricultural land purchase | 2455400 | 11.24 |
| Home Stead land purchase | 210000 | 0.96 |
| Home constriction/repair | 3280000 | 15.02 |
| Release of Mortgaged land | 490000 | 2.24 |
| Taking Mortgage of land | 435000 | 1.99 |
| Repayment of loan (for migration) | 2304600 | 10.55 |
| Repayment of loan (other purpose) | 757500 | 3.47 |
| Investment in Business | 1039200 | 4.76 |
| Savings/Fixed deposit | 670000 | 3.07 |
| Insurance | 72140 | 0.33 |
| Social Ceremonies | 1980000 | 9.07 |
| Gift/donation to relatives | 205000 | 0.94 |
| Send relative for pilgrimage | 200000 | 0.92 |
| Community development activities | 20520 | 0.09 |
| Sending family member abroad | 1571000 | 7.19 |
| Furniture | 151300 | 0.69 |
| Others | 227000 | 1.04 |
| Total | 21839680 | 100.00 |

Source: Siddiqui and Abrar, 2001.

Table 10: Nature of Housing before Migration and at Present

| Type | Before | At present |
|---------------|--------|------------|
| Pucca | 6 | 7 |
| Semi-Pucca | 4 | 5 |
| Tin | 2 | 9 |
| Semi-Kutchcha | 61 | 58 |
| Kutchcha | 27 | 21 |
| Total | 100 | 100 |

Table 11 Average Land size Before Migration and at Present of 100 Households (in decimels)

| Land | Arable | | Homestead | |
|-------------|--------|--------|-----------|-------|
| | Before | After | Before | After |
| Mirersharai | 264 | 228.47 | 28.72 | 33.48 |
| Kalihati | 175.87 | 203.44 | 18.02 | 17.69 |
| Total | 217.00 | 216.35 | 23.20 | 25.51 |

Table 12: Repayment of Loan incurred for Migration

| Area | Yes | No | Partially | Not applicable | Total |
|-----------------|-----|----|-----------|----------------|-------|
| Mirersha rai | 13 | 9 | 16 | 12 | 50 |
| Kalihati | 17 | 5 | 20 | 8 | 50 |
| Total | 30 | 14 | 36 | 20 | 100 |