

IMPACTS OF INTERNATIONAL MIGRATION ON SOCIO-ECONOMIC DEVELOPMENT IN BANGLADESH

MD. MASUD SARKER¹

MD. SHAHIDUL ISLAM²

¹ *Department of Political Studies, Shahjalal University of Science and Technology, Bangladesh*

² *Research and Development (R&D) Cell, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Dhaka, Bangladesh Institute of Social Research (BISR) Trust Bangladesh*

© 2018 Md. Masud Sarker, Md. Shahidul Islam

This is an open access article distributed under the Creative Commons Attribution-NonCommercial-NoDerivs license

(<http://creativecommons.org/licenses/by-nc-nd/3.0/>)

DOI: 10.1515/eras-2018-0003

Abstract

International migration has positive impacts on socio-economic development in Bangladesh. Using secondary data, this paper explores the impacts of remittances on socio-economic development in Bangladesh. The article reveals that remittance has significant impacts on Bangladesh economy and socio-economic development, for example, reducing the poverty, increasing the household expenditure, saving, leading to maintain the quality of life as well as gender equality. Therefore, the government should take necessary steps to fostering international migration as a national strategy for economic development of Bangladesh.

Keywords: Remittance, International Migration, Development, Economy, Bangladesh

1. INTRODUCTION

It is projected that more than 200 million people in the world are as of now living in the country which is not their home country and this number is rapidly increasing. Most of the time people migrate from developing countries to developed countries. It is generally estimated that half of the *immigrants* of developed countries are migrated from developing countries (Zhunio, 2012). The migrants people who send money to their families or friends in their country of origin are generally called remittance. Over the last 30 years, remittance flow to developing countries has gradually been increased, which accounts for 100 billion dollar on average per year. After the mid-1980, there is a rapid increase of migrations and global flow of remittance also increased sharply from \$18 billion in 1980 to \$440 billion by 2010 (Chowdhury et al. 2011). It is also assumed that a huge part of the remittance flow is unrecorded that may be 20 to 200% of the recorded remittance (Chowdhury, 2011). It is also estimated that in 2010, more than 80% global migrants worker are from developing countries, and they sent about 75% of the remittance to developing countries of the total remittance. The workers remittance is considered the lion share of foreign earnings for the most of the developing countries after foreign direct investment (Chowdhury, 2011). Remittance is also considering a stable source of money during the financial crisis (Ratha, 2007).

Migration has turned into a significant livelihood strategy for the people of Bangladesh, considering its comprehensive socio-economic development through transferring of skills, and community development. International migration is not a new phenomenon for Bangladesh. During the British period; people were migrated for UK and USA for business and educational purposes. But the flow of migration has been increasing in Middle East countries since 1970, due to increasing oil expiation in this countries and increasing the demand labour force (Islam, 2010). Bangladesh is one of the top ten remittance recipient countries in the world (Hatemi-j & Uddin, 2014). In Bangladesh, international migration is the major driver of the economic

development because it diffuses the knowledge, technology, idea and skill. Remittance is also the source capital for startup new small scale - SMEs and entrepreneurship (Hatemi-j & Uddin, 2014).

Currently, in Bangladesh, the total population is being estimated to 158.5 million, where labour force participation rate of the population aged 15 or older at 58.5 percent, at 81.9 percent male and 35.6 percent for females and 41.5 percent of the population aged 15 or older outside the labour force. However, 2.6 million people aged 15 or older are still remaining unemployed (BBS, 2017). Most of them are uneducated and have very low skills that are not suitable for the local job market. The wages paid for this jobs is very low that it can not support to lead their daily livelihood. Most of the educated persons can not enter the job market after completion of their education because they have no experiences and skills related to jobs. This man-power can be an added value while they migrate to abroad as worker and make themselves as an asset not only for family and but for the country as well.

Therefore international migration which leads to flow the remittance can be an important strategy for national development for Bangladesh. This paper tries to explore the importance of remittance on development of Bangladesh and also explain the effects of remittance on socio-economic development of Bangladesh.

2. REMITTANCE FLOWS IN BANGLADESH

FY	No of Employment Abroad 000	Amount of remittance	
		In Million US\$	Percentage Change %
2007-08	981	7914.78	32.39
2008-09	650	9689.16	22.42
2009-10	427	10987.40	13.40
2010-11	439	11650.32	6.03
2011-12	691	12843.40	10.24
2012-13	441	14461.15	12.60
2013-14	409	14228.30	-1.61
2014-15	461	15316.91	7.65
2015-16	685	14931.14	-2.52
2016-17	905	12769.5	-14.48

Table – 1: Remittance flows in Bangladesh

Source: Bangladesh Economic Review

In FY 2007-08, about 981 lakh workers were employed at abroad, but the trend was decreasing in FY 2010 -11, which was account for 439 lakh. But, FY 2011-12, the amount of workers employment at abroad risen to 691 lakh. However, recently, the migrant's worker estimated 905 lakh, which was higher than the previous year, which was an account for 685 lakh.

In 2007-08 period, the remittance earned was only USD 7914.781 million, after that, the trend was gradually increased up to FY2014-15 period, which account for US 15316.91

million, the highest remittance earned. Recently the table reveals that US dollar 12769.5 in million remittances have been earned in 2015-2016 by the county which is lower than the previous year (US 14931.14) million in 2016-17).

Year/Month	Growth (%)	
2017-2018	-15.72315174	
2016-2017	-14.47795821	
2015-2016	-2.518327783	
2014-2015	7.651322087	
2013-2014	-1.610384797	
2012-2013	12.59562282	
2011-2012	10.24100626	
2010-2011	6.033456505	
2009-2010	13.39772078	
2008-2009	22.41982721	
2007-2008	31.94664639	
2006-2007	24.90541207	
2005-2006	24.79334977	
2004-2005	14.12586707	
2003-2004	10.12420109	
2002-2003	22.42346459	
2001-2002	32.8903884	
2000-2001	-3.448382	
1999-2000	14.28001923	
1998-1999	11.82027363	
1997-1998	3.389543316	
1996-1997	21.22820568	
1995-1996	1.622370849	
1994-1995	10.00349034	
1993-1994	15.26091237	
1992-1993	11.17035049	
1991-1992	11.22514432	
1990-1991		

Table 2. Growth rate of remittance

Source: Bangladesh bank

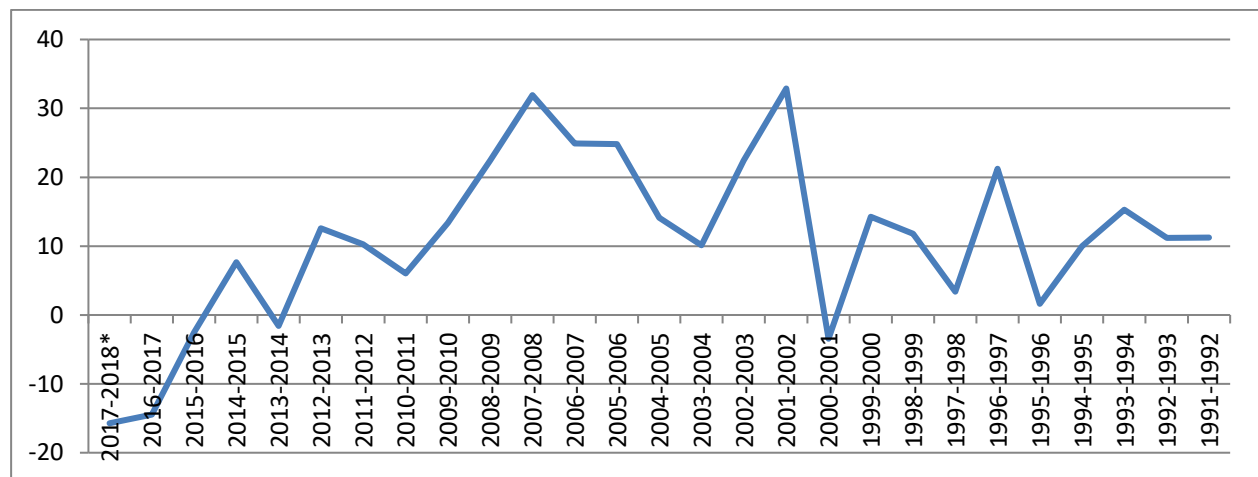


Figure -1: Trend of the growth rate of remittance

From Table 2, the remittance growth rate fluctuates from time to time. Growth rate saw positive trend from FY 1991-1992 periods to FY1999-2000 period, but it was downward in FY 2000-2001 period. After that, it was the stabilized trend up to FY 2012-2013. Recently, from FY 2015-2016 to FY2017-2018, the growth rate of remittance reduces dramatically.

Calendar year	Saudi Arabia	Qatar	UAE	Bahrain	Oman	Malaysia	Singapore	other	Total
2010	7069	12085	203308	21824	42641	919	39053	63803	390702
2011	15039	13111	282739	13996	135265	742	48667	58503	568062
2012	21232	28801	215452	21777	170326	804	58657	90749	607798
2013	12654	57584	13699	12275	62612	3203	30775	101681	409253
2014	10657	87575	24232	23378	105748	5134	54570	114210	425684
2015	58270	123965	25271	20720	129859	30483	55523	111790	555881
2016	143913	120382	8131	72167	188247	40126	54730	130035	757731
2017	302456	51826	2179	16460	50556	14846	19779	55527	513629

Table – 3: Number of Expatriate Bangladeshi Workers by Country

Source: Bangladesh economic review, 2017

Nowadays, Bangladesh has been increasingly an important source country in international flows of labor migration since 1980s. Migration had started towards different industrialized countries including UK, USA, etc. alongside with to the Middle East and South-East Asian countries like Singapore, Kuwait, Malaysia, Bahrain, Abu Dhabi, etc. Till June, 2017 it has been estimated that almost 513629 people had been migrated to different countries especially to Saudi Arabia (302456), Qatar (51826), Bahrain (16460), UAE (2179), Oman (50556) Malaysia (14846), Singapore (19779) and others (55527). But among them, almost 80% percent of the people were worked in different countries of Middle East.

FY	KSA	UAE	USA	Kuwait	UK	QATAR	Oman	Singapore	Bahrain	Malaysia	Others	Total
2012-13	3829.5	2829.4	1859.8	1186.9	991.6	286.9	610.1	498.8	361.7	997.4	1009.1	14461.1
2013-14	3118.9	2684.9	2323.3	1106.9	901.3	257.5	701.1	429.1	459.4	1064.7	1181.3	14228.3
2014-15	3345.2	2823.8	2380.2	1077.8	812.3	310.2	915.3	443.4	554.3	1381.5	1263.9	15316.91
2015-16*	2955.55	2711.74	2424.32	1039.95	863.28	435.61	909.65	387.24	489.99	1337.14	1376.67	14931.14
2016-17**	2267.2	2093.5	1688.9	1033.3	808.2	576.0	897.7	300.9	437.1	1103.6	1563.1	12769.5

Table – 4: Country wise remittance (In million US\$)

Source: Bangladesh economic review, 2017

Majority of the remittance comes from KSA, but the data reveals that recently there is a rapid declined of remittance has been observed in KSA. Remittance flows reduced from FY 38295.5 to FY2012-2013 to 2267.2 in FY 2016-17. On the other hand, the remittance from the USA increased dramatically from US\$ 1859.8 in FY 2012-2013 to 2424.32 in FY2015-16 1859.8. Finally, in FY 2016-17 periods total remittance is estimated US\$12769.5 which was less than previous year, which accounts for US\$14931.14.

FY	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
As percent of GDP	8.64	9.44	9.52	9.05	9.63	9.64	8.21	7.87	6.74	5.17
As percent of Export Earnings	56.09	62.25	63.48	50.82	52.92	53.52	47.78	49.08	43.61	49.22

Table – 5: Remittance as Percent of GDP and Export Earnings

Source: Bangladesh Economic Review, 2017

In FY 2007-08, the percentage share of remittance to GDP was estimated 8.64 and percent of export earning which were 56.09. But from, FY 2007-08 to FY 2016-17, the percentage of GDP decreased to 5.17. Similarly, percentage of total export earnings from remittance declined in 49.22 in FY 2016-2017.

Year	total	Yearly increase
2005	13570	20.53
2006	18045	32.98
2007	19094	5.81
2008	20842	9.15
2009	22224	6.83
2010	27706	24.67

2011	30579	10.37
2012	37304	21.99
2013	56400	51.19
2014	76007	34.76
2015	103718	36.48
2016	118088	13.85
2017	121925	3.25

Table – 6: Female employment from 2005 to December, 2017

Source: Bangladesh Economic Review, 2017

For the stable economic growth, both male and female have the same responsibility, international female migration has a significant effect on the developmental process of Bangladesh. Various different macro and micro level factors are the main determinates to female migration. In local job market, unskilled worker are paid low wage and have to engage venerable work. So they migrants to aboard for better income opportunity and wages, earning facility in the countries of destination, and for a better living standard. There is a rapid increase of female migration has been observed from 2005 to 2017. In 2015 female migrant was 13570 which are increased to 121925 in 2017. During the last three years, as a substance amount of female migrants is observed.

4. IMPACTS OF REMITTANCE ON SOCIO-ECONOMIC DEVELOPMENT

4.1 Remittance and poverty

The impact of remittance on poverty reduction is huge which include firstly, migration is regarded as a vital driver for the advancement of economy and economic development through the diffusion of thoughts, skills, innovation and expertise. Secondly, migration and remittance create a relationship of mutual dependence between sending and receiving countries. Thirdly, remittance facilitates to establish small scale enterprises at local level thus helping to community development. Remittances also increase the flow of working capital for entrepreneurship development which creating the new job opportunity. (Woodruff and Zenteno, 2001). Most importantly, if the poorer section in the society is given opportunity to have access remittances through migration, the income inequality and poverty will be minimized and finally poverty will be diminished from the society. It is evident from practical situation of the households having remittances and without remittances.

Having considered the current situation, the workers remittance has been proved as the major determinant factor of socio-economic development of the Bangladesh (Farid et al. 2009). Remittance has direct and indirect impacts on poverty reduction in Bangladesh. The World Bank report shows that remittance contributed in reducing 6% of poverty in Bangladesh. Hatemi-j & Uddin (2014) reveals that the remittance has a long run effects on poverty reduction in Bangladesh, and poverty and remittance reinforce each other. Remittance can play an important role to reduce the credit constraints (Taylor, 1999). Remittances can indirectly effect on poverty reduction when the money is being used for productivity, health and education at household. Evidences support that there is a strong association between remittance and GDP in Bangladesh (Akter, 2016; Paul & Das (2011). BBS (2013) shows the remittances are becoming, if not only, the major sources of income among the 78 percent of remittance

receiving households.

4.2 Remittance and trade:

Although remittance has positive impacts on socio-economic development of this country, it may have negative effects on trade and business in receiving country. But Chowdhury & Rabbi(2014) shows that remittance have the adverse effect of on trade competitiveness of Bangladesh because workers remittance is widely used for non-tradable sector as livelihoods and better quality of life, but not used for tradable sector (Chowdhury & Rabbi, 2014).

4.3 Remittance and saving:

Remittance increases the household saving in Bangladesh. BBS (2015) reported that 40.71% remittance receiving household can save part of the remittance in 2015. Similarly, Haider et al. (2016) reveals that migration has increase the saving of the household, which accounts for increases 0.311 units saving.

4.4 Remittance and quality of life:

Remittance has great impact the quality of life on people in Bangladesh, because it increases the income, education and life expectancy. Based on data for HDI and remittance earning from 1981 to 2011, they concluded that the remittance has a significant effects on the improvement of quality of life in Bangladesh (Pradhan & Khan, 2015)

4.5 Remittance and education:

Evidence supports that international remittance increase the household investigate in human capital in developing countries (Adams & Cuecuecha, 2010). Remittance has direct and indirect effect on educational outcomes. Remittance money is invested for family and relatives' educational purpose like inputs like us educational institutions fees and materials. Remittance money can increase the budget for educational expenses compared to previous budget.

4.6 Remittance and household expenditure:

At the household level, remittance is used to fulfil their daily basic need, medical and other expenses. It also uses to buy assets, land, home car, and furniture and luxury goods.

4.7 Remittance and gender:

International migration has effects on the families; sometimes it affects the power stricter of the family. International migration can have effects on women position at household at three dimensions. Firstly, women who are migrated to abroad as a worker, are sent remittance to their family, have enjoyed the economic decision-making power at the household compared to when they are not migrated. Secondly, women whose husband is international labor migrants, directly receive the remittance from husband leads to change their position at left behind

household. After the absent of husband, women take the responsibility, control over household authority and working as a household head of the family. They have control the household resources that enable them to enjoy higher autonomy, independence, freedom of movement, and decision making power. So, women who are receiving remittance from their husband are increasing the women empowerment not only at household but also at their community. Thirdly, But the scenery is different among the women who directly do not receive the remittance, they are becoming power less at their husband's family. When remittance receiver are family member of father in laws, women have no control over this money, treated as a passive member of the family, even not to allow to talk outside of the family member (Sarker & Islam, 2014).

5. Conclusion: Like other South-Asian countries, presently, Bangladesh is one of the top-most labour sending countries of the world. Labour migration, an important means of globalization, is the most significant path for socio-economic development of the country. For this reason, Bangladesh should take necessary steps to produce skill man-power through proper training. It is a crying need for Bangladesh to ensure appropriate training for its migrant labours before sending them abroad so as to make them able to earn handsome amount, and thus send an increased amount of remittance to home.

5. REFERENCES

- Adams Jr, R. H., & Cuecuecha, A. (2010). Remittances, household expenditure and investment in Guatemala. *World Development*, 38(11), 1626-1641.
- Akter, S. (2016). Remittance Inflows and Its Contribution to the Economic Growth of Bangladesh. [Online] Available from: http://dspace.lib.niigatau.ac.jp/dspace/bitstream/10191/41800/1/62_215-245.pdf
- Bangladesh bureau of statistics (BBS), (2016). Report of The Survey on Investment from Remittance 2016
- Bangladesh Bureau of Statistics (BBS) (2017). Bangladesh labor force survey.
- Bangladesh Economic Review, 2017
- Chowdhury, M. B. (2011). Remittances flow and financial development in Bangladesh. *Economic Modelling*, 28(6), 2600-2608.
- Chowdhury, M. B., & Rabbi, F. (2014). Workers' remittances and Dutch disease in Bangladesh. *The Journal of International Trade & Economic Development*, 23(4), 455-475.
- Farid, K. S., Mozumdar, L., Kabir, M. S., & Hossain, K. B. (2009). Trends in international migration and remittance flows: Case of Bangladesh. *Journal of the Bangladesh Agricultural University*, 7(2), 387-394.
- Haider, M. Z., Hossain, T., & Siddiqui, O. I. (2016). Impact of remittance on consumption and savings behaviour in rural areas of Bangladesh. *Journal of Business*, 1(4), 25-34.
- Islam, M. N. (2010). Migration from Bangladesh and Overseas Employment Policy. Dhaka: Bureau of Manpower, Employment and Training, Bangladesh. [Online] Available from: <http://www.bmet.org.bd/BMET/resources/Static%20PDF%20and%20DOC/publication/Migration-BOEP.Pdf> [Accessed: 10th March 2015].
- Hatemi-J, A., & Uddin, G. S. (2014). On the causal nexus of remittances and poverty reduction in Bangladesh. *Applied Economics*, 46(4), 374-382.
- Paul, B. P., & Das, A. (2011). The Remittance-GDP Relationship in the Liberalized Regime of Bangladesh: Cointegration and Innovation Accounting. *Theoretical & Applied Economics*, 18(9).
- Pradhan, M. A., & Khan, G. U. (2015). Role of Remittance for improving quality of life: Evidence from Bangladesh. *Turkish Economic Review*, 2(3), 160.
- Sarker, M., & Islam, M. S. (2014). Husbands' international labour migration and the change of wives' position among the left-behind in rural Bangladesh. *ISSN (Paper)*, 2224-5766.
- Siddique, A., Selvanathan, E. A., & Selvanathan, S. (2012). Remittances and economic growth: empirical evidence from Bangladesh, India and Sri Lanka. *Journal of development studies*, 48(8), 1045-1062.

- Taylor, J. E. (1999) The new economics of labour migration and the role of remittances in the migration process, *International Migration*, 37, 63–89
- Zhunio, M. C., Vishwasrao, S., & Chiang, E. P. (2012). The influence of remittances on education and health outcomes: a cross country study. *Applied Economics*, 44(35), 4605–4616.