

# **Priceless Human Resources of Bangladesh: Treasured or Mistreated!**

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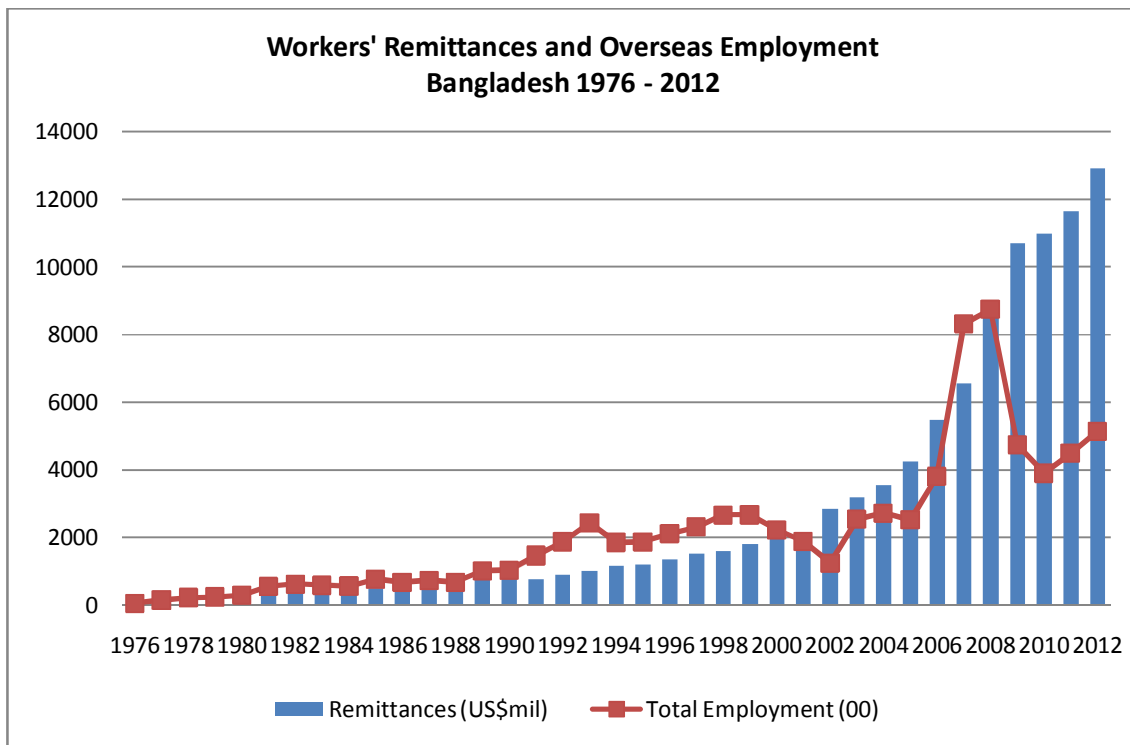
In an autumn day of early 1990s, while China had not become a giant, India was not roaring yet, after a seminar on developing countries population problem at ANU, Professor Ross Garnaut told me that, soon the large population of your country will become a significant resource. My short reply was, 'I sincerely hope so.' Over the last 20 years, Professor Garnaut's prediction became a reality for Bangladesh and we all are proud of our 'sonar sontan' who are bringing 'migra-dollars' to support the economy of Bangladesh in exchange of their long hours of hard works. Workers' remittances became the second largest source of foreign exchange earnings for Bangladesh economy in recent years and playing a key role in the economic development of the country. Bangladesh accounted for about 2.5% of the global remittances and 13.5% of the total remittances coming to South Asia in 2008. Workers' remittances increased from \$24 million in 1976 to over \$12.85 billion in 2011-12 with an over 57% growth and accounted for over 10.24 per cent of GDP of the country. It is believed that a large part of the flow of remittances remains unrecorded which could be as large as 50 to 200% of the officially recorded remittances. According to World Bank definition, 'Workers' remittances and compensation of employees comprise current transfers by migrant workers and wages and salaries earned by nonresident workers'.

From the early 2000s, Bangladesh has emerged as one of the major manpower exporting countries in the South Asia and the flow of remittances is increasing at an ever faster rate. Remittances income exceeded 4 times than that of total aid and 9 times the foreign direct investment (FDI) received by the country. Globally, Bangladesh is the 7<sup>th</sup> largest remittances recipient country and ranked 17<sup>th</sup> positions in terms of its share of remittances to GDP in 2010.

Bangladesh has a long history of overseas migration seeking for better employment opportunity. A substantial migration has taken place before the World War II, from Bangladesh to Burma which was then a flourishing economy. British merchant navy started recruiting sailors from the south-eastern districts of Chittagong and Noakhali from the early eighteenth century. A large group of people from north-east district of Sylhet started migrating to United Kingdom (UK) and United State of America (USA) by sea from the early 1940s and employed in low-skilled jobs and obtained citizenship of the host countries. Also a limited number of Bangladeshi workers had taken up employment in Saudi Arabia and Qatar mostly by individual initiatives during 1960s. However, after the independence of Bangladesh in 1971, pattern of workers' migration changed dramatically. Several delegations from the Middle East visited Bangladesh to recruit workers between 1972-75. Bangladesh government created the Bureau of Manpower, Employment and Training (BMET) to devise policies to export manpower in a coordinated manner and keeping the systematic records of flow of migration and remittances. Bangladeshi workers are predominantly male, only about 4.5% of them are female in 2008. It is believed that the presence of a large number of female workers to the Middle East and Asian countries remains undocumented.

The recorded number of migrant workers between 1976 and 2011 is 7.7 million, with yearly migration being 6,087 in 1976 and 875,055 in 2008. It is quite interesting to note that although the number of migrant workers fell sharply to only 439,375 persons in 2010-11 due

to global financial and economic crisis and political unrest in the Middle Eastern countries, almost half of 2008's level, yet the remittances increased by 47% from 2008 to 2010 and accounted more than 12% GDP of Bangladesh.



Source: Annual series are constructed by the author from various World Bank, World Tables, BMET and Bangladesh Bank data sources.

Is that most valuable human resources of Bangladesh are appreciated or neglected? Every time I passed through the international airport of the country from 1980 to recent August 2012 visit to Bangladesh, I have experienced that the migrant workers' are harassed by the dishonest custom or airport officers for bringing in a dinner set, or some electronic items or even for some cosmetics unnecessarily. They are not provided any proper resting place until the next morning after a night flight to catch a safe transportation to go home to their family and relatives.

I, personally, believe that although remittances emanate primarily due to altruism, as the senders wish to support and share their earnings with their kith and kin in homeland, however, the large flow of remittances has significant socio-economic contribution through both direct and indirect channels on different sectors of the economy, and eventually on the growth of the country. Inflows of remittances are observed to be increased during economic downturns because emigrant workers tend to help family members and thus act as a significant macroeconomic stabiliser for Bangladesh. Furthermore, remittances have undoubtedly assisted in alleviating the rural poverty situation in Bangladesh which dramatically fell from over 52% in 2000 to 35% in 2010 as quoted by Bangladesh government's statistical agency and the World Bank (2012). It is also well documented that remittances flow over the four decades have been significantly shaping up the financial sector's development of Bangladesh. However, the lack of excess to the financial institutions and information about financial products may dissuade a large portion of remittances flow

ending up to the banking system. Thus it can be argued that while the remittances flow potentially elevates the deposit base of the financial sector, the financial sector's development also facilitates the higher inflow of remittances. This can be done by offering and marketing numerous banking facilities and various investment and saving products and making the facilities much more accessible to the remittances recipient families. Policies are required to formulate and implement to encourage the migrant workers to send the remittances through formal financial system and to divert it into productive investment ventures which is still low at around only 5% in Bangladesh.

Nonetheless, it is encouraging that Bangladesh government has identified the potential of remittances as one of the major sources of foreign exchange earnings and have been providing supports to the migrant workers and non-resident Bangladeshis (NRBs) to remit via both national and private banks. Numerous savings, investment and tax initiatives included non-resident foreign currency deposit, US dollar premium bonds, wage earners development bond are introduced to harness the remittances income. Bangladesh National Board of Revenue (NBR) also offers full tax exemption for remittances income and does not require any tax identification number while investing in fixed assets by the NRBs.

Despite these short term initiatives undertaken by Bangladesh Government, there is inadequate longer term policy framework and institutional settings to address the complex issues of managing the international mobility of labour. Since the migrant workers play a vital role in contributing to national economy, government should pay special attention to formulate the longer term policy and institutional support to enhance the demand for Bangladeshi workers globally. This will help reduce the domestic unemployment, poverty and raise the growth and standard living for the country.

Bangladesh government with the assistance of private sector requires taking institutional initiatives for the skill development of the migrant workers as they are low skilled with little education and thus low paid. Equipping the migrant workers with quality technical and vocational training and education can give competitive edge to the country while utilising its vast man power to earn valuable foreign exchange for the country. Bangladesh government has to take specific program to respond to the changing global economic situations and globalisation. To promote its labour services internationally, government should proactively look for diversifying its market and engage in bi-lateral negotiations with the prospective employer countries. Implementing steps to remove the recruiting irregularities, establishing the rights of the workers, and rehabilitating the workers after the secession of their overseas employment can minimise the inefficiencies associated with our labour migration. Increasing awareness, education and accessibilities to the financial services and products can reduce the informal transfer of remittances and divert the valuable foreign exchange earnings into the financial sector. Also stronger institutional setups are essential to minimise the unofficial trafficking of migrant workers and channelling of remittances. Lobbying for international cooperation in regards to global labour market integration may benefit the country in exporting its manpower and reduces the income inequalities around the globe.

8 October 2012.

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