

# Research on: Overview of National Budget: Does the State Care the Migrants' Wellbeing?



## Background:

Bangladesh is one of the major labor surplus countries in the world. According to the World Bank's estimation, a total of 78.98 million (78,976,778) Bangladeshi nationals entered into the labor market during 2011 – 2015, with an annual flow of around 15.79 million<sup>1</sup>. Bangladesh has hardly opportunity to absorb this huge numbers of labor force in its own labor market. Hence, overseas migration has become one of the major livelihood options for thousands of Bangladeshis. The BMET data shows that some 2.57 million (2,566,678) people left the country for overseas employment during 2011-2015 through the official channel. However, the total number of Bangladeshi migrant workers stood 9.7 million over the periods between 1976 and 2015<sup>2</sup>. Aside the official channel, huge numbers of job seekers head for better employment opportunities abroad through different unofficial means i.e. as students, as visitors even as trafficked migrants. It is assumed the numbers of such undocumented migrants are as same as the numbers of the documented migrants.

This huge numbers of Bangladeshi migrant workers' both documented and undocumented remit their hard earnings every month for the wellbeing of their families. The money sent by the migrants' through official channels contributes the macro economy of the country through increasing savings at the reserve of the country's central bank in the form of foreign exchange, and creating investments. The internal transactions of remittances help boost local economies and thus, strengthen the country's overall economy and the development.

This research, however, has tried to reflect the State's responsibility for the protection and wellbeing of migrants and their families through allocation of national budgets compare to the contributions and the sacrifices of the migrants who spend prime age without family, often face wide range of abuse, exploitation and violations of rights as humans as well as the workers throughout the migration cycle.

## Migrants' Overall Contribution to the Country's Development:

Bangladesh is the 8<sup>th</sup> largest remittance earning country in the world<sup>3</sup>. The BMET data shows Bangladeshi migrants sent around 149,051 million USD during 1976 - 2015 through the official channels<sup>4</sup>. Since 1991, Bangladesh has acquired a steady growth of remittances from its overseas migrant workers. During the FYs 1991-1995, the amount of remittances sent by Bangladeshi migrant workers abroad was only USD 5,062.42 million which had jumped into 62.79% in the next five FYs 1996-2000, and 48.21% in FYs 2001-2005. The amount of migrants' remittances reached at USD 42,748.25 million in the FYs 2006-2010 which was 168.66% increase of the previous FY. The remittances further increased 64.63% over the next five FYs 2011-15 and stood at USD 70,377.77 million. This is to note that a recent report (December 2015) of the Bangladesh Bureau of Statistics (BBS) indicated around 25% of the total official amount of remittances comes through other unofficial channels i.e. *hundi*<sup>5</sup>, hand to hand cash, or any else form.

<sup>1</sup> The World Bank. (2016). *Labor force, total*. Retrieved from <http://data.worldbank.org/indicator/SL.TLF.TOTL.IN>

<sup>2</sup> Bureau of Manpower, Employment and Training, Government of the People's Republic of Bangladesh. (2016). *Overseas Employment and Remittances from 1976 to 2016*. Retrieved from <http://www.bmet.gov.bd/BMET/viewStatReport.action?reportnumber=20>

<sup>3</sup> Ministry of Finance, Government of the people's Republic of Bangladesh. (2015). *Bangladesh Economic Review 2015*

<sup>4</sup> Bureau of Manpower, Employment and Training, Government of the People's Republic of Bangladesh. (2016). *Overseas Employment and Remittances from 1976 to 2016*. Retrieved from <http://www.bmet.gov.bd/BMET/viewStatReport.action?reportnumber=20>

<sup>5</sup> A *hundi* is a financial exchange instrument or promissory note use in the form of trade and credit transaction

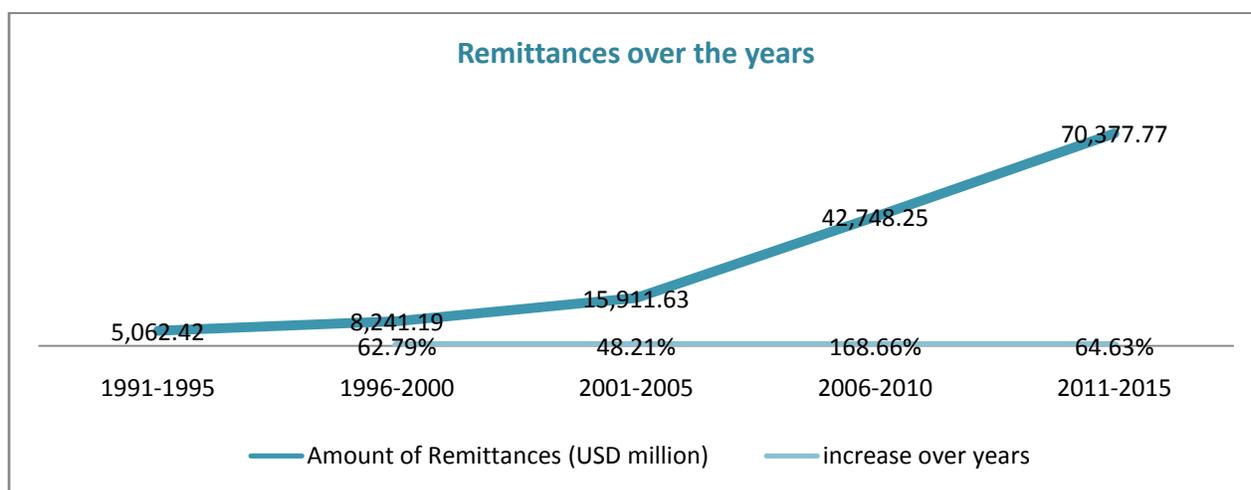


Figure 1: Migrant Workers' Remittances over the years

The remittances have a significant contribution to both the macro and micro level economy of the country. Data shows that the contribution of the migrants' remittances to the country's GDP is 10.64% on average over the last five fiscal years 2010-11 to 2014-15 which is net donation to the country's GDP with zero expenditure. Other important GDP contributing sectors i.e. agriculture, industry or service require huge amount of expenditure through imports. Thus, the net contribution of migrants' remittances is quite significant compare to other sectors contributing to the country overall GDP. The growth of remittances and its contribution to the GDP has reduced country's dependency on the foreign aid which contributes to the overall macro stability of the economy.

Table 1: Remittance flow and Contribution to the Country's GDP

FYs	Amount of Remittances (in million USD)	Contribution to GDP (%)
2010-11	11,650.32	10.53
2011-12	12,843.42	14.00
2012-13	14,461.14	11.14
2013-14	14,228.31	9.14
2014-15	15,316.92	8.40

It is evident that the net growth of remittances has a clear push to increase the country's foreign currency reserve. The remittances sent by Bangladeshi migrant workers during first nine months of the FY 2015-16 amounts USD 11.25 billion having contributed around 39% to increase the growth of foreign exchange reserve in March 2016. Data shows that the country's forex reserve reached at USD 28.27 billion in March 2016, the highest amount in the history, compare to only 885 million in the FY 2011. The increase of this reserve stabilizes the exchange rate and allows importing much needed raw materials, intermediate goods and capital equipment etc.

Apart from the macro level contribution of remittances, there is a huge impact on the socio-economic development of the migrants' households. The BBS Survey 2013 indicates that 56.96% of the Remittance Receiving Households (RRHHs) saved part of their remittances in different kinds of financial institutes (around 81% in different commercial banks in Bangladesh) while 25.32% invested in types of income generation activities. The Survey also showed that 39% RRHHs spent the remittances in food and non-food items while 22% spent the money on consumer durables and other commodities<sup>6</sup>. The savings of the migrants' in the financial institutes and the small investments to food consumption, health, education, improving household structure and amenities etc. has trickle down effects on the context of social and

<sup>6</sup> Bangladesh Bureau of Statistics. (2013). *Report on Survey on the Use of Remittance (SUR) 2013*. Retrieved from [http://www.bbs.gov.bd/WebTestApplication/userfiles/Image/LatestReports/SUR\\_2013.pdf](http://www.bbs.gov.bd/WebTestApplication/userfiles/Image/LatestReports/SUR_2013.pdf)

economic viewpoint. Both the expenditure and the investment of remittances by the migrants' households boost the local economy and increase 'income opportunities' for others. Evidences show that remittances are spent to fund for the migration of other family members<sup>7</sup> as well, having also socio-economic impact on the families, societies and the states.

On the other hand, migrant workers facilitate more economic thrives through utility savings. On average, around half (0.5) million people moved abroad each year who neither require commodities nor services like food grains, goods, water, sanitation facilities, transportation, treatment, medicine etc. The physical absence of these huge numbers of migrants reduces the country's overall expenditures and help savings the resources.

## Allocation of Government Budget for the Protection and Wellbeing of Bangladeshi Migrant Workers:

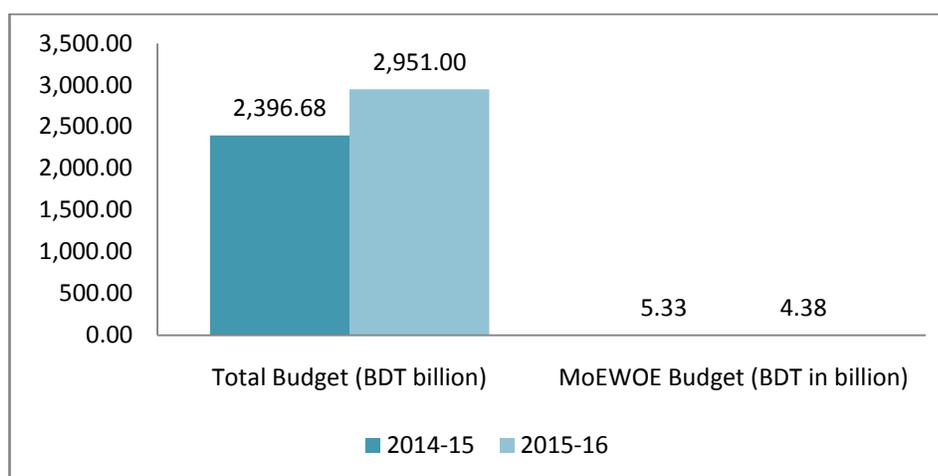


Figure 2: Total annual national budget vs. allocation for MoEWOE

Compare to the contributions of migrant workers' to the country's overall economy as well as the development, the annual allocation of the national budget for migrant workers is significantly minimal. The analysis of the inter-ministerial budgets shows that the Ministry of Expatriate Welfare and Overseas Employment had received BDT 5.33 billion in the FY 2014-15 which constituted only 0.22% of the total national budget of BDT 2,396.68 billion<sup>8</sup>.

Compare to the previous year, the government allocation of budget for the Ministry of Expatriate Welfare and Overseas Employment in the FY 2015-16 dramatically reduced by 17.82% and stood at BDT 4.38 billion against the total national budget of BDT 2,951.00 billion<sup>9</sup>. This amount constitutes only 0.15% of the total national budget in the FY 2015-16. The budgetary allocation of the said ministry constituted 0.46% and 0.37% of the remittances sent by the migrant workers in the consecutive years of 2014 and 2015.

On the other hand, the analysis of the budget allocated for the Ministry of Expatriate Welfare and Overseas Employment (table below) indicates that there is hardly amount for the protection and welfare of the migrant workers.

<sup>7</sup> Islam, S. (2014). A Decade of Women Migration from Bangladesh: Achievements, Challenges, Prospects. *Ovibashi Karmi Unnayan Program (OKUP)*. Retrieved from <http://okup.org.bd/wp-content/uploads/2015/10/A%20Decade%20of%20Women%20Migration%20from%20Bangladesh.pdf>

<sup>8</sup> Ministry of Finance, Government of the people's Republic of Bangladesh. (2014). *Budget Speech 2014-15*. Retrieved from [http://www.mof.gov.bd/en/budget/14\\_15/budget\\_speech/speech\\_en.pdf](http://www.mof.gov.bd/en/budget/14_15/budget_speech/speech_en.pdf)

<sup>9</sup> Ministry of Finance, Government of the people's Republic of Bangladesh. (2015). *Budget Speech 2015-16*. Retrieved from [http://www.mof.gov.bd/en/budget/15\\_16/budget\\_speech/speech\\_en\\_15-16.pdf](http://www.mof.gov.bd/en/budget/15_16/budget_speech/speech_en_15-16.pdf)

**Table 2: Annual Budget breakdown of the Ministry of Expatriate Welfare and Overseas**

<b>Employment</b>		
<b>Description</b>	<b>Budget 2014-15 (in thousand core)</b>	<b>Budget 2015-16 (in thousand core)</b>
<b>Revenue Expenditure</b>		
Officers' Salary	13,95,14	18,94,50
Staffs' Salary	22,35,98	24,23,80
Allowances	55,65,45	59,93,74
Supply and Services	48,37,18	44,56,25
Repair and Reserve	4,42,00	2,54,00
Aid Approval	3,47,40	12,00
Subscription in Intl. Organizations	5,00	12,00
Pension and other Gratuities	10,50,00	8,28,00
Lump Sum	32,00,00	30,72,00
<b>Total Revenue Expenditure</b>	<b>190,78,15</b>	<b>195,31,79</b>
<b>Capital Expenditure</b>		
Asset Collection/purchase	97,92,33	72,63,20
Land and other Asset Collection	00	37,89,00
Construction and Infrastructure	243,43,05	131,96,00
Loan and Advance for Govt. Staffs	88,00	88,00
Development import Tax and VAT	00	00
Capital Lump Sum and other Capital Expenditure	00	00
<b>Total Capital Expenditure</b>	<b>342,23,38</b>	<b>243,36,20</b>
<b>Grand Total</b>	<b>533,02,53</b>	<b>438,67,99</b>

(Source: MoEWOE Annual Budget, 2015-16)

The overall findings of the available data and information substantiate the conclusion that migrant workers are simply neglected in the national budget of Bangladesh despite their huge contribution to the development of the country. The Ministry of Expatriate Welfare and Overseas Employment acquired the 7<sup>th</sup> lowest allocation from the national budget in both the fiscal year 2014-15 and 2015-16<sup>10</sup> whereas the ministry is responsible for the take care of around 100 millions of migrant workers each year.

This negligence made an obvious ground for migrant workers to face difficulties and vulnerabilities in different cycles of migration - pre-departure, post-departure and post return. At pre-departure stage, there is hardly budget for awareness raising activity, pre-decision and pre-departure orientations and/or trainings to promote safe and informed migration. The absence of systematic and fair recruitment of potential migrant workers has created a huge ring of vicious cycle of unscrupulous agents and sub-agents both in home and labour receiving countries. More than 80% recruitment of new workers are done by the wide network of the unscrupulous agents in the name of relatives which, in fact, has turned the whole migration process into so called "visa trading" and thus, increased the risks, vulnerabilities and trafficked like situation for the innocent migrants. The ministry has established only four services for the potential and the outgoing migrants, which are – registration, visa checking, SMART Card distribution and hotline. In practical, the services are insufficient and having limited access for all from the grassroots level.

There is barely allocation of money in the national budget for the protection and welfare of migrant workers abroad. The government of Bangladesh has established only 28 labour wings in 25 countries in where only 39 staffs (counselor, first secretary, and second secretary) are appointed to serve roughly 50 million

<sup>10</sup> See *Budget Speech 2014-15* and *Budget Speech 2015-16*

Bangladeshi migrants in those countries<sup>11</sup>. The ratio of the appointed staffs in the labour wings and the migrants in those countries easily demonstrate the status of service delivery to the migrants in need. Even if we consider the existence of labour wings and the available staffs in several countries, there is hardly allocation of money in the budget of the ministry for providing onsite services to the migrants.

This is very unfortunate that the migrant workers, who contribute their best to the country during their stay in abroad, are completely neglected in getting services once they return home. There is no information of any returnee migrant worker – who returns on what context? How many migrants return with success end of their contract, how many of them return on leave? There is even no data of how many migrants are forced to return or deported before expiry of their contract periods either being the victims of abuse and exploitation, or being critically sick or get infected with infectious. There is hardly service in terms of health treatment or legal redress against the responsible agents or sub-agents. The services in regards to social and economic reintegration of the returnees especially the women migrants are still uncovered area. Hence, the vulnerable migrants fall into more critical condition upon return.

This is to note that the ministry has provisions to provide some sorts of assistance and compensation for the most vulnerable migrants and the families of the deceased migrants from the “Wage Earners’ Welfare Fund” which is the migrants’ money not the state’s. The government has established a bank with the money of the ‘Wage Earners’ Welfare Fund’ to provide loans for migration and economic reintegration. During the year of 2013-2015, the bank has disbursed loans to 5,244 migrants only through its 29 branches in different districts<sup>12</sup> in the country which covers only 0.37% of total migrants left the country during the same period of time. The rate of the bank interest is 9 to 11 percent which is very high for the migrants. The conditions and the collaterals required for the loan are often unreachable for the poor migrants.

## Conclusion and Recommendations:

This is evident that migrant workers contribute to the country in many different ways from reducing the country’s burden of unemployment rate to utility services on one hand while the hard-earned remittances of the migrant workers help the country to increase its reserve of the foreign exchange, reduce dependency on foreign aid and stabilize the country’s overall macro economy on the other. Remittances also contribute to the socio-economic development at household levels which has trickle down effects on the country’s overall development. Contrary, the state has little contribution to the protection and welfare of the migrant workers in compare to the allocation of budget. In such a context, the following sets of recommendations put forward to improving labour rights and social protections for migrant workers and their families which are framed within the scope of current policies.

- **First and foremost recommendation** is that “the government of Bangladesh must consider ‘Labour Migration’ as a thrust sector and allocate appropriate budget in the Annual National Budget for the protection and uphold the rights of the migrants for maximization of benefits”
- The government must allocate appropriate budget for the needs derives from the migrants’ perspective especially required **Pre-departure Stage of Migration through:**
  - Ensuring regular and safe recruitment procedures through proper investigation of job offers provided by the countries of destination, it is also important to make sure the recruitment of migrants conducted based on the appropriate uses of the “online database of potential migrant workers” in order to curb the unethical practices of the unscrupulous agents and sub-agents

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<sup>11</sup> Ministry of Expatriates’ Welfare and Overseas Employment. (2015). *Annual Budget 2015-16*. Retrieved from [http://probashi.portal.gov.bd/sites/default/files/files/probashi.portal.gov.bd/page/4897d84c\\_b3f4\\_4e33\\_b14e\\_f80f81d54e5a/budgets.pdf](http://probashi.portal.gov.bd/sites/default/files/files/probashi.portal.gov.bd/page/4897d84c_b3f4_4e33_b14e_f80f81d54e5a/budgets.pdf)

<sup>12</sup> Probashi Kallyan Bank. (2016). *Aragatir Tin Bochor (Three Years of Progress)*. Retrieved from [http://pkb.portal.gov.bd/sites/default/files/files/pkb.portal.gov.bd/publications/2b13e7d1\\_b638\\_4f92\\_b31c\\_87b0f26aa2d6/PKBAR2013.compressed%20\(1\).pdf](http://pkb.portal.gov.bd/sites/default/files/files/pkb.portal.gov.bd/publications/2b13e7d1_b638_4f92_b31c_87b0f26aa2d6/PKBAR2013.compressed%20(1).pdf)

- Promoting psycho-social protection through providing internationally roaming SIM cards with mobile phone option especially for each and every women migrant workers for their easy access to communication;
- Providing international standard 'Health Insurance' as well as 'Life Insurance' for each and every migrant workers both men and women free of cost as an special incentive
- Upgrading quality skill enhancement training for all outbound migrants both men and women with providing residence facility, developing country specific language tutorials and skill-based training for the labour demand destination countries
- Increasing numbers of supports and services with friendly access to at all administrative levels from union to the ministry and also the uses of mobile technologies available
- The government must allocate appropriate budget for the needs derives from the migrants' perspective especially required **onsite in the countries of destination through:**
  - Increasing number of labour wings in the labour concentrated countries along with numbers of staffs and/or human resource with appropriate trainings to deal with migrants' concerns with due respects;
  - Establishing active hotline number with dedicated and functional contact point, as well as other communication channels of social media to report and extend instant support and quality services to the migrants in need particularly in terms of legal, health and rights of migrants
  - Establishing shelter home in the destination countries especially for the vulnerable women migrants
- The government must allocate appropriate budget as well as necessary supports and services **for the protection of left behind families of the current migrants**
- The government must allocate appropriate budget for **the social and economic reintegration of the returnee migrants** through
  - Ensuring institutional mechanism for access to health treatment, legal redress, family reunification etc. for the most vulnerable migrant workers specially the women
  - Initiating special incentives for the sustainable livelihoods of the returnees through offering special schemes especially for the most vulnerable and unsuccessful women migrants, undertaking preferential access to start-up investment program; creating matching funds for the SME investment
  - Introducing pension scheme and other allowance for the returnee migrants
- The government must increase the number and amount of loans from Probashi Kallyan Bank with **minimum/low interest rate as well as friendly conditions of the collaterals**
- The government must allocate more resources **in order to ensure follow-up, monitoring and governance in the whole spectrum of migration** - from passport preparing to departure; onsite and upon return. The government should come forward with available budget to have cooperation and collaboration with migrant association and other organizations to work together for the protection and welfare of the migrant workers.

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*This study has been undertaken by Ovibashi Karmi Unnayan Program (OKUP) and conducted by Shakirul Islam, Chairman and Lead Researcher and Akib Bin Anwar, the Research and Communication Officer of OKUP. The research has been carried out on intensive desk research based on available secondary information.*

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