



Worker outflow hits record high but remittance falls

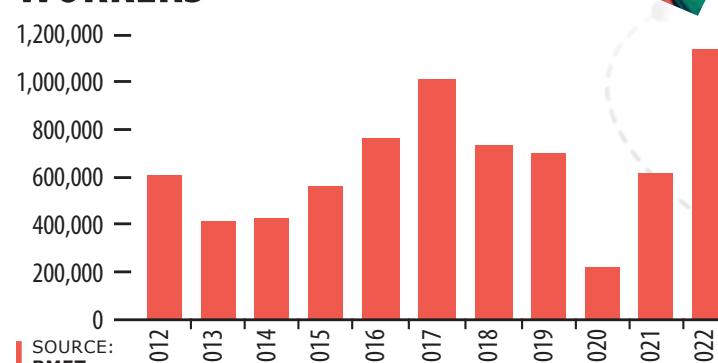
JAMIL MAHMUD and
MD ASADUZ ZAMAN

Bangladesh sent the highest number of migrant workers in its history in 2022 thanks to a surge in demand for labourers in the Middle Eastern countries but remittance receipts did not go up proportionately.

More than 11.35 lakh Bangladeshis left the country for jobs abroad last year, nearly doubling from 6.17 lakh migrant workers who flew abroad the previous year, data released by the Bureau of Manpower Employment and Training (BMET) showed.

Despite the surge, the country did not see a higher inflow of remittances, the cheapest source of foreign currencies for Bangladesh, and a vital source of household income for the lower-income groups in the country.

OUTFLOW OF MIGRANT WORKERS



Rather, money transferred by workers through the official channel dropped 6.65 per cent to \$21.28 billion in 2022 from \$22 billion a year earlier.

The discrepancy – a record outflow of migrant workers and a fall in remittance inflow – comes at a time when Bangladesh faces a dollar crisis to pay for higher trade costs.

Analysts and recruiting agents blame the growing use of informal channels, also known as hundi, by migrant workers for the decline in remittances.

Shameem Ahmed Chowdhury Noman, secretary general of the Bangladesh Association of International Recruiting Agencies (Baira), said fresh Bangladeshi migrant workers usually undergo

a three-month probation period after being employed in a host country. As a result, it takes three to six months for them to start sending money home.

He blamed the yawning gap in the dollar rates between the informal market and the banking channel for the slowdown in remittance flow.

"Bangladeshi migrant workers mostly earn \$200 to \$400 a month. So, if they find that the unofficial market offers Tk 10 to Tk 15 per USD more compared to the official platform, then they are most likely to take the service from the unofficial platform," he said.

The proprietor of Sadia

being the biggest employer as it hired 54 per cent of Bangladeshis who left the country in the year. Oman, the United Arab Emirates, Singapore, Malaysia, Qatar and Kuwait were among the top employers.

Workers were mainly hired in the service, construction and agriculture sectors last year.

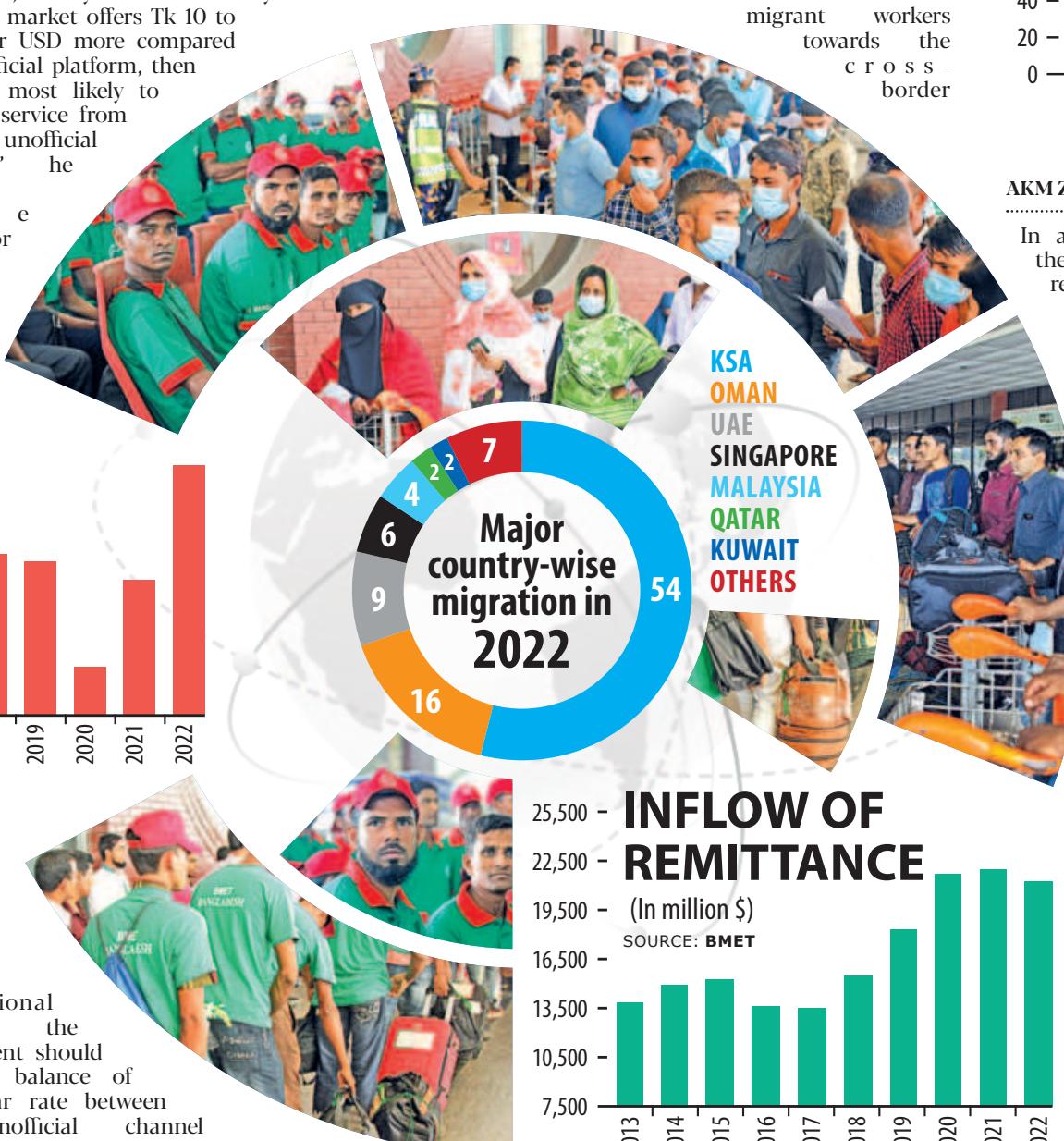
On average, the country sent five lakh to six lakh workers per year in the

in the case of the UAE as well.

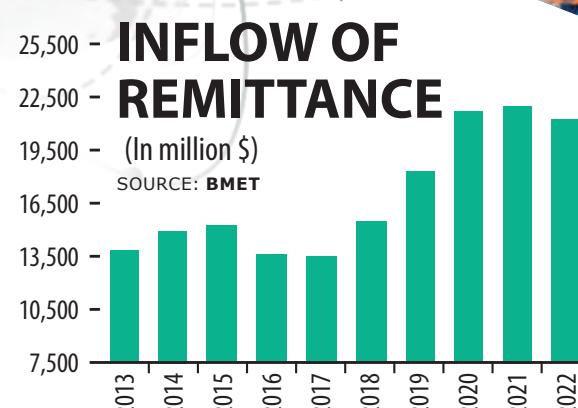
"It gives a clear picture that remittances are sent through informal channels such as hundi. As per my analysis, a vast vicious cycle is working in these two countries."

In fact, hundi cartels account for half of the remittances that flowed to Bangladesh even before the pandemic. The dollar rate gap between formal and informal

channels has driven the migrant workers towards the cross-border



INFLOW OF REMITTANCE



International

said the government should strike a balance of the dollar rate between the unofficial channel and the banking channel and suggested increasing the 2.5 per cent incentive to 5 per cent on remittance transfers.

"Otherwise, remittance inflow through formal channels will not see the expected jump."

In 2022, two-thirds of the migrant workers got jobs in the Middle East, with Saudi Arabia

and the number was around 7 lakh before the pandemic hit the country, BMET data showed.

Noman attributed the improving economic scenario from the lows of the pandemic for the rise in outbound migration.

"Normalcy has returned to most countries, so there will be more job opportunities for Bangladeshi workers," he said.

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, a think tank, says although Saudi Arabia is the main destination for migrant workers, the rate of remittance from the Middle Eastern country is falling. The situation is the same

illegal money transfer system.

Although a lower number of workers went to Kuwait, the trend of remittance from the country is higher, according to Prof Rahman.

"The government should think about the matter seriously as the country's households are receiving the money, but the funds are not added to the foreign currency reserves."

Owing to lower remittance and moderate export earnings against escalated imports, the reserves declined from \$44.95 billion in early January of 2021 to \$32.52 billion this week.

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