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## Does Labour Migration Bring about Economic Advantage? A Case of Bangladeshi Migrants in Saudi Arabia

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### Abstract

*This paper revisits the assumed economic advantage of temporary labour migration. The widely shared sentiment that temporary migration brings about economic advantage for migrants and their families often is a function of income differentials between two countries. This study argues that opportunity for temporary employment in a high income country does not necessarily translate into economic advantage for every individual migrant and his or her family in a low income country. This study addresses the undercurrent of risks in the international labour migration process and its implications on family economics. This study draws from the experiences of Bangladeshis in Saudi Arabia. It reports that migrants often undertake international migration at great costs of their own, incurring large debts, risking personal savings and family assets, and accentuating income risks and capital constraints, while the remittances are meagre in the repair of such family economics.*

The 1973 oil boom and the subsequent undertaking of an unprecedented number of development projects in the Gulf Cooperation Council (GCC) countries led to an extremely

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rapid increase in the demand for foreign labour.<sup>2</sup> As a result, people from the Maghreb (Morocco, Tunisia, Libya, and Algeria), the Mashreq (Egypt, Jordan, Occupied Palestinian Territories, Lebanon, Syria, and Yemen) and Asian (South Asian and Southeast Asian countries) regions have started joining the labour markets of the GCC countries<sup>3</sup>. Over the decades, the GCC countries (Saudi Arabia, Qatar, Kuwait, Oman, Bahrain, and the UAE) have emerged as a relatively stable destination for migrant labour. The growth of migrant labour in the GCC countries has been so enormous that foreign population has even surpassed local population in some countries, such as Qatar, Kuwait and the UAE. In 2008, migrant workers were estimated to be nearly 77 per cent of total labour force in the GCC countries.<sup>4</sup>

Labour migration to the GCC countries is transient in character, although the migration phenomenon seems to be almost permanent in these societies. This is because temporary labour migration plays a key structural role in the region's economy.<sup>5</sup> Migrant workers in the GCC countries are offered work permits for a specific duration, so the states can maintain the foreign workforce phenomena as transient and migrants as disposable.<sup>6</sup> Additional measures – such as not permitting family reunion, forbidding marriages to locals, and not tolerating procreation out of wedlock – explains the transiency of migrant labour in the Gulf. All GCC countries follow the similar policies when it comes to hiring, retaining and deporting migrant workers. This common migration policy has forced migrant workers and their families (spouse, children and extended family members) to live under 'transnationally split'<sup>7</sup> conditions with a provision of visiting home countries during discretionary annual leave.

However, such a migration pattern has its own dynamics with the social relations that play a part where many migrants come and go usually at annual intervals or send for their extended

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<sup>2</sup> Fred Arnold and N.M Shah (eds), *Asian Labor Migration: Pipeline to the Middle East* (London: West view, 1986), M.N. Shah and Indu Menon, 'Chain Migration through the social network: experience of labour migrants in Kuwait', *International Migration*, Vol.37, no.2 (1999), pp.361-82. Frank Eelens, T Schampers and J.D. Speckmann, *Labor Migration to the Middle East: From Sri Lanka to the Gulf* (London: Kegan Paul, 1991).

<sup>3</sup> N.M. Shaw, 'Arab Labour Migration: A Review of Trends and Issues', *International Migration*, Vol.32, no.1 (1994), pp.3-27. Simel Esim and Monica Smith, *Gender and Migration in Arab States: the Case of Domestic Workers* (Geneva: International Organisation for Migration, 2004).

<sup>4</sup> Onn Winckler, 'Labour migration to the GCC states: patterns, scale, and policies', in Middle East Institute, *Migration and the Gulf* (Washington D.C.: Middle East Institute, 2010), pp. 9-12. Martin Baldwin-Edwards, *Labor immigration and Labor markets in the GCC countries: national patterns and trends*, LSE Global Governance, Report no.15 (March 2011), p9.

<sup>5</sup> Maruja M.B. Asis and Nicola Piper, 'Researching International Labour Migration in Asia', *The Sociological Quarterly*, Vol.49 (2008), pp423-444.

<sup>6</sup> Philippe Fargues, 'International Migration in the Arab region: trends and policies', UN Expert group meeting on international migration and development in the Arab region, UN/POP/EGM/2006/09/Rev, Beirut, 15-17 May 2006, Christiane Kuptsch (ed), *Merchants of Labour*, (Geneva: International Organization for Migration: 2006). M.N. Shah, *Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they likely to be?*, ILO Asian Regional Programme on Governance of Labour Migration Working Paper no3 (2008).

<sup>7</sup> Brenda S.A. Yeoh, Elspeth Graham and Paul J. Boyle, 'Migrations and Family Relations in the Asia Pacific Region', *Asian and Pacific Migration Journal*, Vol.11, no.1 (2002).

family members to join the foreign labour market.<sup>8</sup> Since migrants and their families live under ‘transnationally split’ conditions, migrants identify themselves in terms of their communities of origin and retain strong emotional and financial relationships with remnant family members. As a result, temporary migration is seen more as a livelihood strategy, whereby, millions of left-behind families are maintaining better living standards in their home countries<sup>9</sup>. However, this description of temporary migration hides the subtle and complex considerations that provoke the provisional migration of labour and determine its courses in the process<sup>10</sup>. More specifically, this research revisits the assumed economic advantage of temporary migration for migrants and their families.

The widely shared sentiment that temporary migration brings about economic advantage for migrants and their families often links to income differentials between two countries. This study argues that the opportunity for temporary employment in a high income country does not necessarily translate into economic advantage for every individual migrant and his/her family in a low income country. This study draws from the experiences of Bangladeshis in Saudi Arabia. In particular, the study investigates the following research questions: How does recruitment take place in Saudi Arabia? What is the economic cost of migration? How much are they capable of earning, saving and remitting? Whom do they remit to? Who decides how to use remittances? What role do remittances play in family economic dynamics? In interpreting the data, this study highlights the nature of risk exposure for migrants and the economic implications of such risks on their families in the Bangladesh-Saudi Arabia migration corridor.

This study adopts a family perspective to understand the Bangladesh labour migration to Saudi Arabia because it is the family that decides about migration of its members. Family extends economic support to its members for migration and migrant member remits to family to compensate and contribute to family resources. This study attempts to make a conceptual contribution to the analysis of emigration and family economics under conditions of temporary labour migration. Saudi Arabia is chosen for this study because it is the largest destination for Bangladeshi migrants; nearly 2.58 million Bangladeshi migrants joined the Saudi Arabia labour market between 1976 and 2010.<sup>11</sup> Of around US\$ 11 billion migrant remittances that Bangladesh received in 2010, Bangladeshi migrants working in Saudi Arabia

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<sup>8</sup> Md Mizanur Rahman, ‘Bangladeshi Migrant workers in the UAE: gender-differentiated patterns of migration experiences’, *Middle Eastern Studies*, Vol.47, no.2 (2011), pp.395-412.

<sup>9</sup> Maruja M.B. Asis, ‘Overseas Employment and Social Transformation in Source Communities: Findings from the Philippines’, *Asian and Pacific Migration Journal*, Vol.4, no.2-3 (1995), pp.327-46. Graeme J. Hugo, ‘Effects of International Migration on the Family in Indonesia’, *Asian and Pacific Migration Journal*, Vol.11, no.1 (2002), pp13-46.

<sup>10</sup> Erind Pajo, *International Migration, Social Demotion and Imagined Advancement: An Ethnography of Socioglobal Mobility* (New York: Springer, 2008).

<sup>11</sup> Bureau of Manpower, Employment and Training, Bangladesh (BMET) is responsible for record-keeping and granting permission to overseas jobseekers. BMET posts vital migration statistics online [www.bmet.org.bd](http://www.bmet.org.bd) accessed on 24 July 2011.

remitted nearly US\$ 3.31 billion.<sup>12</sup> Despite the significant contribution, the experience of migrants in the Bangladesh-Saudi Arabia migration corridor is not adequately reported in the existing literature. This study attempts to fill the gap.

The following section provides the theoretical and conceptual issues relating to international labour migration followed by a brief discussion about data sources for this study. The next, offers trends and patterns of Bangladeshi migration to Saudi Arabia, with a summary of socio-demographic features of Bangladeshi migrants and their families who are in Saudi Arabia for work. Subsequent sections focus on recruitment of labour to Saudi Arabia, the economic cost of migration, implications of economic cost of migration on families, and finally remittances and family economics. The final section provides a summary of the findings of the study, with an emphasis on policy implications.

## **Theoretical and Conceptual Issues**

International labour migration literature is often replete with economic causes and consequences of such migration for migrants, their families and communities in the sending countries.<sup>13</sup> For instance, the neoclassical microeconomic model of individual choice views international labour migration as a sum of individual cost-benefit decisions undertaken to maximise actual income or expected income through international movement.<sup>14</sup> However, in the developing countries it is not the individual but the families that mobilise resources for migration, and take charge of receiving and allocating remittances. Confronted by the inherent dilemma of who makes the decision in developing countries, new economic theory emerges with fresh insights to complement the neoclassical economic approach.

As per this new theoretical perspective called the ‘new economics of migration’, migration for work is a family decision and it is more than just a source of income or expected income. Migration is seen as a response to income risk and failures in a variety of local markets (for example, credit, crops and future markets) in the developing countries.<sup>15</sup> This new theoretical perspective sees individual migration as a broader family strategy.<sup>16</sup> Precisely, the ‘new

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<sup>12</sup> Calculate from Central Bank of Bangladesh (Bangladesh Bank) remittance data: <http://www.bangladesh-bank.org/econdata/wagemidtl.php> accessed on June 2011.

<sup>13</sup> Thomas Straubhaar, *On the Economics of International Labor Migration* (London: Verlag Paul Haupt Bern und Stuttgart, 1988). Oded Stark, *The Migration of Labor* (Oxford: Basil Blackwell, 1991). Douglas S. Massey et al., *Worlds in Motion- Understanding International Migration at the End of the Millennium* (Oxford: Clarendon Press, 1998). Demetrios G. Papademetriou and Philip L. Martin (ed.) *The Unsettled Relationship: Labor Migration and Economic Development* (London: Greenwood Press, 1991).

<sup>14</sup> Michael P Todaro, *Internal Migration in Developing Countries: A Review of Theory, Evidence, Methodology and Research Priorities* (Geneva: International Labor Office, 1976). George J. Borjas, ‘Economic theory and international migration’, *International Migration Review*, Vol.77 (1989), pp532-85.

<sup>15</sup> Oded Stark, *The Migration of Labor* (Oxford: Basil Blackwell, 1991).

<sup>16</sup> J. Lauby and O. Stark, ‘Individual Migration as a Family Strategy: Young women in the Philippines’, *Population Studies*, Vol.42 (1988), pp.473-486.

economics of migration' focuses on the family, rather than the individual, as the decision-making unit and paves the way for linking individual migrant behaviour with responsibility and expectations of family members left behind, a phenomenon that was previously treated separately in the migration literature.<sup>17</sup>

Financial remittances (hereafter remittances) are a much cited link that theorists of 'new economics of migration' always present as a case in point. The new economic model recognises that in the developing world, markets for capital, the future and insurance are often absent, imperfect, or inaccessible. In order to self-insure against risks to income, production and property, or to gain access to scarce investment capital, the family sends one or more members to foreign labour markets for gainful employment. In other words, international migration is seen as a strategy for risk-minimisation and capital accumulation<sup>18</sup>. Although the above discussion theoretically explains the rationale for migration from labour-abundant but capital-poor countries to labour-scarce but capital-rich countries, it does not account for the risks that migrants are exposed to in the migration process and its implications for family economics.

Potential migrants and their families are presented with the opportunity to engage in migration behaviour that can lead to a significant loss in individual and family economics. A migrant often commences his or her international trip for work incurring large debts, risking personal savings and valuable family assets that undermine the family incomes and aggravates the income risks and capital constraints. Sufficiently aware of the income risk and the market failures that provoke international migration of labour from developing countries, previous analysis has not adequately informed the risks that migrants assume in the migration process and its implications on migrants and their family economics. This is an overly neglected aspect of labour migration research, especially in the context of Middle Eastern countries.

This paper suggests the need to scrutinise Asian labour migration as a process with its all complexities so that the spheres of potential risks and its implications for migrants themselves and their families become apparent. This analysis will identify several such spheres of risks and elaborate on them to reflect the nature and extent of the risks and its profound implications for migrants and their families, in particular migration corridors. For instance, it highlights the spheres of recruitment, cost of migration and remittances; shedding light on how they produce risks for migrants and their families that undermine family economics. Such a holistic approach to temporary labour migration is expected to offer a

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<sup>17</sup> Douglas S. Massey et al., 'Theories of International Migration: A Review and Appraisal', *Population and Development Review*, Vol.19, no.3 (September 1993), pp.431-466. Douglas S. Massey et al., 'An Evaluation of International Migration Theory: The North Mexican Case', *Population and Development Review*, Vol.20, no. 4 (December 1994), pp.699-751.

<sup>18</sup> Oded Stark, *The Migration of Labor* (Oxford: Basil Blackwell, 1991). Douglas S. Massey et al., *Worlds in Motion- Understanding International Migration at the End of the Millennium* (Oxford: Clarendon Press, 1998).

much needed insight into the complexity of Asian labour migration and generate policy recommendations for safer and economically rewarding migration.

Literature on migration and family is considerably wide. The existing studies on migration and family reveal some significant implications: moderate changes in headships and gender roles within families; a medium for upward social mobility; families adjust well in the absence of male or female migrants; improved education, health care, and the overall quality of life of migrant families; the women left behind take on the roles previously assumed by the men; left-behind children learned to be more independent in the migration process; and so on<sup>19</sup>. While these studies expand our understanding about broader implications of migration on family dynamics, this particular study deepens the insights into family economics. In doing so, it emphasises the impact of migration on the economic resources at the disposal of families.

Temporary migration affects family economics in at least two ways: one is the outflow of indispensable family resources to meet the expenses incurred in the migration process (referred to as the 'economic cost of migration') and the other is the transfer in cash (or kind) from migrants to their non-migrating families in the countries of origin, (referred to as the 'migrant remittances')<sup>20</sup>. Both economic cost of migration and migrant remittances affect family economics. In studying the economic implications of emigration on family dynamics, it is therefore imperative to shed light on both outflows of family financial and other economic resources and inflows of remittances to the family. This study advances the economic context of family wealth aggregation.

There is a growing body of literature that suggests that for overseas jobs, loans are taken which can only be repaid at great effort, land is sold, and family economics are risked<sup>21</sup>.

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<sup>19</sup> Maruja M.B. Asis, 'Overseas Employment and Social Transformation in Source Communities: Findings from the Philippines', *Asian and Pacific Migration Journal*, Vol.4, no.2-3 (1995), pp.327-46. Graeme J. Hugo, 'Effects of International Migration on the Family in Indonesia', *Asian and Pacific Migration Journal*, Vol.11, no.1 (2002), pp.13-46. Sandra Weinstein Bever, 'Migration and the Transformation of Gender Roles and Hierarchies in Yucatan', *Urban Anthropology*, Vol.31, no.2 (2002), pp.199-230. A Parrado Emilio, Flippen Chenoa and Chris McQuiston, 'Migration and Relationship Power among Mexican Women', *Demography*, Vol. 42, no.2 (May 2005), pp.347-372. G.Gunatilleke (ed.), *The Impact of Labor Migration on Households: A Comparative Study in Seven Asian countries* (Tokyo: UNU Press, 1992). Rhacel Salazar Parreñas, *Children of global migration: transnational families and gendered woes* (Stanford, Calif. : Stanford University Press, 2005). K.C. Zachariah, E.T. Mathew, and S. Irudaya Rajan, 'Social, Economic and Demographic Consequences of Migration on Kerala', *International Migration*, Vol.39, no.2 (2001), pp.43-71. Hania Zlotnik, 'Migration and the family: the Female Perspective', *Asian and Pacific Migration Journal*, Vol.4, No. 2-3 (1995), pp.253-271.

<sup>20</sup> Md Mizanur Rahman, *Debt and Migration: A Case of Bangladeshi migrants in the Gulf Countries*, International Organization for Migration Policy Paper (Geneva: International Organization for Migration, forthcoming).

<sup>21</sup> Michele Ruth Gamburd, 'Sri Lanka's "Army of Housemaids: Control of Remittances and Gender Transformations', *Anthropologica*, Vol.7, no.1 (1995), pp.49-88. M.R. Gamburd, *Transnationalism and Sri Lanka's Migrant Households: The Kitchen Spoon's Handle*, (New Delhi: Vistaar Publications, 2000). Danièle Bélanger, and Tran Giang Linh, 'The Impact of transnational migration on gender and marriage in sending communities of Vietnam', *Current Sociology*, Vol. 59, no.1 (2011), pp.59-77. G.M. Arif, *Recruitment of Pakistani Workers for overseas employment: mechanism, exploitation and vulnerabilities*,

However, the findings are usually drawn from small-scale surveys (e.g. small migrant worker surveys or village case studies) that have inherent limitations to offer national level policy recommendations. However, when such a study draws additionally from representative data, it is more capable of illuminating the experiences of migrants at the national level and generating policy recommendations for harnessing the development potential of migration. This particular study draws from a representative survey.

## Data Sources

This research draws from qualitative data and a national-level migrant household survey conducted in Bangladesh. For the qualitative data, the author interviewed Bangladeshi migrants, returnees, migrant brokers, sub-agents, and agents in Bangladesh between 2008 and 2010. A national-level survey entitled ‘Bangladesh Household Remittance Survey,’ which was performed by International Organisation for Migration in Dhaka with the financial support from Department for International Development – the United Kingdom (DFID-UK) in 2009, is the source for this study’s quantitative data. The survey interviewed households across the country through a nationally representative sample of migrant households from all six administrative divisions of Bangladesh.

A ‘migrant household’ has been defined as a household that had at least one of its members living/working abroad for a minimum period of one year. In total, the number of migrants reported in the survey was 12,893. Of these 12,893 surveyed migrants, 4,427 migrants were working in Saudi Arabia. Therefore, this study represents the experiences of these 4,427 migrants and their families. As this study is primarily based on national level survey, it has few limitations that precluded more in-depth analysis of certain aspects of family economic dynamics. Apart from the sending end, the precautionary measures in the destination end have also disallowed such research to be administered and get a glimpse of the social world that migrants create in Saudi Arabia. As a result, the broad nature and vast spread of these migratory cultures in Saudi Arabia develop in differing and changing patterns creating impossibility to define an overall social dichotomy.

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International Labour Organisation Working Paper Series 64, (2009), Geneva. Md Mizanur Rahman, *In Quest of Golden Deer: Bangladeshi Transient Migrants Overseas* (Germany: VDM Verlag, 2009). Hisaya Oda (ed.), *International Labor Migration from South Asia*, Institute of Developing Economies, JETRO, Japan, ASED 70 (2004), pp181-208. Hisaya Oda, “The Impact of labour migration on household well-being: evidence from villages in the Punjab, Pakistan” in Hiroshi Sato and Mayumi Murayama (eds), *Globalization, Employment and Mobility: the South Asian Experience*, (London: Palgrave and IDE-JETRO, 2008)

## Bangladeshi Labour Migration to Saudi Arabia

Saudi Arabia, the sacred land of Islamic devotion to Muslims from all around the world, is also the largest temporary migrant-worker receiving country in the Middle East. Like other GCC countries, labour migration to Saudi Arabia started after the 1973 oil price hike. The growth of foreigners in Saudi Arabia was steady and remarkable: 4.63 million foreigners in 1992, 5.25 million in 2000, and 8.42 million in 2010.<sup>22</sup> Despite the presence of the highest number of foreigners, unlike other GCC countries, foreigners in Saudi Arabia have never surpassed the local population. Nevertheless, 31 per cent of the total population belonged to foreigners in Saudi Arabia in 2010.<sup>23</sup> Broadly, foreigners can be categorised as low-skilled, high-skilled, professional migrants. The majority of foreigners are low-skilled migrants, working in construction, manufacturing, service, agriculture, and domestic sectors. Low-skilled migrants are predominantly single male migrants, living in camps with other co-workers, mostly dormitories. The professional migrants enjoy greater benefits and privileges, including reunions with family, education and medical benefits for dependents and annual paid leave (often with return airfares).

Saudi Arabia is a popular destination for Bangladeshi migrants. The official record of labour migration flows to the GCC countries was initiated by the Bureau of Manpower, Employment and Training (BMET) in 1976. According to BMET, the formal recruitment of Bangladeshi labour to Saudi Arabia started in the mid-1970s and by 1980, nearly 20,000 migrants went to Saudi Arabia for work. The number of migrants reached nearly 300,000 between 1981 and 1990, around 1.18 million between 1991 and 2000, and approximately 1.14 million between 2001 and 2010<sup>24</sup> (Figure 1). In total 7.13 million Bangladeshi migrants sought overseas employment between 1976 and 2010 and of these migrants nearly 2.58 million or 36.18 per cent joined the labour market of Saudi Arabia.<sup>25</sup> Along with the largest destination for migrant labour, Saudi Arabia is also the largest source of migrant remittances for Bangladesh (Figure 2). Bangladeshi migrants from Saudi Arabia remitted nearly US\$ 21.42 billion to their families between 2000 and 2011.<sup>26</sup>

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<sup>22</sup> Philippe Fargues, 'Immigration without inclusion: non-nationals in Gulf state nation building', Conference paper, the 2011 Gulf Research meeting, University of Cambridge, July 6-9 (2011), p.12.

<sup>23</sup> *Ibid.*, p.13.

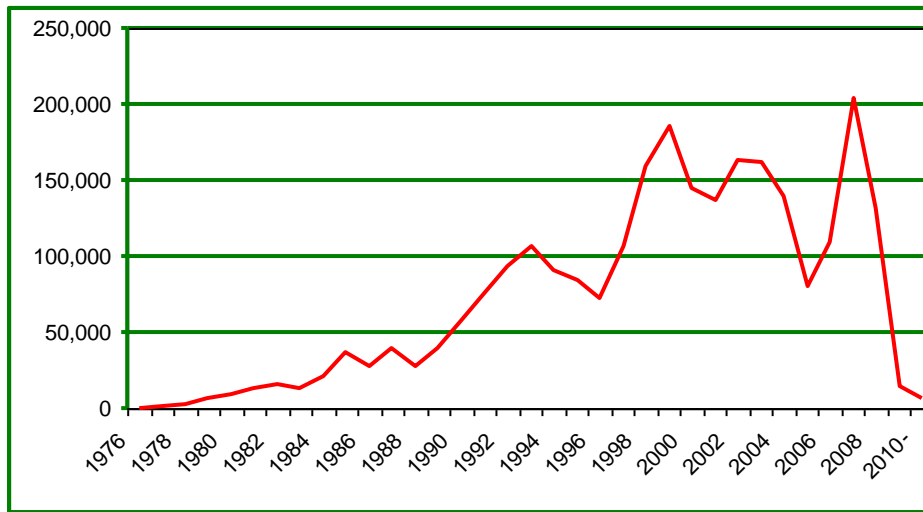
<sup>24</sup> BMET statistics, [www.bmet.org.bd](http://www.bmet.org.bd) accessed on 23 June 2011.

<sup>25</sup> BMET statistics, [www.bmet.org.bd](http://www.bmet.org.bd) accessed on 23 June 2011.

<sup>26</sup> <http://www.bangladesh-bank.org/econdata/wagermidtl.php>. Accessed on 15 August 2011.

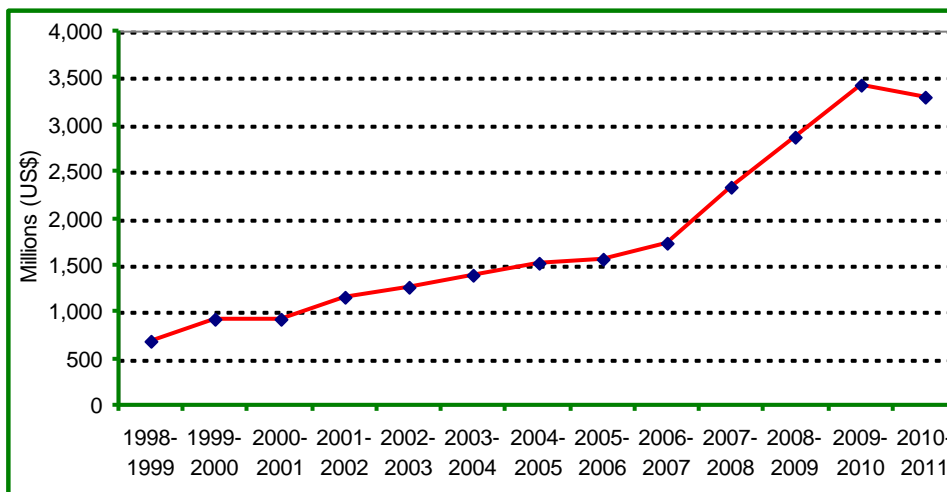


**Figure 1: Trends of Bangladeshi Migration to Saudi Arabia, 1976-2010**



**Source:** Compiled from data found in Bangladesh Government website, [www.bmet.org.bd](http://www.bmet.org.bd).

**Figure 2: Trends of Remittances from Saudi Arabia to Bangladesh, July 1998 – June 2011**



**Source:** Compiled from data found in Bangladesh Government website, [www.bmet.org.bd](http://www.bmet.org.bd) and Central Bank of Bangladesh (Bangladesh Bank), <http://www.bangladesh-bank.org/econdata/wagermid tl.php>

In the forthcoming paragraphs, a summary of the socio-demographic profiles of respondents is presented. This basic information on the respondents and their families is crucial to the interpretation of the study's findings. As mentioned earlier, this study is based on nationally representative migrant household survey in Bangladesh, 2009. As per the sample, 4,427 migrant workers were working in Saudi Arabia for at least one year and they remitted regularly to their families. Of these 4,427 Saudi migrants in the sample, 98.5 per cent were males and 1.5 per cent females. Although women's participation in various economic sectors has increased in the recent years in Bangladesh, their migration out of Bangladesh remains

insignificant. Religious conservatism and restricted mobility has put pressure on women seeking employment overseas.<sup>27</sup>

Overall, nearly 39 per cent of the migrants were in their 20s, 35 per cent were in their 30s and around 26 per cent were in their 40s and above, with the average age being 33.3 years. As a comparison, the mean age for Bangladeshi migrants in Hong Kong and Malaysia is reported 34.1 years<sup>28</sup>. Bangladeshi migrants to Saudi Arabia were predominantly single (lone) male migrants. Nevertheless, they were not necessarily unmarried. Nearly 67 per cent of migrants were married with wives remaining in Bangladesh. Of these married migrants, nearly 87 per cent had children and average family having 2.36 children. Wives left behind were primarily homemakers, taking care of children and in-law families. Educational attainments of surveyed migrants were low. Approximately 30 per cent of migrants received only one to five years of schooling while 50 per cent completed six to 10 years. Of the remaining 20 per cent, half had no formal education while the other half attained secondary and/or other vocational certificates.

In terms of occupation, around 79 per cent were working before their migration to Saudi Arabia; they were mostly engaged in agriculture, small businesses, and urban informal economy. The major categories of occupations that these migrants were reported doing in Saudi Arabia were construction, maintenance, driving, factory work, restaurant or hotel work (cleaners and waiters), general labour, and gardening. Approximately 23 per cent of migrants worked and resided there between one to two years, 22 per cent between three to five years, and around 33 per cent between six to 10 years. The remaining nearly 20 per cent had been working abroad for a period of 11 to 21 years (in some cases more). On average, duration of stay of migrants was 7.03 years, which is likely to be sufficient to offer a clear indication of migration benefits for migrants and their households.

## **Recruitment of Bangladeshi Labour to Saudi Arabia**

Labour recruitment in Saudi Arabia and other GCC countries takes place in a system popularly called *kafala* or sponsorship<sup>29</sup>. In a *kafala* system, a migrant is sponsored by an employer of GCC citizenship who assumes full economic and legal responsibility for the

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<sup>27</sup> AKM Ahsan Ullah, *Rationalizing Migration Decisions: Labour Migrants in East and Southeast Asia* (London: Ashgate, 2010). Nana Oishi, *Women in motion : globalization, state policies, and labor migration in Asia* (Stanford: Stanford University Press, 2005).

<sup>28</sup> AKM Ahsan Ullah, *Rationalizing Migration Decisions: Labour Migrants in East and Southeast Asia* (London: Ashgate, 2010), p.68.

<sup>29</sup> I have explained elsewhere about Kafala system and recruitment in the GCC countries in general, please see Md Mizanur Rahman, Recruitment of labour in the Gulf Countries, ISAS Working Paper 130 (2011), Institute of South Asian Studies, National University of Singapore, Singapore. For details about Kafala system, also see, A.N. Longva, 'Keeping Migrant Workers in Check: The Kafala System in the Gulf', Middle East Report no.211 (1999), pp.20-22. Françoise De Bel-Air, 'Reforming the Sponsorship (Kafala) in the GCC Countries: what socio-political stakes? The Case of Saudi Arabia', Conference Paper, Workshop 12, Migration in the Gulf, Gulf Research Meeting at the University of Cambridge 6-9 July 2011.

employee during the contract period. A *kafeel* may be an individual, a placement agency, or a company/institution. The system works such that the migrant worker can only work for him or her *kafeel* for a specific period. Foreign workers are not allowed to marry or be involved in sexual relationships as a mechanism to separate them from permanence in the society. The overall emphasis in *kafala* system is on control and ‘flexibility’ in response to local labour market fluctuations.

The *kafala* system has given birth a new form of trade called ‘visa trade’ in which a *kafeel* charges fees to a potential buyer of visa (migrant worker) for each visa offered. Since the visa trading generates kickback fees for *kafeels*, it has been a multi-million dollar industry in the Gulf.<sup>30</sup> In the UAE, for instance, a work visa for an Indian is sold for around US\$2,000 (or AED 7,500)<sup>31</sup> and for a Pakistani around US\$2,700 to US\$3,000 (AED 10,000 to 12,000)<sup>32</sup>. The scale of visa trading is so massive that the Saudi Minister of Labour reported that 70 per cent of the visas issued by the government were sold on the black market<sup>33</sup>. The *kafala* system has been met with much criticism over the years. For instance, it is accused of encouraging corruption, visa trafficking, as well as import of workers widely outpacing labour market needs.<sup>34</sup> Since the system generates additional lucrative incomes for local sponsors, governments in the Gulf have so far failed to stop visa trading, notwithstanding some genuine interests in part of the Gulf governments.

Recruitment is a key aspect of temporary labour migration. Recruiting agencies and migrant networks play a critical role in the recruitment process.<sup>35</sup> Recruitment of Bangladeshis to Saudi Arabia takes place through both recruiting agencies and migrant networks (see Figure 3). In the recruitment system assisted by recruiting agency, proceeds as follows: a recruiting agency in Saudi Arabia places a ‘demand letter’ to their counterpart in Bangladesh. Then a sister recruiting agency in Bangladesh searches out prospective migrants and asks them to submit a passport, pictures, biographic information and a partial payment to begin the recruitment process. At this juncture, the Bangladeshi recruiting agency contacts their counterpart in Saudi Arabia for visa processing. The recruiting agents rely overwhelmingly on a group of intermediaries called sub-agents, who act as mediators between a prospective

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<sup>30</sup> M.N. Shah, ‘Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they likely to be?’ ILO Asian Regional Programme on Governance of Labour Migration Working Paper No 3 (2008).

<sup>31</sup> Ibid., p.9.

<sup>32</sup> Gulf News, (13 April 2004) ‘Illegal visa trade still flourishes’.

<sup>33</sup> M.N. Shah, ‘Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they likely to be?’ ILO Asian Regional Programme on Governance of Labour Migration Working Paper No 3 (2008), p.9

<sup>34</sup> Françoise De Bel-Air, ‘Reforming the Sponsorship (Kafala) in the GCC Countries: what socio-political stakes? The Case of Saudi Arabia’, Conference Paper, Workshop 12, Migration in the Gulf, Gulf Research Meeting at the University of Cambridge 6-9 (July 2011). M.N. Shah, ‘Building State capacities for managing contract worker mobility: the Asia-GCC context’, in *World Migration Report 2010* (Geneva: International Organization for Migration, 2010).

<sup>35</sup> M.R. Gamburd, *Transnationalism and Sri Lanka’s Migrant Households: The Kitchen Spoon’s Handle*, (New Delhi: Vistaar Publications, 2000). M.N. Shah and Indu Menon, ‘Chain Migration through the social network: experience of labour migrants in Kuwait’, *International Migration*, Vol.37, no.2 (1999), pp.361-82.

migrant and a licensed recruiting agent. For an extra fee, these sub-agents help prospective migrants find jobs and help agencies find prospective workers in a more timely fashion.

As migration matures, many potential migrants learn more about the process of migration and the way to seek alternative services for jobs in Saudi Arabia. Instead of finding jobs with agencies, many potential migrants seek jobs arranged with sponsor-employers in Saudi Arabia through personal networks. Working visa arranged through personal networks is called in Bengali 'Urro' or in English a 'flying (work) visa' as it flies directly from a migrant broker in Saudi Arabia to a prospective migrant in Bangladesh, bypassing local recruiting agencies and their sub-agents<sup>36</sup>. Arranging a 'flying visa' usually proceeds as follows (see Figure 3): a migrant broker finds a job for a friend or relative with usually his *kafeel* or *kafeels'* network of friends and relatives. Once a work visa is procured through *kafeel*, the migrant broker contacts the potential migrant in Bangladesh and ask them to fly within a stipulated time.

Apart from 'flying visa', there is another type of visa called a 'free visa'<sup>37</sup>. Although there is no official category of visas called 'free visas' in the Gulf countries, the term is widely used among migrant communities. Pakistani migrants call it in Urdu 'Azad' (free) visa. This unofficial category of visas allows a potential migrant to enter a GCC country for work under *kafala* system, but the sponsor-employer (*kafeel*) who officially sponsors the migrant does not offer paid work. A migrant on 'free visa' is free to find his own job in any sector of economy, although it is illegal to work in another sector or with other sponsor-employers than one's own<sup>38</sup>. In other words, a 'free visa' is legal but, paradoxically, when a free-visa holder starts working for others, he becomes illegal by law and vulnerable to deportation.

Recruitment practices, therefore, raise the question about why migrants are brought in under such a visa category that does not guarantee work under a sponsor/*kafeel* as per law. As discussed earlier, recruitment entails the kickback fees inherent in the visa trading system in the Gulf. As a result, visa trading generates additional incomes for *kafeels* and this income-generating feature of *kafala* system drives the recruitment practice in Saudi Arabia whether it is under a general work visa, flying visa, or free visa. However, it is the free visa that exposes migrants more to uncertainty about work and risk of starvation<sup>39</sup> and deportation. The implication of such recruitment practice is that it denies migrant workers from their very basic right of work and the resulting means of earning overseas for which they originally

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<sup>36</sup> Md Mizanur Rahman, Recruitment of Labour in the Gulf Countries, ISAS Working Paper no.130, Institute of South Asian Studies, National University of Singapore, Singapore.

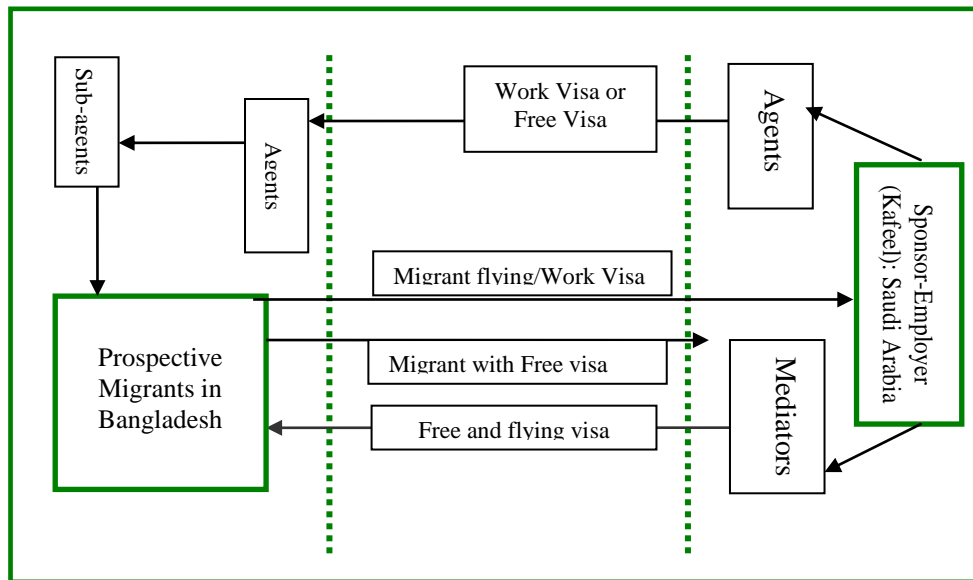
<sup>37</sup> Md Mizanur Rahman, Recruitment of Bangladeshi Labour in the Gulf Countries, ISAS Working Paper no. 130 (2011), Institute of South Asian Studies, National University of Singapore, Singapore.

<sup>38</sup> *Gulf News*, "Kuwaitis speak out against crimes related to 'free visa'", 2 January 2011. M.N. Shah, *Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they likely to be?* ILO Asian Regional Programme on Governance of Labour Migration Working Paper No.3 (2008), p.7.

<sup>39</sup> Since a *kafeel* does not take responsibility of offering work or providing food and accommodation to a migrant as a 'free visa' holder, a migrant is exposed to starvation if he does not get work for a few consecutive days.

migrate. Moreover, since overall recruitment practices is shaped by a grouping of interests at different points in the system, it increases the economic cost of migration and the resulting recuperating period, as we will see in the next section.

**Figure 3: Conceptualising Recruitment of Labour to Saudi Arabia**<sup>40</sup>



### Economic Cost of Migration to Saudi Arabia

The economic cost of migration is an important aspect of labour migration that determines the potential outcomes of migration in the long run. By economic cost of migration, this study not only provides the actual financial cost of migration but also reveals the embedded costs, that is, the sources of arranging the financial cost of migration and its potential impact on family economics. However, before detailing the economic cost of migration for recruitment, a standard practice that often shapes the actual cost of migration requires clarification here. For migration to Saudi Arabia, a potential migrant is required to pay a part of the financial cost of migration, which is by and large from around one-fourth to half of the financial cost of migration, to the middlemen/sub-agents in advance. The remaining amount is usually paid in several instalments depending on the progress of visa application. However, all dues are payable before a prospective migrant flies to Saudi Arabia.

The waiting time between the first payment or instalment and the departure for Saudi Arabia should not be ideally more than three months. In practice, it often takes longer and therefore demands explanation. Of the surveyed migrants, around 57 per cent of migrants received the

<sup>40</sup> Adapted from Md Mizanur Rahman, *Recruitment of Bangladeshi Labour to The Gulf Countries*, ISAS Working Paper no.130 (2011), Institute of South Asian Studies, National University of Singapore, Singapore, p.14.

work visa and flew to Saudi Arabia within three months. However, 11 per cent waited between three and five months, while 32 per cent had to wait between six and 13 months, or even longer. On average, a migrant had to wait around 5.22 months to complete the recruitment procedures in Bangladesh. Some vested-interest groups manipulate the waiting time for recruitment and make profit out of migrants' initial investments here. Intermediaries are often suspected for delaying the recruitment procedures. They will collect a first payment from potential migrants well in advance on promise that they will be first recruited once they receive demand offers or requests from the Saudi Arabia-based recruiters. Sometimes, potential migrants are not even consulted about the status of demand letters and third parties still collect the first payment well in advance.

Since the demand for visas is higher than the supply of visas, potential migrants can hardly afford to refuse the payment. For intermediaries, this cash payment generates additional incomes, as they often invest the cash for some profit-making ventures. For migrants, advance payment and the delaying of recruitment increases the cost of migration as they often borrow from moneylenders with higher interest rates, putting pressure on their family income. Once prospective migrants initiate the recruitment procedure with the first instalment, they cannot cease the recruitment and would claim the repayment of the full amount. This exposes potential migrants to victimisation and exploitation, even in the country of their origin.

Figure 4 presents a conceptual schema for the economic cost of migration to Saudi Arabia from a family perspective. The figure maps out three important layers that constitute the economic cost of migration such as sources of securing funds to pay for financial cost of migration, contribution of multiple sources to the financial cost of migration, and disbursement of financial cost of migration as formal service fees and intermediary fees. The average cost of migration to Saudi Arabia was in BDT (Bangladeshi Taka) 206,058 or US\$3,000<sup>41</sup> – virtually beyond the personal savings of all migrants. As a result, most migrants rely on multiple sources to accumulate the funds for migration. As per frequency, major sources of securing funds were: selling land (27 per cent), mortgaging land (23 per cent), taking loan (72 per cent), and other sources (19 per cent) such as selling of livestock, jewellery, and so on. Surprisingly, only nine per cent of migrants used personal savings to meet their migration expenses.

A relevant question is the percentage of contribution of the different sources to the total financial cost of migration (Figure 4 presents this information). Land paid off nearly 24 per cent of the cost. As mentioned earlier, loans from moneylenders accounted for 52 per cent. Other sources such as in-laws, dowry and the sale of family assets (livestock, jewellery, and so on) constituted nearly 20 per cent of financial cost. What is surprising about the contribution of different sources is that personal savings only constituted four per cent.

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<sup>41</sup> All Bangladeshi currency (BDT) figures were converted into USD in early 2010. The exchange rate was US\$1= BDT 68.68.

Although personal savings alone hardly met the expenses for migration in Asian countries, the overwhelming dependence on sources other than personal savings is probably unique to the Bangladeshi situation<sup>42</sup>. This extreme dependence on other sources for fundraising is expected to affect the family incomes in the first few years, as we will see later in this section.

Considering the high cost of migration, this study further investigates the major areas of expenses in the recruitment process to offer a glimpse into the distribution of economic costs across different service providers. For the purpose of understanding, the study divides the economic cost of migration into the formal service fees that include government fees, passport fees, wage earners' contribution and other relevant mandatory service fees in Bangladesh and the mediators' fees that include fees charged by intermediaries and recruiting agencies for their services. A detailed report on expenses for migration reveals that formal fees represent on average of only 24 per cent of the financial cost of migration and the intermediaries' fees represent the remaining 76 per cent of cost of migration. In other words, 24 per cent of economic cost of migration (US\$ 3,000) was spent on formal services and 77 per cent was appropriated by intermediaries linked to recruiting agencies and migrant brokers in Bangladesh and Saudi Arabia.

It is important to note that the intermediary fees also include kickback fees which are inherent in the financial cost of migration to Saudi Arabia regardless of the channels of recruitment – recruiting agencies or migrant networks. Some intermediaries in Bangladesh suggest that nearly two-thirds of the intermediary fees constitute kickback fees in the case of migration to Saudi Arabia. Although media reports constantly blame the recruiting agencies in Bangladesh for exorbitant fees, they are in fact making a tiny profit while the bulk of the profit goes to the other side of the recruitment end.

### **Emigration and Disruption of Family Economics**

As explained earlier, it is obvious that financial cost of migration to Saudi Arabia is beyond individual migrants' personal savings, forcing them to use multiple sources for fundraising. This extremely disproportionate dependence on other sources for fundraising is not deliberate but a necessity to meet the cost of migration. To invest in their migration, migrants sell off those family assets that are also the source of income for families, borrow from moneylenders with interest rates that can only be repaid through external earnings, such as remittances, and emptying the savings of individuals and extended family members that they often require to minimise unpredicted risks (such as health risk, crop risk and so on). Migration, thus, undermines family economics in two ways. First, it hampers regular family incomes due to

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<sup>42</sup> AKM Ahsan Ullah, *Rationalizing Migration Decisions: Labour Migrants in East and Southeast Asia* (London: Ashgate, 2010).

the dispossession of income-generating assets, such as land, livestock and so on. Second, the loans constraint family resource use. To ascertain extent to which migration impacts on family economics, this study examines the size of land-holding and the loan status at the post migration period.

Land is a crucial income contributor and status marker in Bangladeshi society, especially rural Bangladesh. It is also a source of cash for cash-strapped families. To finance the migration, nearly 50 per cent of surveyed migrant households sold out or mortgaged away land. In other words, 50 per cent of migrant households were deprived of regular incomes from land. The land-ownership pattern in Bangladesh is very polarised. Rapid population growth and inheritance law has caused fragmentation of land over time and the number of landless households in the country stood at 50 per cent<sup>43</sup>. As per the survey, nearly 42 per cent of households completely lacked arable land, that is, they were indeed members of a landless class. The remaining 58 per cent may be called marginal land-owning class, as they own only a certain amount of arable land. Yet, their arable land-ownership was on average approximately 181 decimal, which is indeed much lower than a rural household required for its subsistence level of income for a family of five members in Bangladesh<sup>44</sup>. The fallow land in these agrarian communities equate to the same status as landless, due to a lack of income from crop production. Thus, it is safe to conclude that most migrants who take up migration as a means of family strategy were apparently from the landless class or marginal land-owning class, who were struggling to earn their living locally.

Apart from landholdings, 72 per cent of migrants who took micro-credits from moneylenders (69.05 per cent) and NGOs (2.75 per cent) were affected by migration. At the post migration stage, nearly 61 per cent of migrants had outstanding loans to pay back; the average loan amounted to BDT 157,057 or US\$2,286 (US\$ 1=BDT68.68) or 76 per cent of mean financial costs for migration. Surprisingly, more than some 77 per cent of the migrants were working in Saudi Arabia for a period of three years or longer. This suggests that working in Saudi Arabia for a period of three years is not sufficient to get rid of migration-induced debt and the compounded debt that was still required paying after three years of repayment. The average size of the current debt signals the severity of indebtedness among the Bangladeshi households with members in Saudi Arabia. It is important to note that the interest rate for migration loans is different from other types of loans, such as those for agriculture, business, weddings, and festivals. As migration yields high returns, moneylenders charge up to seven to 10 per cent interest per month or roughly 100 per cent per year. If the interest is compounded, the debt will double in less than a year and triple in less than two years.

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<sup>43</sup> Sadman Khaled Monsur, 'Landlessness and its impact on economic development' *Star Campus*, Vol.2 no.86 (14 September 2008).

<sup>44</sup> Peter J. Bertocci, 'Community Structure and Social Rank in Two Villages in Bangladesh'. *Contributions to Indian Sociology*, VI: 19-52 (1972).

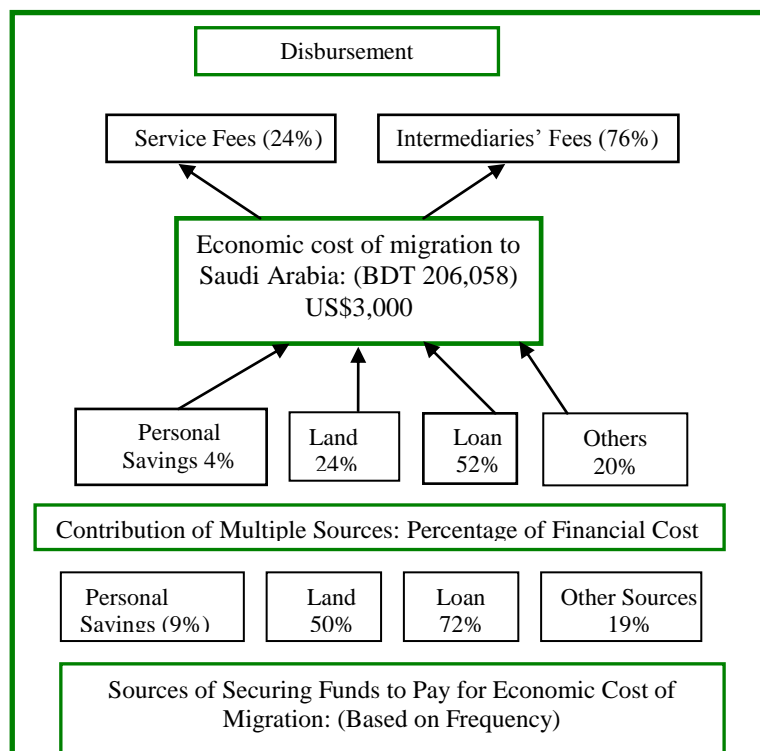


In the decision to seek overseas employment, there is indeed a trade off between the possibility of higher incomes and the destruction of existing family economics. Migrants, who choose the migration option over the possible collapse of existing family economics, do so with the hope of repairing and enhancing it through remittances. Whether the hope pinned on remittances has been realistic is discussed in the next section.

## Remittances and Family Economics

We have so far seen the outflow of family resources and its implications on family development dynamics. Remittances are the most tangible benefit that labour migration generates for migrants and their families. Remittances are seen as an external resource for the debt-ridden migrant families. However, the size and frequency of remittances are important variables for the economic take off of migrant families. The size of the remittances is contingent on the monthly incomes of the migrants overseas. Therefore, this study investigates the monthly remuneration of migrants in Saudi Arabia. On average, the monthly remuneration of the migrants was BDT18,723 or US\$ 273. While this amount is several times higher than a job in Bangladesh, if the monthly salary is estimated against the economic cost of migration, which was on average BDT 206,058 or US\$ 3,000, a migrant requires roughly 11 months to recoup his financial cost of migration if other expenses are controlled.

**Figure 4: Economic Cost of Migration: A Family Perspective<sup>45</sup>**



<sup>45</sup> Adapted from Md Mizanur Rahman, *Debt and Migration: The Bangladeshi Migrants in the Gulf Countries*, International Organization for Migration Policy Paper (Geneva: International Organization for Migration, forthcoming).

Figure 5 presents a conceptual schema for remittances and family economics. First, the figure presents the average amount of remittances in each transfer and frequency of remittances in a year. Second, the study maps out major areas of use of remittances such as family expenses, repayment of loan, medical, education and income generation. Third and finally, the paper provides the implications of remittances on family in terms of food, education, and incomes. On average, migrants remitted approximately four times a year. The average amount of remittances was at a time was BDT 22,258 or US\$ 324. If average remittances and frequency of remittances are calculated, a migrant household received around US\$ 1,296 in a year. Given the annual flow of remittances to the migrant households, a migrant requires roughly 2.31 years to recover the actual financial cost of migration if other expenses are controlled. What happens is that debt and the deficit of family incomes in the migration process prolongs the recovery of economic investment in migration.

This study also explores to whom migrants usually remit, who control remittances, and who manages the remittances in the households. A migrant usually remitted to the head of the household in Bangladesh. On average, 31 per cent of the migrants remitted to their spouses with nearly 32 per cent of migrants were married in the sample. Remitting to wives rather than fathers was found to be extremely high among Bangladeshi migrants, even when the rural family authority structure in Bangladesh where fathers, when alive, assume the predominant role in managing household affairs. This is a possible area where an in-depth study is required. Interestingly, 55 per cent of migrants remitted to their father (67 per cent of migrants were unmarried in the sample). Thus, we infer that when migrants are married, they predominantly remit to their wives and when they are unmarried, they usually remit to their fathers. Other major recipients of remittances were siblings (seven per cent).

The control and management of remittances, especially when the migrant workers (senders) are away, are critical to the understanding of intra-household relations and the gendered outcomes. With regard to control over remittances, migrants overseas and other members of the family other than the recipients seem to have less control over it. Nearly 83 per cent of recipients of remittances had sole control over remittances, while nearly 10 per cent of migrants and their recipients mutually controlled the remittances. In terms of making decisions about management of remittances, 71 per cent of recipients revealed that they made the decision themselves, while 22 per cent of recipients who were predominantly wives decided how to manage remittances in consultation with their husbands overseas. Thus, when recipients of remittances are wives, the negotiation and consultation about the management of remittances take place to a greater extent across husband-wife remittance routes, signalling improved gender relations between wife and migrant husband overseas.

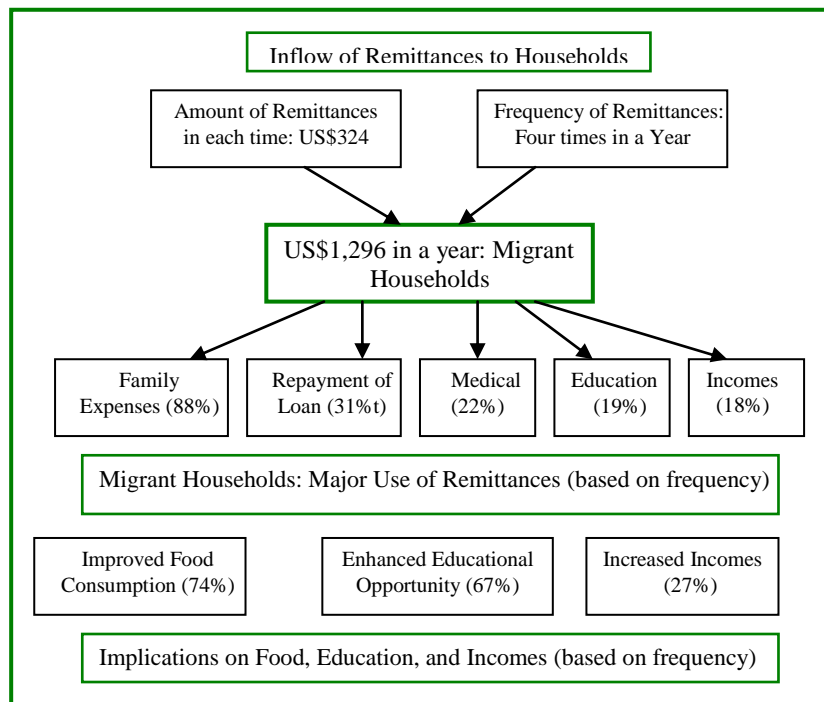
The use of remittances is an important indicator for assessing family development dynamics. Migrant families used the funds for a myriad of purposes, such as basic expenses (food and clothing), followed by purchasing of land or property, repayment of debts, savings, construction of house, marrying off brothers and sisters, education, medical treatment,

religious festivals (*Eid-ul-Fitr* and *Eid-ul-Azha*), purchasing of livestock and so on. The five major areas of use of remittances, as per frequency of uses, are family expenses, followed by loan repayment, medical treatment, education and incomes. As per frequency, 88 per cent of households used remittances for family basic expenses, 31 per cent used remittances for repayment of loan, 22 per cent for medical treatment, 19 per cent for education, and 18 per cent for income generation.

In addition to economic purposes, remittances were also used for religious festivals (six per cent) and marrying off brothers or sisters (1.31 per cent). Nearly six per cent of households saved a part of the remittances for future use. The use of remittances in the above fields suggests that migrant households prioritised the expenses as per local requirements. For instance, it may seem unproductive to spend hard-earned remittances for religious festivals or marrying of siblings. Yet, the social expectation from migrant households in the communities of origin and the local perception about development (such as affordability to marry off grown up sisters) are so important for migrant households that they cannot overlook them in their communities, claiming honour and prestige (Gamburd, 1995; Rahman, 2009a). Therefore, there is a need to incorporate the local meaning of development in the broader migration and development debate.

Remittances showed visible impact on migrant families in terms of food consumption, educational opportunity and local income generation. As per frequency, around 74 per cent of families reported having improved food consumption and nearly 67 per cent of families reported having enhanced educational opportunities. However, the role of remittances in income generation was mixed: nearly 27 per cent of migrant families reported an increase in incomes through establishing new sources of incomes, investing or expanding existing sources and making deposits in banks/ buying stocks or saving certificates. However, given the extent of landlessness and indebtedness, it is not surprising that remittances cannot account for income generation.

**Figure 5: Remittances and Family Development Dynamics**



## Conclusion

The study has challenged the conventional assumption relating to economic advantage of temporary migration for migrants and their families. It has instead depicted emigration in terms of insurmountable economic disadvantage to the emigrants and their families. This study draws from the experiences of Bangladesh migrants in Saudi Arabia.

The research has examined labour migration as a process by highlighting its key aspects, such as recruitment, economic cost of migration, incomes, and remittances, and implications of economic cost and remittances on family economics. In the context of recruitment, this study has identified two areas where migrants are exposed to victimisation and exploitation. One is in the delaying of recruitment by intermediaries that increases the economic cost of migration and the other is the provision of ‘free visas’ for migrant workers. ‘Free visas’ do not guarantee work under approved *kafeel*. The ‘free visa’ is legal but when a ‘free visa’ holder works for another, he becomes illegal by law and vulnerable to deportation. The ‘free visa’ is ‘double-rewarding’ for *kafeel*, as it generates kickback fees for the *kafeel* without guaranteeing work for sponsored migrant. In short, while ‘work visas’ and ‘flying (work) visas’ generate kickback fees it also requires offering gainful employment to sponsored migrant workers. The ‘free visa’ also generates kickback fees but it does not entail offering a job to sponsored migrants. As a result, migrants encounter a different type of risk that even prevents them from very basic right of working in Saudi Arabia.

The economic cost of migration is another area that not only exposes migrants to victimisation and exploitation but also undermines family economics. The study has shown how the payment of financial costs for migration exposes migrant families to risks of losing local incomes and of incurring debts in the migration process. For instance, procurement of financial costs for migration damages regular family incomes, due to the dispossession of income-generating assets. As reported, 50 per cent of migrant households sold or mortgaged away land to finance the migration. The loan that comes with 100 per cent interest in a year further drains the family's income. Nearly 61 per cent of migrants had outstanding loans to pay back; the average loan amount to BDT 157,057 or US\$ 2,286 or 76 per cent of the economic costs for migration. This is the debt scenario when only 23 per cent of migrants have been working in Saudi Arabia for up to three years and the remaining 77 per cent of the migrants have been working for a period of three years or more.

The study provides a conceptual scheme for studying remittances and family development dynamics by offering a three-layer explanation. The study has reported that a migrant household received on average US\$1,296 in a year. The remittances were so little that migrants would need 2.31 years to recover from the actual initial financial cost of migration, given that other expenses are controlled. However, debt and the deficit in the family's regular income can prolong the recovery. With regard to remittance receipt, control, and management, the study reports some important trends. An extremely high percentage of recipients of remittances were wives of migrants overseas. More recipients of remittances enjoyed control over remittances than senders of remittances. In the husband-wife remittance corridor, there was more consultation and negotiation about the use of remittances.

Drawing from the frequency of use of remittances, the study has revealed that 88 per cent of migrant households use remittances for family basic expenses, 31 per cent for repayment of loan, 22 per cent for medical expenses, and 19 per cent for education. Finally, 18 per cent of migrant households are in a position to use remittances for income-generating activities (e.g. businesses). In terms of implications of remittances on family development dynamics, the study report that 74 per cent of migrant households enjoyed improved food consumption, 67 per cent enhanced educational opportunities, and 27 per cent increased incomes. Temporary migration of labour to Saudi Arabia thus damages family economics that external resources like remittances cannot restore in the short run. However, we need some sort of longitudinal data to comprehend the complexity of this relationship between migration and family economics in the long run.<sup>46</sup>

This research has attempted to shed light on some areas that demand policy interventions to ensure the welfare of migrants and their families and enhance the economic benefits of migration. First, specific policy intervention is required to stop migrating under the 'free visa' category. Second, financial cost of migration is excessively high and the governments

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<sup>46</sup> Md Mizanur Rahman, 'Temporary Migration and Changing Family dynamics: Implications for social development', *Population, Space and Place*, Vol.15 (2009), pp.161-174.

involved may consider imposing restrictions on maximum recruitment costs and implement it strictly. In doing so, Saudi Arabia should take necessary initiatives to eliminate visa trade immediately. Third and finally, the Bangladesh government may introduce a soft-loan for overseas migration, so that migrants do not need to carry a burden of 100 per cent interest rates. This will also help retain existing regular income flows to households and help enjoy the benefits of remittance inflows to family economics.

It is imperative that around eight million migrants from Saudi Arabia sent around US\$29 billion<sup>47</sup> as remittances to their families in the countries of origin in 2010. It is not only eight million migrants but also eight million families that have been benefited from remittances. These are often the sole source of family incomes for these families in the developing world. By providing gainful employment to such a large number of foreigners and allowing them to remit back home, Saudi Arabia is indeed making a vital contribution to the socio-economic transformation in the selected Maghreb, the Mashreq and the Asian countries. This contribution of Saudi Arabia to the capital-poor but labour-rich countries deserves greater recognition from academics and policy makers.

Similarly, the outside world is also concerned about the economic cost of migration and treatment of migrant workers in Saudi Arabia<sup>48</sup>. Therefore, there is a need to adopt policy measures to ensure the fair treatment and welfare of migrant workers in this single largest temporary migrant-worker recipient in the world. The burden of improving the conditions of migrant workers lies principally on Saudi Arabia as it is the host country that has authority to bring about changes in the management of foreign workers on its own soil. An additional factor Saudi Arabia has the moral obligation given that it is the birth place of a great religion that enshrines and promotes core human values including fair treatment and social justice.

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<sup>47</sup> Zawya – Leading Business Intelligence on the Middle East and North Africa, [http://www.zawya.com/story.cfm/sidZAWYA20110908030328/Foreigners\\_in\\_Saudi\\_remited\\_over\\_29bn\\_in\\_2010](http://www.zawya.com/story.cfm/sidZAWYA20110908030328/Foreigners_in_Saudi_remited_over_29bn_in_2010). Accessed on 12 September 2011.

<sup>48</sup> See also, Human Rights Watch, *“As if I am not human”: Abuses against Asian domestic workers*, (New York: Human Rights Watch, July 2008), pp.1-137.

## **Acknowledgement**

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