

The Macroeconomic Determinants of Remittances in Bangladesh

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Abstract

Remittance is an important source of foreign exchange earnings in Bangladesh. It has appeared as a key driver of poverty reduction and economic development. This paper, covering the time from 1980 to 2019, makes an attempt to identify the macroeconomic determinants of remittances in the context of Bangladesh by applying ordinary least square method (OLS). In this study, remittance is considered as the dependent variable and domestic inflation, deposit rate, the simple average GDP of the six host countries, domestic exchange rate and migration are considered as the explanatory variables. According to the estimated equation, it is found that domestic inflation, deposit rate and the average GDP of the six host countries have significant positive influence on remittances while domestic exchange rate and migration have positive but insignificant influence.

Keywords: Remittance, inflation, economic growth, migration, exchange rate, ordinary least square method

Introduction

Bangladesh is a labor-abundant country. A large number of people of the country go abroad for work every year. About 128.46 lakh Bangladeshi workers went abroad in quest of jobs during 1980-2019. At the time of their economic boom, Southeast Asian countries in the late 1980s and the 1990s created large demand for unskilled and semi-skilled workers⁵. The remittances from migrant workers have positive impact on the economy by encouraging employment and poverty alleviation leading to overall economic growth. In addition, remittances play a supportive role in strengthening the current account balance. In FY19, remittances inflow increased by 9.60 percent to USD 16419.63 million as compared USD 14981.69 million in FY18. One of the major contributing factors

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behind this growth was Bangladesh Bank's guidelines along with Government's legal actions against informal channel for sending remittances. Considering the significant impact of remittances on the economy, it is important to analyze the determinants of remittances.

Several papers show how the different macroeconomic variables affect remittances inflow in Bangladesh, but, a very few of them used deposit rate as an explanatory variable to explain its impact on remittances. This paper examines the relationship among the remittances inflow, migration from Bangladesh, deposit rate, domestic inflation, exchange rate and the simple average GDP of the six host countries: Saudi Arabia, Malaysia, Kuwait, UK, United Arab Emirates and USA. The rest of the paper is organized as follows: section 2 provides the literature review, section 3 presents the objective of the study, section 4 describes overall global scenario of remittances, and discusses the performances of migration and remittances flow of Bangladesh, section 5 reveals the source of data and illustrates the methodology used. In section 6 results are briefly explained and section 7 concludes with some policy recommendations.

Literature Review

The literature on determinants of remittances is broadly divided into two categories: microeconomic and macroeconomic. Most studies that work with microeconomic determinants use survey data on migrant workers and remittance-receiving households. They usually draw a relationship between remittances inflow and individualistic variables like sender's motive, household income and consumption, demographic information and so on. Macro level studies are typically interested in how variables like income differentials between home and host countries, exchange rates, inflation rates, interest rates, political uncertainty and other economic conditions affect remittances flow to the home country. These studies usually analyze time series or panel data depending on their objectives (Ruiz & Vargas-Silva, 2009). This section of the paper attempts to review the part of the literature that discusses macroeconomic determinants of remittances in the context of Bangladesh.

Mamun and Nath (2010) discuss two major factors on the demand side for finding the determinants of historical migration from Bangladesh to major host countries. Firstly, in the 1970s due to the discovery of oil fields and high oil prices, high economic growth happened in Middle Eastern and North African countries which created huge demand for unskilled and semi-skilled workers in various sectors of those countries. Secondly, in the late 1980s and the 1990s demand for workers emerged from the economic growth in Southeast Asian countries, particularly Malaysia and Singapore. A fraction of this high demand for workers was met by two supply side factors in Bangladesh: a booming labor force with surplus labor and governmental policies aimed at out-migration to tackle the issue of unemployment.

Some of these historical factors are re-established in a more recent study by Islam and Nasrin (2015). The paper uses a log-log model by taking remittances inflow in Bangladesh as dependent variable against exchange rate, the average of

six host country's GDP, domestic GDP, number of migrated workers, oil price, number of skilled labor and number of unskilled labors as explanatory variables. Using ordinary least squares (OLS) estimation on data from 1977 to 2011, it shows that GDP of both host and home countries, oil price, exchange rates and skill level of labors affect remittances inflow positively with statistical significance. The study also concludes that unskilled labor force sends relatively larger amount of remittances to home country compared to skilled labor force. They also report that unemployment, bad work environment, poor wage rate, inadequate social security and political instability are major reasons for out-migration. In a separate study, Ratha (2004) shows that in the context of developing countries fiscal policies such as tax incentives to encourage remittances are also critical for out-migration.

In a World Bank study, Hussain and Naeem (2010) report that between 1979 and 2008 remittances increased at an average annual rate of 19 percent which, as they state, has been a key driver of economic growth and poverty reduction in Bangladesh. Using ordinary least squares (OLS) estimation on the first difference of time series data for the period 1979-2008, they find that employment in abroad, oil price, exchange rate and GDP growth are key determinants of remittances inflow for Bangladesh. Results indicate that each additional migrant worker sends home 816 USD annually; every dollar increase in oil price boosts annual flow of remittances by approximately 15 million USD; depreciation of exchange rate by one Taka induces annual remittances by 18 million USD; and remittances are higher during periods of low economic growth. A noticeable finding of Hussain and Naeem (2010) is that migrant workers tend to send more remittances during lower economic growth phase in Bangladesh.

Barua et al. (2007) differentiate between two broad motivations to remit: altruism and portfolio. The altruistic motive to remit is defined as migrants' concern for their families' welfare at home and the portfolio approach is defined as migrants' investment motive to remit. The study combines these two approaches to formulate a remittance-determination model and uses a balanced panel data set of bilateral remittances flow from 10 major host counties to Bangladesh between 1993 and 2005. Using GLS estimation on different variations of the model it shows that income differentials between host and home countries, real interest rate, increase in the number of migrant workers and devaluation of the home country's currency positively affect the remittances inflow. Inflation differential between home and host countries, on the contrary, affects the flow of remittances negatively.

Begum and Sutradhar (2012) measure the effect of changes in host countries income, domestic exchange rate, domestic inflation rate and number of migrated workers on remittances inflow in Bangladesh. Using a log-linear regression model and applying ordinary least square (OLS) method on annual time series data for the period 1980-2011, they find that, host countries income, inflation and domestic inflation has positive and significant impact on remittances inflow. Estimated coefficients for number of migrant workers and domestic exchange rate are reported to be positive but statistically insignificant.

Ali (2012) uses a multivariate time series regression model on annual data from 1976 to 2011. Adopting a semi-log functional form, the paper models remittances inflow as dependent variable and number of workers in different skill categories, consumer price index (as measure of inflation), deposit interest rate, all share price index (DSI) of Dhaka Stock Exchange, domestic exchange rate and income differential between Bangladesh and the average GDP of ten host countries as explanatory variables. OLS estimation on the first difference of these variables shows that deposit interest rate and semi skilled migrant workers have significant positive effect on remittances whereas exchange rate and unskilled workers affect remittances negatively. In contrary to most other studies, this study fails to establish any significant influence of income differentials and inflation on remittances. Coefficients for professional and skilled workers also have shown negative impact on remittances with no statistical significance.

Datta and Sarker (2014) have used time series data between 1978 and 2012 and find that GDP of Bangladesh, domestic exchange rate and crude oil price positively and significantly affect remittances inflow of Bangladesh. But, in their paper deposit interest rate has no significant relationship with remittances. In another study, Hasan (2008) finds that domestic rate of interest, exchange rate and host countries GDP have positive and significant effect on remittances inflow. In both studies, no positive relationship exists between domestic inflation and remittances inflow.

Objective of the Study

The specific objective of this paper is to identify the macroeconomic determinants of remittances for Bangladesh by implementing ordinary least square method (OLS). The model will also help to test whether relationships among variables are statistically significant or not.

Overall Scenario of Remittances

Global Perspective:

In 2020, the global economy suddenly has become near standstill due to the pandemic of COVID-19. For lockdown policy, travel ban policy and social distancing policy of many countries are impairing economic activities across the globe. In this situation, the growth of global remittances increased by 2.8 percent in 2019 (USD 714 billion) which was lower than previous year (8.0 percent). East Asia and Pacific achieved USD 147 billion remittances in 2019, followed by South-Asia, Latin-America and the Caribbean, Europe and Central Asia etc. are the major remittance recipient regions (Annexure Table-1).

In recent years, growth of remittances of Bangladesh has registered a substantial amount across the region. Bangladesh stood 3rd in South Asian region (World Bank report titled “Migration and Development Brief April, 2020”) when India was the top remittance earning country (11.6 percent of global remittance inflow) followed by Pakistan and Nepal. Table 1 shows the top remittance earning countries in South Asia and their receipt of remittances as percent of GDP in 2019.

Table-1: Top Remittance Earning Countries in South Asia in 2019				
Top remittance recipient countries			Top countries (Contributing to GDP)**	
Country	Amount of remittances (Billion USD)	% of total Global remittance inflow	Country	Percentage Share of GDP
India	83	11.64	Nepal	27.3
Pakistan	23	3.15	Pakistan	7.9
Bangladesh	18	2.56	Sri Lanka	7.8
Nepal	8	1.13	Bangladesh	5.8
Sri Lanka	7	0.94	Afghanistan	4.6
Afghanistan	1	0.13	India	2.8
			Bhutan	1.7
			Maldives	0.1

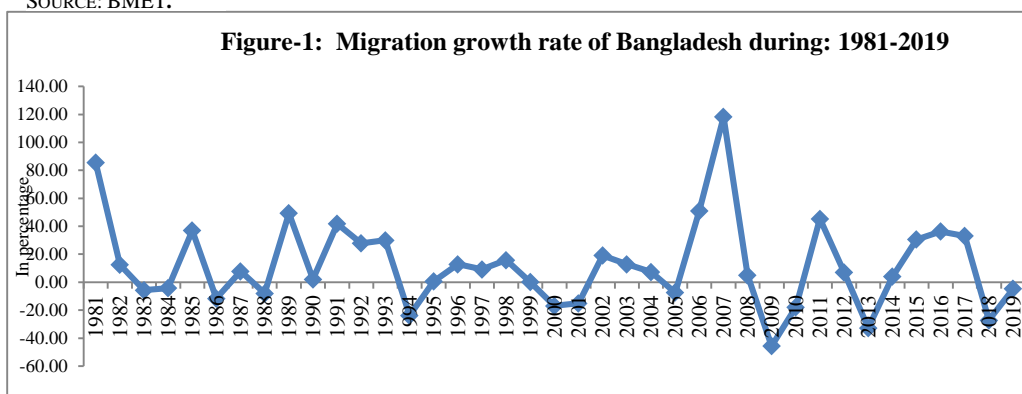
**Top 10 Countries according to remittances as percentage share of GDP (%) in 2019.
Source: Migration and Development Brief 32, World Bank, April, 2020.

Bangladesh Perspective:

Analysis of Migration Scenario:

The growth rates of migration to different countries from Bangladesh experienced a downturn in 2005, 2009, 2013 and 2018 (Figure 1).

SOURCE: BMET.



After the birth of Bangladesh, most Bangladeshi migrants had sought job in Middle East countries as well as a few EU destinations. But, a tendency to increased employment in developed countries like USA, Canada, Italy and some Asian countries like Japan, Malaysia and Singapore was observed in the 1990s and onward (Annexure Table 2).

Country-wise data on migration during 2019 shows that 399000 Bangladeshis have migrated to KSA which is 56.99 percent of total migration

(Annexure Table 2), followed by Oman (10.38 percent), Qatar (7.18 percent), Singapore (7.12 percent), and other countries (12.41 percent).

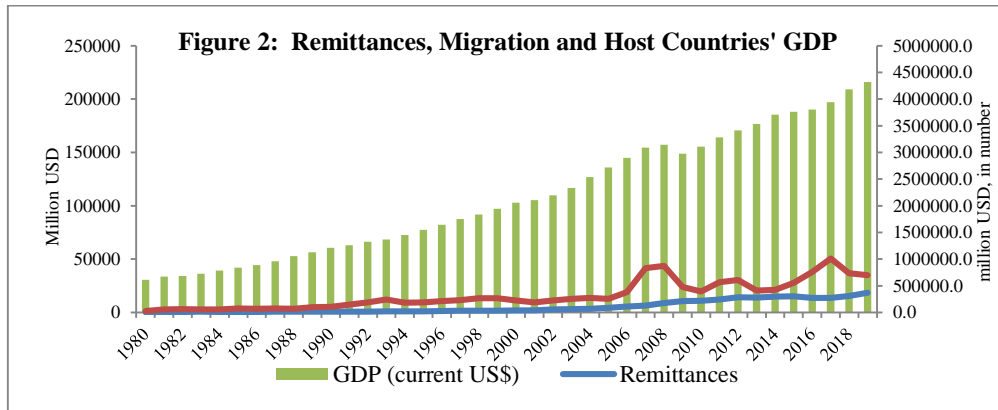
Over the time, the composition of the expatriates' skill is continuously changing. There are four categories of migrant workers based on occupation i.e. professionals, skilled, semi-skilled and un-skilled. A large number of Bangladeshi expatriates are un-skilled and this number stood at 14.30 lakh during 2015 to 2019. The number of skilled expatriates stood at 15.90 lakh during the same period. The share of skilled expatriates of Bangladesh reached to its highest level (43.55 percent) in 2019 (Annexure Chart-1) which was followed by un-skilled (28.15 percent), semi-skilled (20.36 percent) and professional (only 0.27 percent). Yearly trend of skill and gender-wise migration is shown in the Annexure (Table 3).

During 1991, female migrant workers formally started their journey. According to BMET's data, 120.72 lakh Bangladeshi workers have migrated abroad during 1991 to 2019, of which only 9.02 lakh was female workers. Though the share of female workers in total overseas workers is very insignificant (7.48 percent), the overseas female workers' global demand in some occupations (nurse, maid-servant, etc.) has been increasing in the recent years. Therefore, Government of Bangladesh has already taken necessary initiatives for sending female workers abroad through Ministry of Expatriates Welfare and Overseas Employment (MoEW&OE) and Bangladeshi Diplomatic Missions abroad. In this regard, private recruiting agencies may play a vital role.

Performance of Remittances Inflow:

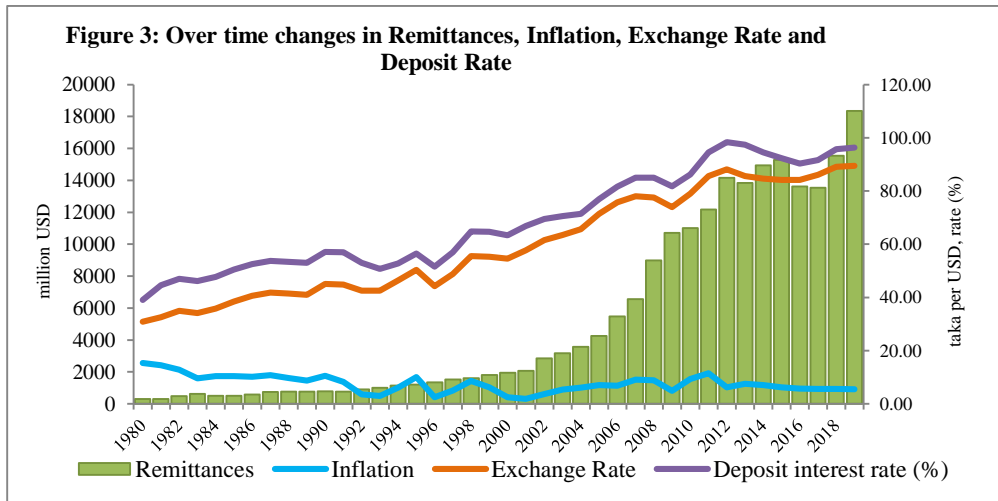
Remittance is an important tool of foreign exchange earnings for Bangladesh. It is evident in the Balance of Payments of Bangladesh that a significant portion of secondary income comes from workers' remittances. In 1976, the country received only USD 23.71 million overseas remittances which have increased remarkably to USD 18354.94 million in 2019.

A huge amount of remittances come from the Kingdom of Saudi Arabia (KSA) which is still the top source of remittances for the country. In 2019, country-wise inflow of remittances shows that the largest amount of remittances was received from KSA (USD 3110.4 million), which is 18.94 percent of total remittances receipt (Annexure Chart 2) and followed by UAE (15.47 percent), USA (11.22 percent), Kuwait (8.91 percent), Malaysia (7.29 percent), United Kingdom (7.16 percent), Oman (6.49 percent), Qatar (6.24 percent) etc. Recently, an attractive amount of remittances also sourced from Italy and Australia though the amount is very small compared to the total remittances receipt. Actually, the present scenario of country-wise remittance flow is changing due to diversified labor flow. The country-wise remittance flow is shown in the Annexure (Table 4).



SOURCE: BMET & WORLD BANK DATA BASE

A relation exists among inflow of remittances, migration and the simple average GDP of the six host countries (Saudi Arabia, Malaysia, Kuwait, UK, United Arab Emirates and USA). These variables are shown over the time in Figure 2.



Source: BMET, Bangladesh Bank & World Bank Data Base

The exchange rate, inflation and deposit rate are the significant macroeconomic determinants of remittances (Figure 3). Home country's currency depreciation encourages migrant workers to send more money to home which is also true for higher deposit rate in home country. Higher inflation induces decrease in purchasing power of people (remittance receiving country) which compels migrant workers to remit more money to fulfill their family demands.

Determinants of Remittances: Data and Methodology

Sources of Data:

Although migration from Bangladesh started since 1976 but due to non availability of data, this paper has used the annual data set for the period from 1980 to 2019 rather than for the period from 1976 to 2019. The data related to domestic exchange rate and remittance inflow are taken from the Report on Economic Trends of Bangladesh Bank. The data of domestic inflation rate has been collected from Bangladesh Bureau of Statistics (BBS) and the migration data has been compiled from Bureau of Manpower, Employment and Training (BMET), Bangladesh. The data of domestic deposit rate and the simple average of six host countries' GDP have been compiled from the World Bank's data base. In the paper, all variables are transformed into logarithm form.

Specification of the Model

The paper analyzes the determinants of remittance inflow by using ordinary least square method (OLS). In the study, E-views software 11 has been used for estimation purposes.

The following model has been used in the study:

$$\ln\text{REM} = \alpha + \beta_1\ln\text{MIG} + \beta_2\ln\text{EX} + \beta_3\ln\text{GDP} + \beta_4\ln\text{INF} + \beta_5\ln\text{DR} + \varepsilon_t$$

where

$\ln\text{REX}$ = Log of remittance inflow;

$\ln\text{MIG}$ = Log of migration from Bangladesh;

$\ln\text{EX}$ = Log of domestic exchange rate

$\ln\text{GDP}$ = Log of simple average of six host countries GDP

$\ln\text{INF}$ = Log of home country's inflation rate

$\ln\text{DR}$ = Log of domestic deposit rate

It is expected that higher GDP of remittances-sources countries will increase the amount of remittances in the home country. Higher inflation means people have to spend more money for purchasing products, in that scenario workers may send additional remittances to their home country. It is commonly believed that there exists a positive relationship between migration and remittance inflow. If migration increases then naturally inflow of remittances would rise in the home country. The home country's deposit rate also plays a significant role to motivate the remitters to transfer more remittances to their country. It is also natural to assume that if deposit rate increases in the home country compared with that of the host countries then migrants would like to deposit extra money in domestic banks. It is also expected that if the exchange rate of home country depreciates then migrant's income increases in domestic currency and as a result, remittance inflow increases.

Results and Discussion:

Unit Root Tests

Before using the data in the estimation of OLS, we need to know the time series properties of all variables. Accordingly, Augmented Dicky-Fuller (ADF) unit root test is used to verify the order of integration of variables. The test statistics and the critical values are given in table-2.

Table-2: Results of Unit root test

Variable	ADF Test Statistics	1% Critical Value	5% Critical Value	Conclusion
lnREM	-2.27	- 4.23	-3.54	unit root at level
lnMIG	-2.26	- 3.61	-2.94	unit root at level
lnEX	-2.19	- 4.32	-3.57	unit root at level
lnGDP _h	-0.74	- 4.21	-3.43	unit root at level
lnINF	-3.46	- 4.71	-3.53	unit root at level
lnDR	-3.19	-4.22	-3.39	unit root at level
ΔlnREM	-5.17	- 4.22	-3.53	Stationary at 1
ΔlnMIG	-5.73	- 3.63	-2.95	Stationary at 1
Δ lnEX	-6.22	- 4.53	-3.48	Stationary at 1
Δ lnGDP _h	-5.08	- 4.27	-3.53	Stationary at 1
Δ lnINF	-8.24	- 4.32	-3.41	Stationary at 1
Δ lnDR	-4.60	-3.63	-2.95	Stationary at 1

The test statistics for the stationary of the levels of lnREM, lnMEG, lnEX, lnGDP_h, lnINF and lnDR indicate the presence of a unit root for 1% level of significance. The test statistics for the first differences of all those variables at 1% level lead to rejection of null hypothesis of a unit root indicating all of the variables are integrated of order 1.

Co-integration Test

Since the variables are integrated of order one, the Engle-Granger method is used here to find the co-integration between variables. Engle-Granger method shows that the residual is stationary at the level form. So, the variables are co-integrated which indicate the long run relationship between the variables. Co-integration test results have been shown in table 3.

Table-3: Result of Engle-Granger method

Variable	Test Statistics	1% Critical Value	5% Critical Value	Conclusion
$\epsilon_t(\text{level})$	-3.68	- 3.53	1. -2.93	Variables are co-integrated

Ordinary Least Squares Estimation

Table 4 shows the estimated regression results.

Table-4: Least Squares Estimation

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-20.73558	5.247595	-5.857079	0.0000
lnMIG	0.166136	0.092310	0.489757	0.2808
lnEX	0.153202	0.657828	0.232890	0.8172
lnGDPH	2.727922	0.526086	3.185311	0.0000
lnINF	0.286264	0.101459	2.821479	0.0049
lnDR	0.448501	0.216672	2.069954	0.0101

The estimated regression equation is:

$$\ln \text{REM} = -20.74 + 0.17 \ln \text{MIG} + 0.15 \ln \text{EX} + 2.73 \ln \text{GDPH} + 0.29 \ln \text{INF} + 0.45 \ln \text{DR}$$

$$t \text{ (-5.86) } \quad (0.49) \quad (0.23) \quad (3.19) \quad (2.82) \quad (2.07) \quad \dots\dots\dots(1)$$

From the above equation we find that domestic inflation, deposit rate and GDP of host country significantly influence remittance inflow to Bangladesh. As presented in Table 4 the estimated values of the parameters show that if home country’s inflation and deposit rate increase by 1 percent then remittance inflow will increase by 0.29 percent and 0.45 percent, respectively. Further, GDP of host countries has a positive relationship with inflow of remittances. With 1 percent increase of the simple average GDP of host countries, remittance inflow will increase by 2.73 percent. Both exchange rate and migration show positive impact on remittance inflow but they are statistically not significant.

Conclusion

Remittance is one of the main components of foreign currency reserve of Bangladesh. The remittance receipts from the migrant workers have been increasing in recent years. This paper empirically examines the macroeconomic determinants of remittances inflow and finds positive relation between remittance receipts and home country’s deposit rate, inflation, exchange rate, the simple average of six host countries’ GDP and migration from Bangladesh.

More specifically, the estimated results indicate positive and significant impact of domestic inflation, deposit rate and host countries GDP on the remittances inflow to Bangladesh. On the other hand, migration and exchange rate have positive but insignificant impact on remittances earnings.

Migrant workers remit money mainly for the consumption of their family leading to better standard of living. Bangladesh as a labor-intensive country can receive more remittances leveraging appropriate policy measures. Government should take effective steps to mitigate the impediments to migration process which will boost up the inflow of remittances (Annexure-Box) Special initiatives should be taken to increase the migration of female workers.

Searching new countries for Bangladeshi workers demand high attention of policy makers as such initiative would increase the sustainability of remittances

inflow to the country. At the same time, we also should concentrate on the skill development of our potential migrant workers. Our research also opens up new avenues for further research on the current topic as many other factors might have caused remittances inflow to Bangladesh. Further studies on the topic using more variables such as oil price, domestic GDP, and other cross-country data will play an important role to reduce the possible limitations of our paper.

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Annexure

Table 1: Estimates and Projections of Remittances Flows to Low and Middle-Income Regions

Region	2009	2019	2017	2018	2019 ^e	2020 ^f	2021 ^f
<i>Low and Middle Income</i>	307	446	487	531	554	445	470
East Asia and Pacific	80	128	134	143	147	128	138
Europe and Central Asia	36	46	55	61	65	47	49
Latin America and the Caribbean	55	73	81	89	96	77	80
Middle-East and North Africa	33	51	57	58	59	47	48
South Asia	75	111	118	132	140	109	115
Sub-Saharan Africa	29	39	42	48	48	37	38
<i>World</i>	437	597	643	694	714	572	602
<i>Low and Middle Income</i>	-5.0	-1.5	9.1	9.0	4.4	-19.7	5.6
East Asia and Pacific	-4.8	-0.5	5.1	6.8	2.6	-13.0	7.5
Europe and Central Asia	-14.7	-0.3	5.1	6.8	2.6	-13.0	7.5
Latin America and the Caribbean	-11.3	7.4	11	9.9	7.4	-19.3	5.9
Middle-East and North Africa	-6.2	-1.2	12.1	1.4	2.6	-19.6	1.6
South Asia	4.5	-5.9	6.2	12.1	6.1	-22.1	5.8
Sub-Saharan Africa	-0.2	-8.3	9.3	13.7	-0.5	-23.1	4.0
<i>World</i>	-5.1	-0.9	7.7	8.0	2.8	-19.9	5.2

Source: Migration and Development Brief 32, 2020.

e=estimated, f=forecast.

Table 2: Country-wise Overseas Employment, Bangladesh

(In number)

Ye ar	KS A	UA E	Kuw ait	Om an	Qat ar	Bahr ain	Leban on	Jord an	Malay sia	Singap ore	Othe rs	Tot al
2000	1446 18	3403 4	594	5258	1433	4637			17237	11095	3780	22268 6
2001	1372 48	1625 2	5341	4561	223	4371			4921	9615	6433	18906 0
2002	1632 69	2546 2	15769	3854	552	5421			85	6856	3988	22525 6
2003	1621 31	3734 6	26722	4029	94	7482			28	5304	11054	25419 0
2004	1390 31	4701 2	41108	4435	1268	9194			224	6948	23738	27295 8
2005	8042 5	6197 8	47029	4827	2114	10716			2911	9651	33051	25270 2
2006	1095 13	1302 04	35775	8082	7691	16355	0	2822	20469	20139	30466	38151 6
2007	2041 12	2263 92	4212	17478	15130	16433	3541	494	273201	38324	33292	83260 9
2008	1321 24	4193 55	319	52896	25548	13182	8444	682	131762	56581	34162	87505 5
2009	1466 6	2583 48	10	41704	11672	28426	13941	1691	12402	39581	52837	47527 8
2010	7069	2033 08	48	42641	12085	21824	17208	2235	919	39053	44312	39070 2
2011	1503 0	2827 34	29	13526 0	13168	13928	19166	4387	742	48666	34952	56806 2
2012	2123 2	2154 52	2	17032 6	28801	21777	14864	11726	804	58657	64157	60779 8
2013	1265 4	1424 1	6	13402 8	57584	25155	15098	21383	3853	60057	65194	40925 3
2014	1065 7	2423 2	3094	10574 8	87575	23378	16640	20338	5134	54750	74138	42568 4
2015	5827 0	2527 1	17472	12985 9	12396 5	20720	19113	22093	30483	55523	53112	55588 1
2016	1439 13	8131	39188	18824 7	12038 2	72167	15095	23017	40126	54730	52735	75773 1
2017	5513 08	4135	49604	89074	82012	19318	8327	20449	99787	40401	44110	10085 25
2018	2573 17	3235	27637	72504	76560	811	5991	9724	175927	41393	63082	73418 1
2019	3990 00	3318	12299	72654	50292	133	4863	20347	545	49829	86879	70015 9

Source: Bureau of Manpower, Employment and Training, Bangladesh.

Table 3: Overseas Employment (Skills and Gender-wise), Bangladesh

(In number)

Year	Skill-wise					Gender-wise		Total
	Professional	Skilled	Semi-skilled	Unskilled	Others	Male	Female	
2000	10669	99606	26461	85950		222232	454	222686
2001	5940	42837	30702	109581		188401	659	189060
2002	14450	56265	36025	118516		224040	1216	225256
2003	15862	74530	29236	134562		251837	2353	254190
2004	12202	110177	28327	113670	8582	261699	11259	272958
2005	1945	113655	24546	100316	12240	239132	13570	252702
2006	925	115468	33965	220436	10722	363471	18045	381516
2007	676	165338	183673	472700	10222	813515	19094	832609
2008	1864	292364	132825	437088	10914	854213	20842	875055
2009	1426	134265	84517	246585	8485	453054	22224	475278
2010	387	90621	20016	272118	7560	362996	27706	390702
2011	1192	229149	28729	301552	7440	537483	30579	568062
2012	36084	173331	104721	284153	9509	570494	37304	607798
2013	689	133754	62528	203058	9224	352853	56400	409253
2014	1730	148766	70095	193403	11690	349677	76007	425684
2015	1828	214328	91099	243929	4697	452163	103718	555881
2016	4638	318851	119946	303706	10590	639643	118088	757731
2017	4507	434344	155569	401803	12302	886600	121925	1008525
2018	2673	317528	117734	283002	13244	632486	101695	734181
2019	1914	304921	142536	197102	53686	595373	104786	700159

Source: Bureau of Manpower, Employment and Training, Bangladesh.

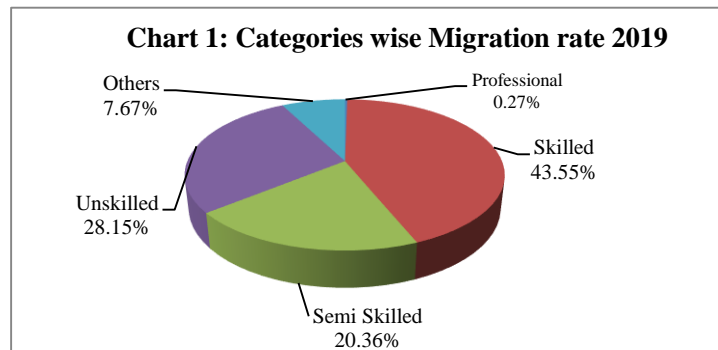
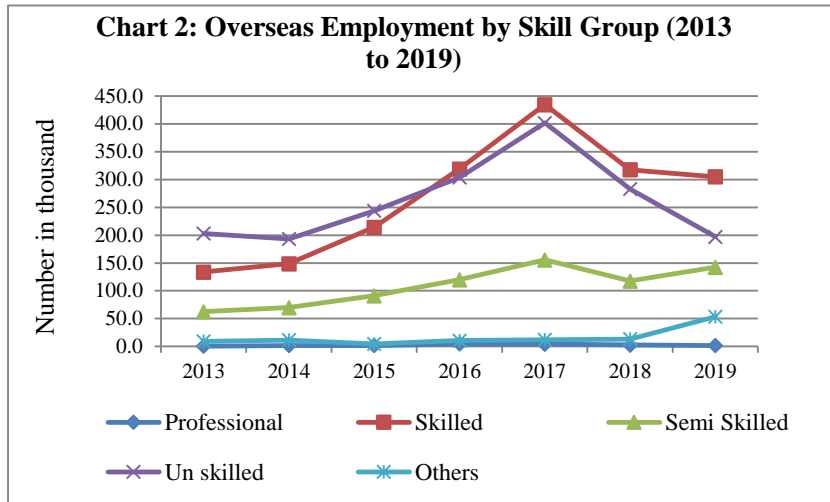


Table 4 Country-Wise Workers' Remittances, Major Sources

(In million USD)

Year	KS A	UA E	UK	Ku wai t	US A	Qat ar	Om an	Sing apor e	Ger man y	Bah rain	Ita ly	Aust ralia	Mal aysi a	Ot her s	Tot al
198 0-8 1	83. 88	65. 59	104 .9	19. 09	32. 99	13. 67	5.9 1	0	10.2 7	1.26			0	43. 62	381. 18
198 1-8 2	120 .91	55. 49	69. 27	22. 97	31. 86	15. 98	10. 37	0	9.05	2.48			0	80. 09	418. 47
198 2-8 3	199 .72	78. 68	84. 55	44. 94	39. 52	28. 99	12. 65	4.04	6.89	3.68			0	115 .82	619. 48
198 3-8 4	215 .1	59. 8	70. 6	50. 5	36. 8	30. 2	24. 1	6.6	4.8	8.1			0	84	590. 6
198 4-8 5	153 .7	42. 1	50. 9	37. 6	32. 4	22. 1	27. 5	3.4	3.5	6.8			0	61. 6	441. 6
198 5-8 6	180 .4	54	77. 6	62. 3	38. 7	22. 3	54. 1	2.4	3.1	9.4			0	51. 51	555. 81
198 6-8 7	216 .3	60. 9	92. 8	101 .3	43. 2	38. 4	53. 4	2.6	7	11.3			0	70. 25	697. 45
198 7-8 8	226 .5	62. 4	88. 3	96. 3	61. 5	45. 7	51. 8	2	7.6	12.3			0	83. 08	737. 48
198 8-8 9	219 .5	61. 1	67. 3	96. 4	84. 2	44. 9	44. 8	2	5.2	12.4			0	133 .02	770. 82
198 9-9 0	226 .7	55. 15	58. 5	89. 33	83. 03	40. 14	40. 58	2.26	5.29	14.3 5			0	142 .9	758. 23
199 0-9 1	264 .45	80. 91	68. 86	9.1 7	57. 29	59. 41	49. 48	2.01	6.74	16.4 9			0	149 .1	763. 91
199 1-9 2	315 .68	79. 56	57. 15	66. 9	55. 43	48. 07	60. 55	1.52	9.93	20.2			0	134 .67	849. 66
199 2-9 3	388 .83	78. 35	48. 31	115 .15	69. 41	53. 86	61. 95	2.49	14.0 5	22.3 9			1.7	88. 08	944. 57
199 3-9 4	443 .15	88. 11	48. 5	185 .17	78. 68	56. 16	73. 05	2.31	13.0 3	27.3 1			10.2	63. 06	108 8.73
199 4-9 5	476 .88	81. 35	47. 03	165 .43	111 .88	72. 18	81. 27	2.94	8.06	33.7 3			50.0 1	66. 87	119 7.63
199 5-9 6	498 .19	83. 71	41. 27	174 .27	115 .38	53. 29	81. 72	4	4.84	30.0 9			74.4 4	55. 86	121 7.06
199 6-9	587 .15	89. 64	56. 19	211 .46	157 .03	53. 16	94. 45	6.66	3.08	31.5 2			94.2 1	90. 87	147 5.42

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7																	
1997-8	582.99	106.87	65.09	213.14	203.14	57.82	87.6	7.69	4.51	32.43			78.11	86.04	1525.43		
1998-9	685.49	125.34	54.04	230.22	239.41	63.94	91.93	13.04	5.14	38.94			64.52	93.73	1705.74		
1999-00	916.01	129.86	71.79	225.01	241.3	63.73	93.01	11.63	4.7	41.8	0.22		54.04	96.22	1949.32		
2000-1	919.61	144.28	55.7	247.39	225.62	63.34	83.65	7.84	3.84	44.05	0.41		30.6	55.77	1882.1		
2001-2	1147.95	233.49	103.36	285.75	356.24	90.6	103.27	14.25	6.11	54.12	0.35	2.28	46.85	56.51	2501.13		
2002-3	1254.31	327.4	214.12	338.59	458.05	113.55	114.06	31.07	9.57	63.72	19.32	3.38	41.4	73.43	3061.97		
2003-4	1386.03	373.46	297.54	361.24	467.81	113.64	118.53	32.37	12.12	61.11	27.16	4.79	37.06	79.11	3371.97		
2004-5	1510.46	442.24	375.77	406.8	557.31	136.41	131.32	47.64	10.1	67.18	41.38	7.15	25.51	89.02	3848.29		
2005-6	1696.96	561.44	555.71	494.39	760.69	175.64	165.25	64.84	11.9	67.33	82.98	9.63	20.82	134.83	4802.41		
2006-7	1734.7	804.84	886.9	680.7	930.33	233.17	196.47	80.24	14.91	79.96	149.85	11.35	11.84	183.21	5998.47		
2007-8	2324.23	1135.14	896.13	863.73	1380.08	289.79	220.64	130.11	26.87	138.2	214.46	13.11	92.44	189.85	7914.78		
2008-9	2859.09	1754.92	789.65	970.75	1575.22	343.36	290.06	165.13	19.32	157.43	186.9	6.78	282.22	288.43	9689.26		
2009-10	3427.05	1890.31	827.51	1019.18	1451.89	360.91	349.08	193.46	16.5	170.14	182.19	8.45	587.09	503.64	10987.4		
2010-11	3290.03	2002.63	889.6	1075.75	1848.51	319.36	334.31	202.33	25.64	185.93	215.58	13	703.73	543.9	11650.3		
2011-12	3684.36	2404.78	987.46	1190.14	1498.46	335.26	400.93	311.46	34.99	298.46	244.75	53.27	847.49	551.59	12843.4		
2012-13	3829.45	2829.4	991.59	1186.93	1859.76	286.89	610.11	498.79	25.81	361.7	233.23	60.91	997.43	689.1	14461.1		
2013-14	3118.8	2684.86	901.23	1106.88	2323.32	257.53	701.08	429.11	26.94	459.39	269.59	54.38	1064.68	830.43	14228.3		
2014-15	3345.23	2823.77	812.34	1077.78	2380.18	310.15	915.26	443.44	21.16	554.34	260.16	61.84	1381.53	929.71	15316.9		
2015-16	2955.55	2711.74	863.28	1039.95	2424.32	435.61	909.65	387.24	25.89	489.99	351.31	69.15	1337.14	930.33	14931.5		
2016-17	2267.22	2093.54	808.16	1033.31	1688.86	576.02	897.71	300.99	31.75	437.14	510.78	52.03	1103.62	968.37	12769.5		
2017-18	2591.58	2429.96	1106.01	1199.7	1997.49	844.06	958.19	330.16	40.2	541.62	662.22	56.56	1107.21	1116.74	14981.7		
2018-19	3110.4	2540.41	1175.63	1463.35	1842.86	1023.91	1066.06	368.33	60.62	470.08	757.88	57.15	1197.63	1285.32	16419.63		

Source: Bangladesh Bank.

Some Policy Measures of Bangladesh Bank for Promoting the Remittance:

To promote remittance inflows through the banking channel, Bangladesh Bank has taken a number of measures in recent years.

- The maximum time limit of distributing remittances to the beneficiaries has been re-fixed at 2 working days instead of 72 hours.
- To encourage the expatriates to remit their earnings at home through banking channel, CIP and special citizen facilities for Bangladeshi expatriates has been extended.
- Non-Resident Bangladeshis (NRBs) are allowed to open Non-Resident Foreign Currency Deposit (NFCD) accounts with authorized dealer banks at home to credit their retirement benefits, periodical pensions, superannuation benefits, etc. as per the employment agreement with employers. The balances held in these accounts can be used for settlement of legitimate payment abroad.
- With a view to facilitating the remittance on account of registration fee for medical check-up services to migrant workers, ADs (Authorized Dealers) may, upon request from approved medical centers, remit the fee to the Bank Account of the beneficiaries subject to production of invoices specifying details of the check-up and deduction of applicable taxes.
- Shares may be issued in favor of non-residents by debiting from non-resident Taka accounts maintained by ADs in convertible foreign currencies. Therefore, ADs will issue certificate in support of the payment from such account for purchase of shares in Bangladeshi companies.
- In order to enhance housing finance facility for the NRBs, the maximum debt equity ratio has been fixed at 75:25 instead of existing 50:50.
- To increase the quality of remittance services for NRBs, all AD banks have to establish Remittance Help Desk in their branch offices under instruction of Bangladesh Bank.
- According to The Wage Earner Development Bond Rules, 1981 and later the US Dollar Premium Bond Rules, 2002 and the US Dollar investment Bond Rules, 2002 were enacted to encourage NRBs to investment these bonds by sending remittances through formal banking channels. The money invested in the purchase of Wage Earner Development Bond (WEDB) below Taka 5 lakh, shall be exempt from tax payable since October 2014.
- The government announced 2% cash incentive for foreign currency to be remitted through banking channel into the country. The objective of providing cash incentives is to stimulate wage earners and remitters to continue flow of foreign remittance in larger volume to continue the ongoing economic development of the country. The cash incentive would be effective from 1 July 2019. Foreign remittance worth of USD 1,500 or equivalent currency will not require any documents to receive incentive.