

**Remittance: The Driving Forces of Our Economy**

**“Remittance inflow increase brings hope of an end to the dollar crisis.”-Dhaka Tribune**

A **remittance** is a non-commercial transfer of money by a foreign worker, a member of a diaspora community, or a citizen with familial ties abroad, for household income in their home country or homeland. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries like Bangladesh. **According to World Bank, “Bangladesh is one of the top 10 countries in the world for migration and remittance”**

**Remittance:**

The word remittance originates from the word “remit” which means to transmit money or funds in banking terminology. A remittance is a transfer of money by a foreign worker to an individual in his or her home country.

**According to the definition of International Monetary Fund (IMF), “Workers’ remittances refer to the value of monetary transfers that is sent from the workers residing abroad for more than 1 year to the home country and are recorded in different sections of the balance of payments”**

**Relation between remittance and economic growth:**

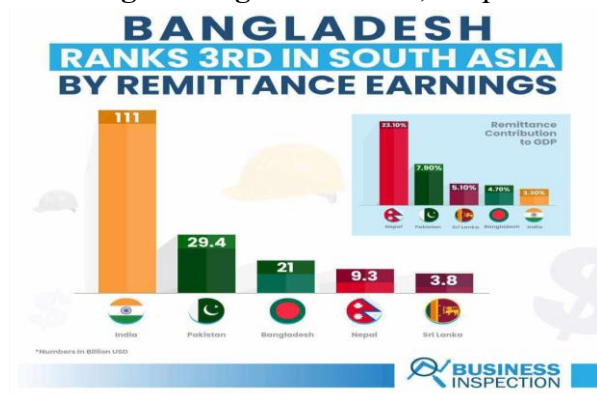
**According to the neoclassical theory of migration,** labor moves from low-wage countries to relatively high-wage countries because of wage differences among countries. Remittances provide a way of poverty reduction and economic development when immigrants send remittances to the home country.

**Actual Status of Remittance in Perspective of Bangladesh:** According to the **World Bank, “Bangladesh is the 7th highest recipient of remittance in the world and the third highest recipient of remittance in South Asia”**

With a \$21-billion inward remittance anticipated, Bangladesh is likely to be the seventh highest recipient of remittance globally this year, said the World Bank’s latest report.

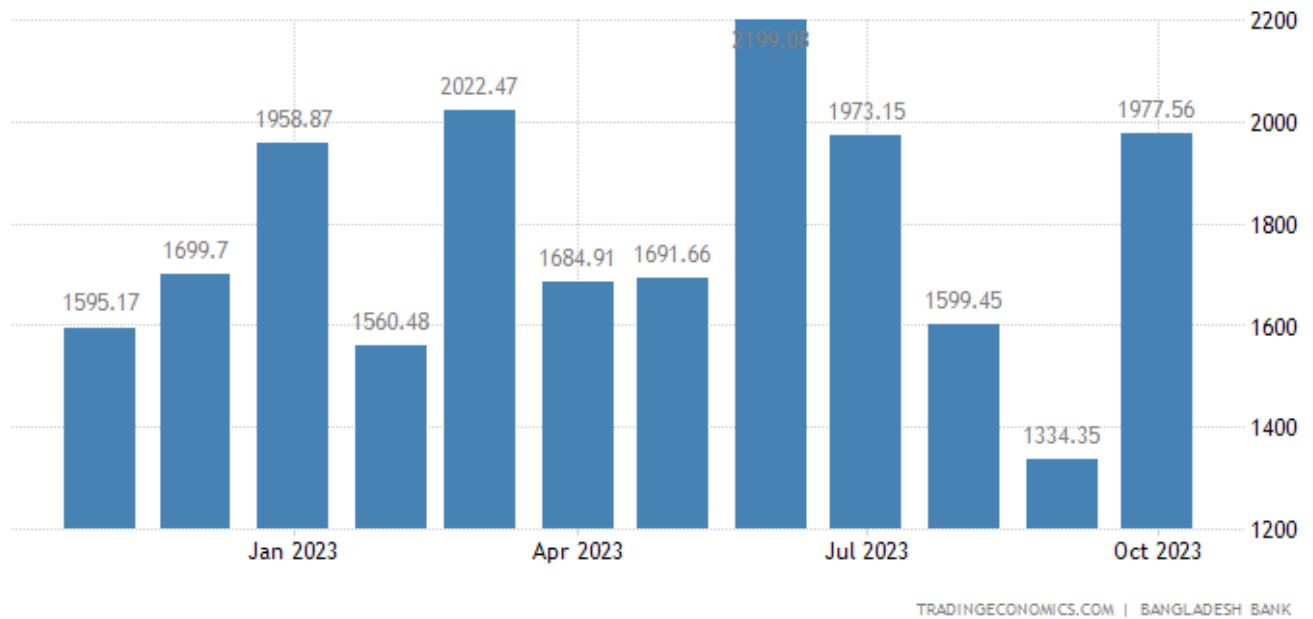
Expatriate Bangladeshis sent US\$ 1.7 billion through the banking channel in December last year, which was 4.23 per cent higher than the corresponding month of the previous year, according to Bangladesh Bank data. The government has set a target of 15 per cent growth in remittances in 2022-23. In recent months, the central bank further eased paperwork requirements for remittances, while the government continued cash incentives. Global remittances, the hard-earned money sent by migrant workers to their family members in low- and middle-income countries (LMICs), grew by 8.6 per cent during pandemic. Despite predictions that the COVID-19 pandemic would reduce remittance flows, the momentum was sustained due to a 48 per cent increase in money sent through mobile channels, according to the **report of International Fund for Agricultural Development (IFAD).**

**According to Bangladesh Bank,** the present scenario of remittance is shown here.



Remittance Earner Country of South Asia	
1 <sup>st</sup>	India
2 <sup>nd</sup>	Pakistan
3 <sup>rd</sup>	Bangladesh

Source: Bussiness Inspection/BBC/The Daily Star



Source: Bangladesh Bank, November, 2023

Remittances in Bangladesh increased to 1977.56 USD Million in October from 1334.35 USD Million in September of 2023. Remittances in Bangladesh averaged 1426.61 USD Million from 2012 until 2023, reaching an all time high of 2598.21 USD Million in July of 2020 and a record low of 856.87 USD Million in September of 2017. **Source: Bangladesh Bank**

আনুমানিক ড্র করে দিলেই হবে। যা বুঝতে চান আপডাউন ব্লক এড করে (সরল চিত্রে কমছে/বাড়ছে) বুঝতে পারলেই চলবে।

### Remittance and Our National Economy:

**“Remittances lift people out of poverty, put food on the table, pay for education, cover health expenses, allow housing investments and many other family goals beyond consumption,” -- President of IFAD**

This is absolutely right for a developing countries like Bangladesh. In Bangladesh, remittance is one of the most important economic variables in recent times as it helps in balancing balance of payments, increasing foreign exchange reserves, enhancing national savings and increasing velocity of money. For about two decades remittance has been contributing around 35% of export earning. Moreover, it is greater than foreign aid and thus helps in lessening dependence on foreign aid remittance gets momentum in recent time in Bangladesh and is the second largest sector of foreign exchange earning after the garment sector.

#### ➤ **Vital sources of foreign currencies:**

Remittances sent by expatriate Bangladeshis are one of the vital sources of foreign currencies for the country's economy. Needless to say, remittance plays a crucial role at both macro and micro levels. At the macro level, remittance improves the balance of payment position, helps pay import bills, builds foreign exchange reserves, helps debt servicing, and boosts economic growth – thereby promoting employment. At the micro level, remittance adds to household income back at home, helps improve the standard of living, reduces poverty, promotes savings and investment, and develops human capital through productive investment in education.

#### ➤ **Reduction of Poverty:**

From our rural areas, a vast majority of people work in 63 overseas countries. They send remittance which will ultimately help reduce poverty.

#### ➤ **Increase in foreign exchange reserves:**

The role of remittances sent by expatriates is crucial behind the increase in foreign exchange reserves.

➤ **Increase in per capita income:**

The role of remittances sent by expatriates is very crucial behind the increase in per capita income.

➤ **Development of Service Sector:**

This sector becomes developed through the remittance of expatriates.

➤ **Development of industrial Sector:**

Foreign remittance helps Bangladesh to make investments for industrial development. Through sending remittance, expatriates play direct and indirect role in the industrial development of the country.

➤ **Development of agricultural Sector:**

Through sending remittance expatriates play direct and indirect role in the agricultural investments of the country.

➤ **Increase in employment opportunities:**

Foreign remittance has been continuously keeping the contribution to create the employment opportunity in Bangladesh.

➤ **Poverty alleviation:**

Foreign remittance has been continuously keeping the contribution to alleviate the poverty of in Bangladesh. Moreover, the remittance of expatriates has the positive impact on socio-economic condition of migrant families.

➤ **Capital formation & Investment:**

Remittance of expatriates helps to the formation of business capital.

➤ **Exemption from foreign debt cycle:**

The government has been paid various government and non-government import bills and installments of different foreign debt & donation from the remittance income. Remittance income helps the government of Bangladesh to reduce dependency on foreign aid. Remittance makes more strong local currency against US dollar.

➤ **Infrastructural Development:**

Relying on remittances, we now have the courage to implement many big projects, including the 6.15 km long Padma Bridge, with our own funds, which is a great direction for our economic development.

➤ **Handsome Domestic Capital:**

Remittance has played a pivotal role in giving strength to the economy. It has helped increase the economic activities of our country.

➤ **Changing Our Rural Economy:**

**“The digitalization of remittances, particularly through mobile channels, is a great opportunity to boost rural development as over half of these funds go to rural areas.”--President of IFAD**

Because of increasing of inflow in remittance, economic activities at the grassroots level have increased, especially economically backward people have come under the shadow of mainstream economic activities of Bangladesh.

➤ **Establish Industry:**

Remittance has increased the extent of investment in the country by the migrant workers. Furthermore, remittance has fulfilled the scarcity of domestic capital in time of conducting industrialization process.

**Causes of decreasing Remittance in Bangladesh:**

In Bangladesh, Remittances refers to inflows of migrants' and short-term employee income transfers. Remittances from more than 10 million citizens abroad are very important for Bangladesh and along with garment exports are key source of foreign exchange. Saudi Arabia has been the largest source of remittances, followed by UAE, Qatar, Oman, Bahrain, Kuwait, Libya, Iraq, Singapore, Malaysia, the US and the UK. Causes of decreasing Remittance in Bangladesh are given below:

- Hundi, an illegal channel of making cross-border transactions, however, continued to affect the inward remittances.
- A lack of training,
- Frauds at the recruiting agencies,
- Illegal and lengthy process of migration and non-co-operation of embassies abroad are daunting the potential flow of remittance.
- ILO explored some problems faced by Bangladeshi migrants include; high fees for migration charged by recruitment agencies, especially for low skilled jobs; low wages, lack of information on migration opportunities and risks; discrimination, exploitation and abuse while overseas; and insufficient services to protect the rights of workers. If the existing prevailing factors could be eliminated, remittance would double or triple and thus Bangladesh could avoid Dutch disease.

### Upward Trend of Remittance inflow in 2023:

According to the data from Bangladesh Bank, the remittance flow has started to return to a positive trend. In January, Bangladeshi expatriates living in different countries of the world sent remittances to the tune of \$1.96 billion to the country, which is more than Tk20,959 crore in Bangladeshi currency. As such, the average daily remittances are more than \$63.1 million.

However, Bangladesh hit a record growth in the export of manpower despite various obstacles including the Russia-Ukraine war.

The Bureau of Manpower Employment and Training (BMET) has released data on manpower exports for the year 2022(23 Didn't publish). Last year, a total of 11,35,873 people went to different countries for work.

### Measures Taken by the Government and the Bangladesh Bank to boost remittance:

**“The promise of decent jobs for all seems hard to realize individually, But I am convinced that together, we can do it.”- Prime Minister Sheikh Hasina**

To encourage the remittance inflows through the banking channel, Bangladesh govt. and the Bangladesh Bank have taken a number of measures of which some important ones are as follows:

- The government announced 2 percent cash incentive for the first time for inward foreign remittance through banking channel effective from 1 July 2019. The government first increased cash incentive to 2 percent, then it increased to 2.5 percent.
- Searching for new labor markets
- Sent workers on G2G, BMET and BOESL are sending workers abroad at a minimum cost.
- Establishment of Probashi Kallyan Bank
- Welfare activities for migrant workers
- Modernize migration system
- Encourage people to send remittance on a valid channel, etc.

### Recommendations:

As remittance brings positive impacts to the foreign reserve of Bangladesh, the government of Bangladesh and other relevant associations need to consider with due importance.

- For government, several rule and regulation favorable to the migrants and remittance flow should be formulated.
- Demand for skilled workforces has been on the rise worldwide and Bangladesh should capitalise on it as these jobs offer higher pays. Keeping it at the forefront, we should chalk out long-, medium- and short-term programmes to develop human resources with the necessary training to cater to the different needs of overseas job markets. Thus, we will be able to rake in more remittances. **Honorable Prime Minister Sheikh Hasina has perfectly said, "In Bangladesh, we still have the youth, which is a big power for us. We've to make them skilled through provide them training. We'll not send laborers only; we will send skilled workforce."**
- We should always keep a track of which countries are hiring for which positions. We have to prepare our workforce accordingly.

- The government has to stop fraud migration, which has increased significantly. For this, there comes a need for holding the middlemen accountable for defrauding migrants of huge amounts of money with false promises.
- As an immediate step to boost remittance, we must raise the ceiling on investment in bonds by expatriates.
- If we want to increase remittance inflows, we must raise the investment limit for NRBs immediately.
- Moreover, cash incentives on remittance through banking channels can be raised to 5% from 2.5%. This can be done only for three months amid the current crisis. If the government provides such a facility, no one will transact money through hundi.

### Conclusion:

The remittance inflows from the foreign countries have changed our national and domestic life. The economy of our country is not self-dependent or self-sufficient. In this regard, remittance is playing a vital role for our country which has already changed our livelihoods as well as our economic growth and accelerating the overall development. So, our government and all other concerned authority should adopt some pragmatic steps & policies based on the opinions given by experts to improve the prevailing condition.

### Information Box

যে কোন টপিক এ আপনার একটা information Box থাকা উচিত যেখানে আপনি ওই টপিক সংশ্লিষ্ট কোর ও ক্রিম ইনফরমেশন জেনে/সংগ্রহে রাখবেন এবং পরীক্ষায় ওই টপিক বা কাছাকাছি যেকোন টপিকে রিলেট করে ইনফরমেশন গুলো আপনার লেখার ফাঁকে ফাঁকে জুড়ে দিয়ে আসতে হবে।

নিম্নের টপিক সংশ্লিষ্ট concerned এলিমেন্টসগুলো জেনে রাখলে টেকনিক্যালি বিভিন্ন লেখায় কাজে লাগানো যেতে পারে। মনে রাখতে হবে ফোকাস ছবছ লাইন বাই লাইন লেখা যায়না, কৌশলে লিখে আসতে হয়।

- ✓ Bangladesh Bank,
- ✓ Present Governor of Bangladesh Bank, **Abdur Rouf Talukder**
- ✓ The Former Governor of Bangladesh Bank, **Dr. Salahuddin Ahmed/ Dr. Atiur Rahman/ Fazle Kabir**
- ✓ Prime Minister Sheikh Hasina [Remittance নিয়ে উনাদের কোন প্রাসঙ্গিক উক্তি/বক্তব্য আপনার নিজের বানানো হলেও চলবে তবে একটা গাষ্ঠীর্ষপূর্ণ ভাব থাকতে হবে।]
- ✓ Policy Research Institute(PRI)
- ✓ Centre for Governance Studies (CGS)
- ✓ The Centre for Policy Dialogue (CPD)
- ✓ Financial Stability Department, Bangladesh Bank
- ✓ South Asian Network on Economic Modeling(SANEM)
- ✓ Noted economist/বিশিষ্ট অর্থনীতিবিদদের মতে... (আপনি নিজেই!)

✓ প্রেজেন্টেশন শিখুন। সব সংখ্যাতাত্ত্বিক ডাটা/ডিজিট ছবছ মুখস্থ করার আপাতত প্রয়োজন নেই। কিছু মনে রাখবেন যেমন

শ্রেণীভিত্তিক প্রবাসী বাংলাদেশী।		শীর্ষ প্রবাসী আয় প্রাপ্ত দেশ।	
পেশাজীবী	০.৩২ %	সৌদি আরব	১ম
দক্ষ	২২.২২ %	যুক্তরাষ্ট্র	২য়
আধাদক্ষ	৩.৭৭ %	সংযুক্ত আরব আমিরাত	৩য়
স্বল্পদক্ষ	৭৩.৬৯ %		

সূত্রঃ অর্থনৈতিক সমীক্ষা-২০২৩/জনশক্তি কর্মসংস্থান ও পরিসংখ্যান ব্যুরো।

পরীক্ষায় ডাটা খুব একটা দেয়া যায়না \*\*\*নিখুঁত ফ্রি হ্যান্ড রাইটিং স্কিল, বাক্য গঠন, শব্দ চয়ন, টপিক সংশ্লিষ্ট কোর ও ক্রিম ইনফরমেশন, কি লাইন, পয়েন্ট, সাব-পয়েন্ট ও প্রেজেন্টেশন স্কিল এ অধিক মনোযোগ দিন।