

IMPACT OF COVID-19 ON THE MIGRANT REMITTANCE FLOW OF BANGLADESH

By

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A thesis submitted to the Department of BRAC Institute of Governance & Development
partial fulfillment of the requirements for the degree of Masters of Development Studies

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Declaration

It is hereby declared that

1. The thesis submitted is my/our own original work while completing degree at BRAC University.
2. The thesis does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The thesis does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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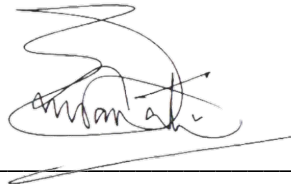


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Ethics Statement

I am in a position of authority and accountability as a thesis student.

As a result, I followed the strictest ethical guidelines when doing the research. When it came to data collection, the study maintained the highest level of integrity at all times, only reporting information that was in the public realm and within the bounds of the law.

This study avoids plagiarism by acknowledging the contribution of others, which I have properly cited in my thesis. It presented the findings in a straightforward and accurate manner. While recognizing the rights of all study participants, it also kept the right to report, as long as all ethical guidelines were followed.

Abstract/ Executive Summary

This study examined the impact of COVID-19 on Bangladesh's migrant remittances, based on the highest remittance received during the pandemic, with in-depth interviews with key informants to explore various explanations, using newly acquired combined data from a purposively designed survey of 171 migrant families from three districts of Bangladesh, namely Shariatpur, Madaripur, and Brahmanbaria. The patterns and determinants of remittances during the pandemic are also examined in this study. The method of remittance transfer process is another important considering factor in this paper. Remittances, which are a key source of foreign exchange, also contribute to Bangladesh's poverty reduction. It also assists Bangladesh by easing foreign exchange limits, maintaining the rate of exchange, and making it easier to buy much-needed raw resources, intermediate products, and industrial goods. As per the World Bank, global remittances would plummet by around 20% in 2020 as a result of the economic disaster precipitated by the COVID-19 epidemic and shutdown. Although remittances were projected to drop in Bangladesh, they actually increased. In 2020, it earned \$21.8 billion. However, an examination of causes shows it probably occurred due to a). workers bringing back all their savings home as they would be returning after a job loss or similar reasons. b). The informal channels of remittance dried up due to the GOB decision to reward those using the formal channel through incentives and less profit offered by the informal sector.

Key words: COVID-19; Remittance flow; Incentives; Formal channels; Informal sectors etc.

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List of Acronyms

COVID-19	Coronavirus Disease 2019
SARS	Severe Acute Respiratory Syndrome
WHO	World Health Organization
ADB	Asian Development Bank
IMF	International Monetary Fund
BMET	Bureau of Manpower, Employment and Training
ILO	International Labor Organization
IOM	International Organization for Migration
RMMRU	Refuge and Migratory Movement Research Unit
GDP	Gross Domestic Product
GCC	Gulf Cooperation Council
LMICs	Low and Middle-income Countries
UNDP	The United Nations Development Program
KYC	Know Your Customer
MTOs	Money Transfer Operators

Glossary

Eid ul Fitr. The Muslim Community celebrates the breaking of the fast/grand festival to mark the conclusion of the month of Ramadan.

Hundi An unconditional order in writing made by a person directing another to pay a certain sum of money to a person named in the order.

(Defined by the Reserve Bank of India)

Hawala Hawala is an informal type of money transfer in which no tangible money is moved. A "money transfer without money movement" is how it's described. Simply said, "trust" is another term.

(Defined by Investopedia)

Chapter 1

Introduction

International labor migration has become a vital component of the global economy. Bangladeshi labor exports were officially established in 1976 (Rahim, 2015). Bangladeshi labor migration has been steadily increasing for the past 25 years. Bangladesh's massive labor emigration resulted in massive remittance inflows (Siddiqui and Abrar, 2003). In Bangladesh, remittances have already established themselves as a major driver of economic progress and poverty reduction. In many developing countries, remittances have a big beneficial impact on national income. In countries where the economic system is weak, remittances appear to relieve credit obligations and may encourage economic growth (World Bank, 2006). Bangladesh is a notable remittance receiving country, with remittances totaling \$21.8 billion in 2020. Remittances from workers were the second highest foreign exchange earner in 2020, representing for 51% of foreign currency exchange reserve building and a key contributor towards the current account balance (Chowdhury and Chakraborty, 2021).

Foreign workers' remittances, which account for 12% of Bangladesh's GDP and employ 9% of the country's total active labor, are one of the country's most important economic foundations (Karim, Islam, Talukder, 2020). This inflow of funds aided the nation's international reserve to attain the required peak of USD36.14 billion in total of fiscal year 2019–2020 (Bangladesh Bank, 2020a). Remittances help a country's economic growth on both the demand and supply side. In 2007, developing nations received \$251 billion in remittances out of \$337 billion in overall remittances, accounting for 74% of overall remittances. Bangladesh's remittances grew at a pace of 18.1 percent in the South Asia region, the second largest rate in the region. (Das and Sutradhar, 2020). South Asia's remittances solely amounted to US\$140 billion,

contributing for about 20% of global earnings, and played a critical role in the country's socio-economic development.

The SARS-CoV-2 virus causes coronary artery disease (COVID-19). COVID-19 is a disease caused by COVID-2, a novel coronavirus that causes severe acute respiratory syndrome. Following a revelation of a series of cases of 'viral pneumonia' in Wuhan, People's Republic of China, WHO first learnt of such a new coronavirus on December 31, 2019. The World Health Organization (WHO) proclaimed COVID-19 a global pandemic on March 11, 2020, after it was pronounced a global medical emergency on January 30, 2020 (WHO, 2020). Bangladesh announced the first cases reported of COVID-19 on March 8, 2020. In August 2020, Bangladesh experienced the first surge of the epidemic (IMF, 2021a). Global remittances are predicted to plummet by around 20% in 2020 as a result of the economic disaster triggered by the COVID-19 epidemic and shutdown. This year, remittances to lower- and middle countries (LMICs) are predicted to fall 19.7% to \$445 billion, depriving many poor individuals of a key source of income (World Bank, 2020a). When the coronavirus swept the globe in February of last year, Bangladeshians feared that remittances, which have since become one of the economy's lifelines, would be severely harmed (Hasan, 2020). The coronavirus outbreak has halted remittances from Bangladesh's diaspora, including hundreds of thousands of foreign workers coming back home and the majority attempting to cope with worldwide lockdowns (Harmachi, 2020). And the situation is becoming worse by the day.

On the worldwide market, oil prices have fallen below \$20 [per barrel]. Bangladesh receives the overwhelming amounts of remittances from oil-producing Middle Eastern countries. The public-health issue has been exacerbated by the economic ramifications of the pandemic-related challenges experienced by Bangladeshis working abroad: large-scale job losses, salary cutbacks, and an increase in expulsions from the Gulf Cooperation Council (GCC)

(Sorker,2020). As a consequence, COVID-19 exacerbates a plethora of socioeconomic issues, including family reserve cash usage and a decline in remittance inflows.

A migrant household's remittance inflow symbolizes solidarity and loyalty to the homes remaining behind in rural Bangladesh (Mannan et al., 2014). This huge influx of foreign of foreign exchange earnings not just to aids in poverty alleviation and increases the country's foreign currency revenues, but also reinforces domestic economy, financial sector development, educational achievement, empowering women, and a wide range of other aspects of social life in Bangladesh as well as other developing countries (Chowdhury and Chakraborty, 2021). It also enables Bangladesh procure much-needed raw resources, intermediate inputs, and capital investments by alleviating foreign currency exchange shortages, sustaining the rate of exchange, and stabilizing the exchange rate. Remittances also help to maintain trade balances and provide tax money to governments in these nations that rely on VAT, trade, and sales taxes.

The majority of Bangladeshi migrants in other countries are low-skilled and come from rural areas. The acquisition of land and the construction of homes account for a large amount of the remittance. Due to many precautions implemented by both the host and the nation of origin, large deportation of migrant, and travel ban, the Covid-19 obstructs the seamless flow of remittance. Migrant workers have forced to use their reserve cash to safeguard the survival of their family members at home while striving to save their jobs. Banks will find it more difficult to offer credit to other economic actors, such as the government or businesses, as these flows decline. Despite the shock, the trend of remittance is up warding. There are two possible questions arises, 1) Is this happening due to job loss, migrants bring all their savings to home country? or, 2) Is the use of formal channel accelerate the growth? As a result, it's necessary to

look at the influence of COVID-19 on the inflow of remittances from Bangladeshi migrant workers.

More questions of the research are as follows:

To investigate the Covid-19 impact on migrant remittance flow as well as their socio-economic arena the study has developed the following research questions.

Question 1: What changes have occurred in the flow of remittances as a result of the Covid-19 pandemic?

Question 2: Which factors are fueling the growth of remittance?

Question 3: Are there any negative socio-economic consequences can be visible in response of the remittance shock?

The Specific Objectives of the study are:

The primary goal of this research is to determine the impact of the COVID-19 epidemic on Bangladesh's migrant remittance flow. The following are the other goals:

1. To identify the volume of remittance in Bangladesh during the pandemic.
2. To ascertain the use of formal and informal remittance channels
3. To demonstrate the impact of any national measures aimed at encouraging remittance flows.
4. To sort out possible socio-economic impact of foreign remittance.

Chapter 2

Literature review

2.1. A concept of remittance

Remittances are the "portion of international foreign workers' income given back from the nation of service to the home country." (ILO: 2000). Remittances include things like personal payments, employee salaries, levies, social security contributions, mobility and tourism, funds

transfers between families, and welfare programs. "Money transferred by migrants to their relatives in their home countries" is what remittance, also known as worker remittance, is characterized as (World Bank, 2013). Household income from such economies is reflected in remittances, that are usually a consequence of short- or long-term migration of persons to those economies. Cash and non-cash items that move through legal channels, such as electronic cable, or informal routes, such as money or merchandise transported through borders, are referred to as remittances. They are largely made up of money and non - financial things moved or supplied by individuals who have shifted to a new industry and become inhabitants there, but also the net earnings of boundary, seasonally, or other short-term laborers who function in an economy in which they are not occupants (IMF, 2009). Much of the current work on worker remittances has concentrated on two main themes. One of them is macroeconomic research, namely the effect of remittances on growth. The other is concerned with calculating inflow factors for remittances (Zanker and Siegel, 2007). A surge in the prevalence of migrants overseas, a boost in their average incomes each migrant worker, an expansion in their mean saving rate, and a rise in their average inclination to remit can all be related to remittance growth (Hussain, 2020).

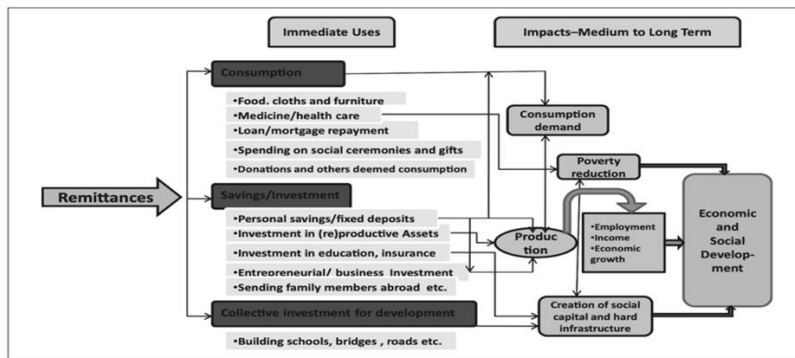
2.2. Socio-economic impact of Remittance

Every year, a large majority of individuals migrate to different parts of the world. As a result, remittances have become one of Bangladesh's most significant drivers of socioeconomic growth (Chowdhury, 2014). Bangladesh receives over USD 15 billion in remittances each year, which directly contribute to the country's socioeconomic development. Remittances have become one of Bangladesh's most crucial macroeconomic variables in recent times, as they help to balance the balance of payments, increase foreign exchange reserves, build national savings, and improve velocity of money (Ali, 2014). In terms of spending, capital, and investment remittance flows have a positive impact on economic growth in terms of spending,

savings, and investment at a disaggregated level. It can also reduce domestic macroeconomic instability, leading to an increase in domestic investment. Remittance has a positive relationship with economic growth because of the increasing saving rate (Hasan et al, 2014). Many migrant workers and their dependents are now in financial hardship as an outcome of COVID-19's catastrophic influence (Sadik, 2020). As a aftereffect of the global COVID-19 epidemic, the global economy is expected to slow by 1.5 percent in 2020 (GDP might be between 2.4 and 2.9 percent.) Per a poll of returning migrants in 12 Bangladeshi locations conducted between February and June 2020, over 70% of those who repatriated from abroad are out of work (IOM, 2020). Several migrant labourers who have been expected to stay in their host nations are living in squalid conditions, worrying about their jobs and family back home, and fearing deportation to Bangladesh (Sumon, 2020). Migrants are subjected to seclusion and detention on both ends of the spectrum. They are considered as an unwanted underclass in their host countries, and when they retire to Bangladesh, they are ostracized from society and hated by neighbors who mistakenly believe they are COVID-19 carriers (Sorker,2020). As according BRAC, 87 percent of the nation's returnee migrants are facing financial difficulties as a ramification of the coronavirus outbreak, which has changed their circumstances. Returnees require immediate financial support in 52 percent of cases. (BRAC, 2020).

Diagram: Socio-economic linkage of Remittances

Source: Barai, 2012.



2.3. Remittance and Standard of life

Global remittance inflows are critical in Asia's efforts to enhance the livelihood and blessings of the country's poor. Remittances help migrants' family members survive and improve their lives on a big scale (Sutradhar and Das, 2020). Capital inflows are a strong tool for alleviating poverty and moderating expenditure in the homes of migrants (Heider et al., 2016). Remittances lessen poverty in Bangladesh in both directly and indirectly. Bangladesh's poverty rate was reduced by 6% because to remittances, as per a World Bank research (Sarker and Islam, 2018). Additionally, remittances have a significant impact on the education of children across the world. Students drop out of school less frequently as a result of remittances. The good implications of remittances on academics have been seen in many parts of the world. Suggesting that remittances can help the impoverished overcome their resource constraints (Siddiqui, 2021).

2.4. Use of Remittance on Household Savings and Expenditure

The Bangladesh Bureau of Statistics reports that 33.45% of remittances are spent and 13.74 percent are deposited (Alam et al., 2020). The remittance spending of the receivers is divided into two categories: spending and investments. The wide-ranging consumption includes the recipients' spending on commodities such as food, apparel, and furnishing, as well as medical assistance, debt repayment, building construction/repair, social festivities, gift or donation, and

other activities. The inclusion of dwelling construction/repair expenditures as consumption expenditure may be disputed due to apparent indirect reverse and forward linking effects. Savings and investments account for the balance of remittances. Some of the key items included in this area include capital investment, savings/fixed reserve, acquisition of farming and homestead land, discharge of mortgaged land or accepting mortgage of land, education costs, social welfare financing, and moving members of the family abroad (Baroi, 2012).

As per the Refugee and Migratory Movement Research Unit (RMMRU), remittances account for 85 percent of everyday expenses for the families of foreign migrants. 60% of these families are completely reliant on remittances to cover their basic requirements. Frequently, each migrant is responsible for the survival of a large number of family members back home, who almost all live on the outskirts of the economy. As a result, each migrant's predicament has a multiplier effect on the livelihoods of many others (Sorker, 2020). It is often believed that remittances are not used in the most efficient way to achieve the promised economic benefits for Bangladesh's overall growth. Two-thirds of remittances being spent, with the remaining one-third being invested for constructive purposes. And, in the vast majority of cases, these investments are used to buy land rather than to establish businesses. One of the key causes for migrant workers' failure to invest in productive areas is Bangladesh's unfavorable business climate. According to migrant workers interviewed, the lack of quality road networks in rural areas, gas and electricity shortages, an inadequate information regarding investment opportunities, political chaos, malfeasance, red-tapism and time-consuming procedures, unaccepting attitudes of responsible authorities, and additional expenses of trading activities in the form of coercion or protection money are some of the prime causes underpinning this unwelcoming business climate. The government has issued bonds with high interest rates for migrant workers. These products are mostly aimed at Bangladeshis who have been living abroad for a long time. Non-resident Bangladeshis, on the other hand, were uninterested in the

bonds. The main reason for the low bond sales is that many overseas Bangladeshis are unaware of the bonds and other services available for non- resident Bangladeshis (ILO, 2014).

2.4.Remittance and Gender

Annually, 7-800,000 Bangladeshis leave the country to work in other countries. Women account for 12% of the total (Siddiqui, 2021). As according estimates from the Bureau of Manpower Employment and Training (BMET), women constituted 0.54 percent of the total number of Bangladeshi employees who traveled overseas in 2002. In the year 2012, this ratio had risen to 6.14 percent, and by the middle of 2013, it had risen to 13. This increase in the number of women workers relocating was visible even before the global financial crisis. Through the opportunity for greater independence, self-confidence, and status that migration for employment provides, it can improve gender equality and women's empowerment. Remittances sent home by female employees have the potential to change gender relations by allowing women who remit to achieve esteem as earners and providers (ILO,2014). Numerous research initiatives are appearing that show that, similar to previous crises, women migrants are being exposed to heightened gender-based brutality, domestic abuse, and a general loss of personal space as a result of the incarceration restrictions during COVID-19 (ILO, 2020).

2.6.Impact of Remittance on the Macroeconomic Indicators:

Worldwide remittance inflows are critical in Asia's efforts to enhance the lives and well-being of the poor. An analysis relies on microdata from specified economies in Southern Asia found that a 10% boost in remittance inflows corresponds in a 3–4% average annual growth Rate per capita (Sugiyarto and Pernia 2012). According to Fazle Kabir, Governor of Bangladesh Bank, COVID-19 has a major impact on the economy of Bangladesh as well as the world at large. We are already seeing a huge drop in export revenues, as well as job losses and small business

interruptions all around the country. Furthermore, the catastrophe has claimed many human lives and livelihoods. This extraordinary shock necessitated foreign financing not just to meet balance-of-payments needs, but also to help the government implement its economic stimulus measures. The IMF's financial assistance will help us keep our foreign exchange reserves adequate and strengthen the financial sector's resilience. As we face the pandemic, emergency funding will help to maintain macroeconomic stability, re-establish our strong growth pace, and, most importantly, safeguard our society's most vulnerable populations (IMF, 2020b).

The epidemic itself, its macroeconomic consequences, and the resulting financial and commodity market stress. The world economy is quite likely to enter its worst recession since the Great Financial Crisis a decade ago this year. The Great Lockdown, as it's been dubbed, is expected to drastically reduce global growth. As an aftermath of the outbreak, the world's economy is anticipated to contract by 3% in 2020, far more than it was before the financial crisis of 2008–09. Emerging Asia is expected to be the only region to expand at a positive pace in 2020 (1.0 percent), albeit at a rate that is more than 5 percentage points lower than the preceding decade's average (IMF, 2020a). The GDP growth rate could drop by at least 2.0 percent to 2.5 percent. Bangladesh's GDP growth may not exceed 4.5 percent this year, according to the Asian Development Bank. Because of the decline in commerce in the countries, importers cancel overseas orders. Bangladesh obtains \$1.28 b in remittances, dropping 12% from the previous year's identical period. Bangladesh's economic growth has started to slacken. In the fiscal year 2019-20, Bangladesh's GDP is predicted to increase by 7.8%. Political steadiness, consumer and investor trust, an enhanced monetary policy, and optimum meteorological conditions are all factors that can assist. (Star, 2020).

Figure 1: Bangladesh GDP Growth Forecast 2020

Source: Mahmud et al., 2020

Bangladesh GDP Growth Forecast 2020			
	IMF	World Bank	ADB
Before Pandemic	7.4%	8.2%	7.8%
After Pandemic	2.0%	2-3%	3.8%

2.7.Costs and Channels of remittance of Bangladesh

The worldwide mean cost of sending \$200, as per the World Bank's Remittance Prices Worldwide Database, was 6.8% in the third quarter of 2020, roughly constant from the first quarter of 2019. This is more than double the 3 percent objective set by the Sustainable Development Goals for 2030. South Asia had the cheapest costs (5%), while Sub-Saharan Africa had the most expensive (8.5 percent). Large volumes, competitive markets, and technological adoption are most likely to blame (figure 2). Senders from LMICs, like South Africa and Thailand, suffered exorbitant expenses. RSP risk profiles are raised as a result of banking limitations (associated with AML/CFT), resulting in increased costs for certain receiving nations, like Afghanistan, and sending nations, such as Pakistan. Sending remittances costs the greatest (average of 10.9 percent), post offices are next in line. (8.6%), companies that handle money transfers (5.8 percent), and operators of mobile phones (2.8 percent) (World Bank, 2020a). South Asia had the minimum average remittance expenditures of any world region in 2020, at 4.88 percent, a modest decrease from the prior quarter's figure of 4.9 percent. Bangladesh has a 4.57 percent remittance charge on average. Phone charges, transportation, and remittance loss were all expenses for hundi on the receiving end. In official transactions, it takes 12.83 days to get cash after presenting the draft at the bank. After obtaining information, hundi takes an average of 3 days to complete a transaction. Several migrants fail to maintain identifying credentials to create bank accounts, making internet remittance services unavailable to them. Throughout COVID-19, there has been a push to use mobile money to make

remittances. Even though mobile services only account for a small portion of total remittances, over \$1 billion in foreign funds were sent and retrieved monthly in 2020 (World Bank, 2021).

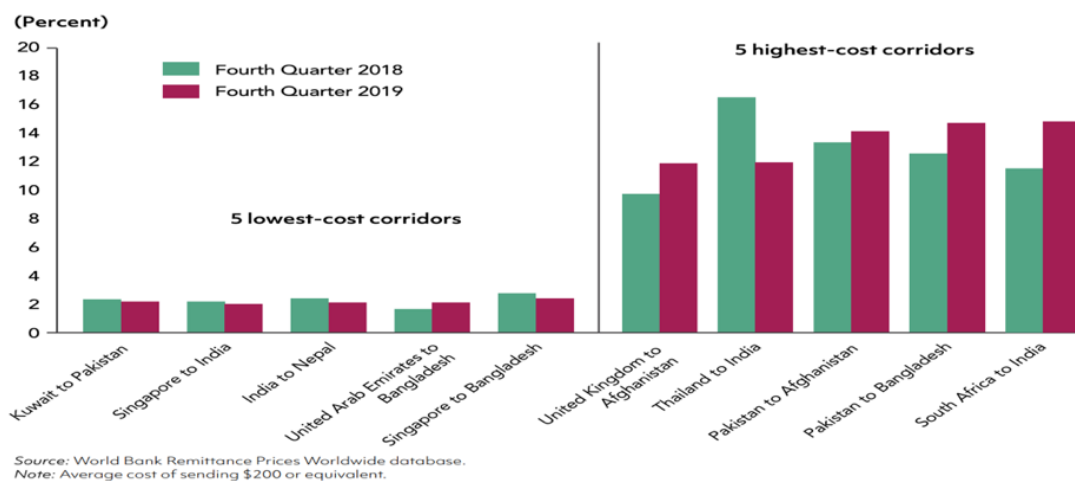
Formal and informal methods are used by migrant workers to transmit money to their families. There are legitimate ways through large banks, money transfer operators (MTOs), as well as regulated agencies. Despite language hurdles and related expenses for such services may dissuade personnel from using formal channels, a percentage of migrant workers do that. As a result, the majority of remittances are sent through unofficial routes like Hundi. Migrant employees, for example, may bring cash home with them or send cash to a buddy via the mail (Ahamed, 2010). Sending products or services, such as buying televisions or white goods to sell and get money in local currency, is another kind of informal remittance. Informal remittances are difficult to assess by their very nature; some estimates say they are 50 percent larger than formal remittances. Direct transfer occurs when remittances are delivered directly from a foreign worker's abroad account towards his own account home immediately. Telegraphic or other methods can be used to attain this. Remittances are often sent in the form of a Taka Pay Order produced by a bank or transfer house in the identity of the migrant's nominee. The draft is usually sent by email or, in an urgency, via shipping service. Remittances can be sent using the postal service. The local post office subsequently delivers the remitted funds to the intended recipient (Siddiqui, 2009).

In 1976 and 2010, 7.1 million 5 persons departed from Bangladesh temporarily. Since 2009, emigrants have sent home more than \$10 billion per year, accounting for less than ten percent of GDP (Ratha, Mohapatra, and Xu, 2008). It's worth noting that a significant portion of remittances goes unaccounted for. Unrecorded remittances are expected to take between 50 to 200 percent of all legally reported remittances (Aggarwal, Demirgüç-Kunt, and Peria, 2006). According to numerous statistics, the stream of workers' remittances from transmitting to

destination countries has continuously increased. Formal remittances climbed from under US\$ 2 billion in 1970 to over US\$ 80 billion in 2000, as per official figures (ILO, 2002). Unofficial transactions are not included. Just around 50% of remittances are sent via legal means, according to microstudies performed in Bangladesh and Pakistan, with the remaining entering using multiple unlawful pathways. In a nutshell, the true volume of remittance is probably at least twice what has been claimed. (Siddiqui, 2004). Per research by Siddiqui and Abrar (2003), legal frameworks receive 46percent of the overall total remittances in Bangladesh, hundi receives 39%, friends and family receive 5%, migrant workers carry 8% of total remittances when they travel home, and other techniques receive 2%. Given the current political sensitivity of the matter and the unlawful ways people take to cross the border, migration to India is not recognized in Bangladesh, according to Barai (2012); thus, remittances from Bangladeshis working in India are most probably unconstitutional.

Figure 2: Remittance Costs of South Asian Countries

Source: World Bank, 2020a



2.8.Trend of remittance of Bangladesh

The substantial percentage of Bangladeshis who moved to another country resulted in considerable remittances, which have ascertained to be a beneficial and moderate source of foreign exchange earnings for the economic development of a nation. Remittances to low- and medium-income countries are predicted to fall by 20% in 2020, to \$445 billion, down from \$554 billion in 2019. South Asian remittances are expected to drop 22percent to \$109 billion in 2020. When compared to the 6.1 percent annual growth rate reported in 2019, this is a considerable and unforeseen drop. A multi-country investigation funded by the Asian Development Bank revealed that remittances acquired by households declined on mean by 19.3 percent (Bangladesh) to 29.8 % (Indonesia) during the global financial meltdown, which saw a 2.7 percent significant decline in foreign remittances flow to Asia and the Pacific. (ADB, 2020).

Remittances to the South Asian area may stall in 2020 as a consequence of the global financial emergency brought on by the coronavirus epidemic, as well as lower oil prices. The economic downturn is projected to have a direct impact on remittance outflows to South Asia from the United Kingdom, the United States, as well as EU countries. Falling oil prices will have an impact on remittance outflows from GCC countries and Malaysia. Bangladesh's remittances are estimated to reach \$14 billion in 2020, down nearly 22% from the previous year (World Bank, 2020a). The flows of remittances to low- and middle-income countries (LMICs) were estimated to decrease by 7.2 percent to \$508 billion in 2020, preceded by another 7.5 percent drop to \$470 billion in 2021, depending on the trend line of economic activities in important migrant-hosting states, notably European countries, Gulf Cooperation Council countries and the United States (World Bank, 2020b). Bangladesh has an 11 percent remittance-to-GDP ratio, Sri Lanka has a 9 percent ratio, and Pakistan has a 7 percent ratio. The average monthly labor earnings of Bangladeshi migrants in receiving countries were 3,498 BDT, about four times higher than in their home country (9,10 BDT) (Rapid, 2020).

With the effectuation of full shutdowns in the leading host destination, in March remittances began to drop, and the states obtained 14% smaller remittance than in the identical month last year. Remittances amounted to \$1093 million in April 2020, plummeting 32% from April 2019, which was the least in recent history. Total remittances from Bangladeshi migrant workers will decline to \$14 billion in 2020, according to World Bank estimates, a 25% decrease from the previous year (Aneja & Islam, 2020). Between October to December of the previous year, Bangladesh acquired \$1,453.14 million in remittances from Saudi Arabia, declining 9.97 percent from the preceding three months. According to the BB study, remittance inflows from the UAE declined 17.27 percent in that quarter, 21.9 percent in Oman, 10.19 percent in Bahrain, 5.43 percent in Qatar, 10.17 percent in Italy, 17.77 percent in Singapore, and 11.16 percent in Malaysia (Hasan, 2021). The economic repercussions of COVID-19 for migrant workers will have a massive influence on remittance flows and also the economy (Sutradhar, 2020), potentially affecting GDP growth rates. In other countries, however, for June, the first remittance inflows showed a relative increase.

As per the ADB, this will happen in 2020 as a result of the removal of lockdowns in locations that previously permitted migrants to transmit money over the desk, as well as legislative initiatives that incentivize transfers by cutting limits and transaction fees. In 2020, the inflow of remittances to South Asian countries increased by roughly 5percent, owing to a jump in remittances to Bangladesh and Pakistan. Remittances to Bangladesh also increased sharply in 2020 (18.4%). (World Bank, 2021). Bangladesh's remittances are anticipated to attain \$1595 million at the closing of the current quarter, which was \$1912 million in 2021, and USD 2094.00 million in 2022, according to Trading Economics global macro models and analysts (Das and Sutradhar, 2020). On March 31, the Ministry of Finance issued a Tk. 50 billion (US\$ 588 million) stimulus program for exporting

sectors, channeled with the help of Bangladesh Bank (BB) and disbursed by commercial banks at a 2% surcharge. (IMF, 2021a).

Of course, a key aspect is an increasing demand for cash benefits by remittance-attaining households in Bangladesh, many of whom had lost earnings and work opportunities as a result of the virus outbreak economic, occupational, and incomes shocks (Rahman and Hasan, 2021). In July 2020, the "Haj effect" appears to have had an impact on remittance flows to Bangladesh. What's more, the global epidemic has shifted remittances from informal to formal channels, leading to greater remittances income in Bangladesh, due to travel limitations, the hazard of carrying money informally in place, and tax incentives to stream the flow of remittances through the formal banking system (World Bank, 2020b). The impulse of migrants to help their families, to send money back home either cutting back on expenditure or drawing on deposits, was one of the main driving forces of foreign remittances and explanations for their durability during the catastrophe. Among the other explanations were fiscal stimulus in the host countries, which led to economic progress, a transition inflows from illegal to legitimate channels, and cyclical swings in energy prices and currency fluctuations (World Bank, 2021a).

Many banks are already providing financial bonuses to remittance recipients in addition to the standard 2%, making sending money through formal channels more tempting. The Probashi Kallyan Bank has opted to finance US\$62.5 million under advantageous terms to migrants who have lost their employment as a consequence of the virus. In addition, the Wage Earners' Welfare Board has developed a facility that will provide flexible and low-interest loans to these return migrants through various institutions, allowing them to make profitable investments (UNDP, 2020). The Central Bank has made it easier for overseas workers to receive a 2% remittance incentive on transfers of up to \$5,000 (TK\$500,000). The Central Bank also increased the monthly limit for money transactions between mobile financial service providers

from TK\$75,000 to TK\$200,000. The Central Bank has instructed mobile financial service providers to offer free cash-outs up to TK\$1000. bKash offered a 1% cash incentive to customers who sent remittances of TK\$10,000 or more through banking channels abroad. BRAC, a Bangladesh-based NGO, distributed US\$13 million in digital cash to 575,000 mobile wallets. (IOM, 2021).

Figure 3: Year wise remittances earned

Source: Bureau of Manpower Employment and Training (BMET) online

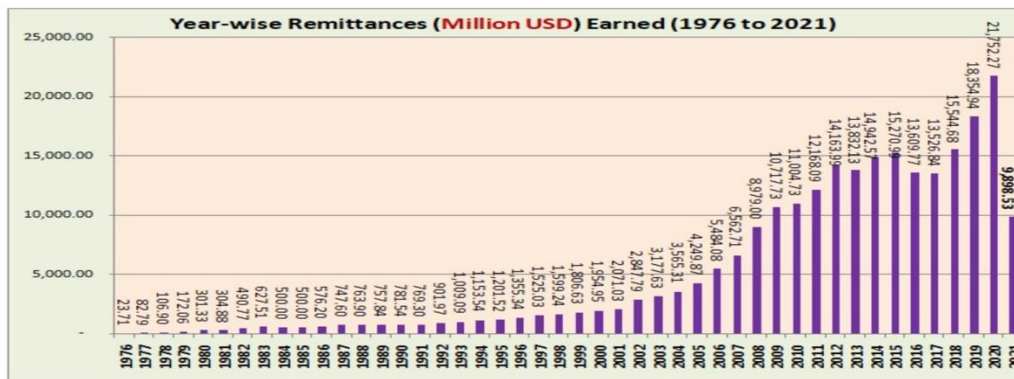
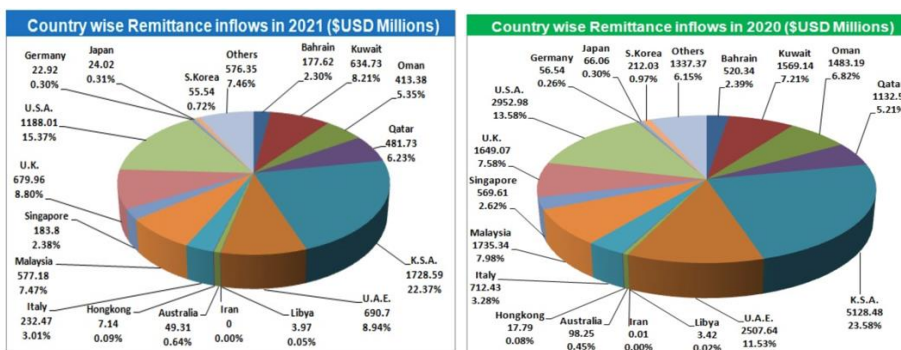
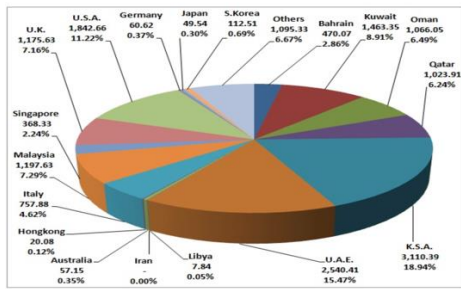


Figure 4: Country wise remittances from 2019 to 2021(June)

Source: Bureau of Manpower Employment and Training (BMET) online





Bangladeshi migrant laborers declined to 218,000 in 2020, down from 700,000 to 800,000 in the preceding year. Approximately 67 percent of Bangladeshi overseas workers who were compelled to fly back home were not paid, and 62 percent had to hold cash and other valuables behind. By July 2020, over 70,000 Bangladeshi migrant laborers had been infected in 186 countries, and 2,330 Bangladeshi had died from COVID-19 in 21 countries, indicating a lack of free access to competent health treatment. (World Bank, 2021a).

Chapter 3

Remittance Trends and Channels in South Asian Countries: A

Comparative Analysis

The coronavirus disease pandemic (COVID-19) has the potential to devastate the global economy, resulting in massive unemployment and poorer earnings. In addition to the pandemic's effects on domestic and global trips, commerce, capital movements, and other productive tasks, the Asian Development Bank (ADB) projections that recruitment in Asia - pacific Region will be diminished by as much as 167 million individual months if isolation measures are implemented for six months after the outbreak began (ADB 2020). Unemployment rates in the region are cutting pay income by \$359 billion to \$550 billion, according to projections. Migrant workers may be among those who suffer the most. (ADB, 2020).

Asia was the top remittance-receiving area in 2019, receiving over \$325 billion informal remittances, or 45 percent of global flows (Global Knowledge Partnership on Migration and Development [KNOMAD] 2020). The Middle East is the most common source of remittances to Asia, and remittance patterns are parallel to migration patterns. The majority of Middle Eastern remittances go to South and Southeast Asia. In 2018, the Middle East sent \$72.2 billion in remittances to India, Pakistan, and the Philippines, totaling 75.8% of Middle East remittances to Asia and 52.2 percent of the continent's global outflows (ADB, 2021). Remittances to South Asia are supposed to decrease 22% to \$109 billion in 2020. This is a significant and unexpected slowdown compared favorably to the 6.1 percent growth seen in 2019. (World Bank, 2020a). Remittances to South Asia are projected to decline by 4% in 2020 and 11% in 2021, according to the World Bank. Remittances to the Southeast Asian region are falling as a result of the global economic slowdown brought on by the coronavirus pandemic (World Bank, 2020b). However, defying all predictions inward remittances to South Asia increased by 5.2 percent to \$147 billion in 2020, mostly to a jump in payments to Bangladesh and Pakistan (World Bank, 2021a). Remittances to South Asia are predicted to fall 4% to \$135 billion in 2020. The consequence of the global economic recession has been mainly offset by the movement of remittances from unofficial to legal routes, despite the difficulty of transferring money by the person under border controls in Pakistan and Bangladesh. Beginning July 1, 2020, Pakistan, like Bangladesh, will no longer charge withholding tax on cash advances or financial instruments/transfers made from a residential bank account (World Bank, 2020c). Because informal remittance service providers (known as hawaladars) were unable to move freely with cash due to COVID-19 restrictions, the steadiness of remittances in Nepal has also been attributed to an increased usage of legitimate remittance channels. During the pandemic, the Nepali government developed a digital wallet service to allow Nepalis living abroad to send money home (World Bank, 2020d). In 2021, remittances to South Asia are

expected to increase by roughly 8% to \$159 billion (World Bank, 2021b). Almost all of South Asia's countries follow a similar pattern. Furthermore, their economic dependence is the same. Finally, the usage of formal channels increases remittance flows in these nations. Delivering remittances to Central Asia is the most cost-effective because they are usually transferred from the Russian Federation, which has no exchange rate while remittances are paid and received in rubles. The cost is determined by the fee charged by the operator.

Figure 5: Top Remittance Recipients in South Asia, 2020

Source: World Bank, 2021a

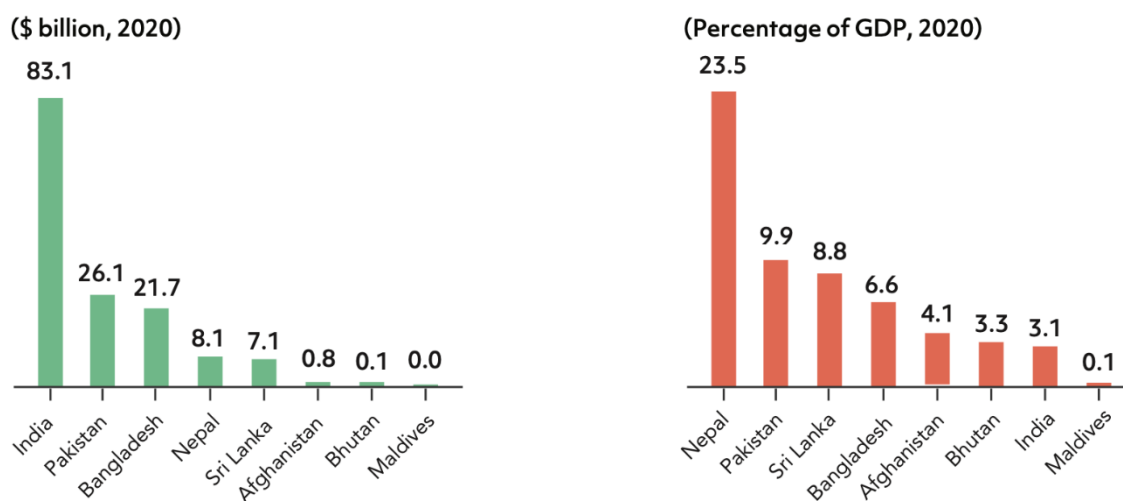


Figure 6: Quarterly Remittance Flows to South Asia

Source: World Bank, 2021a

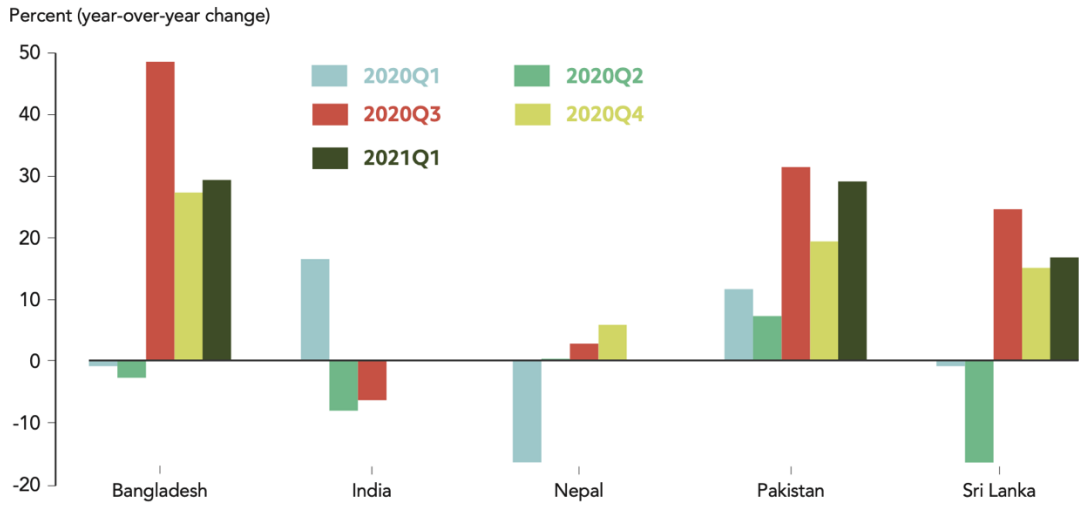
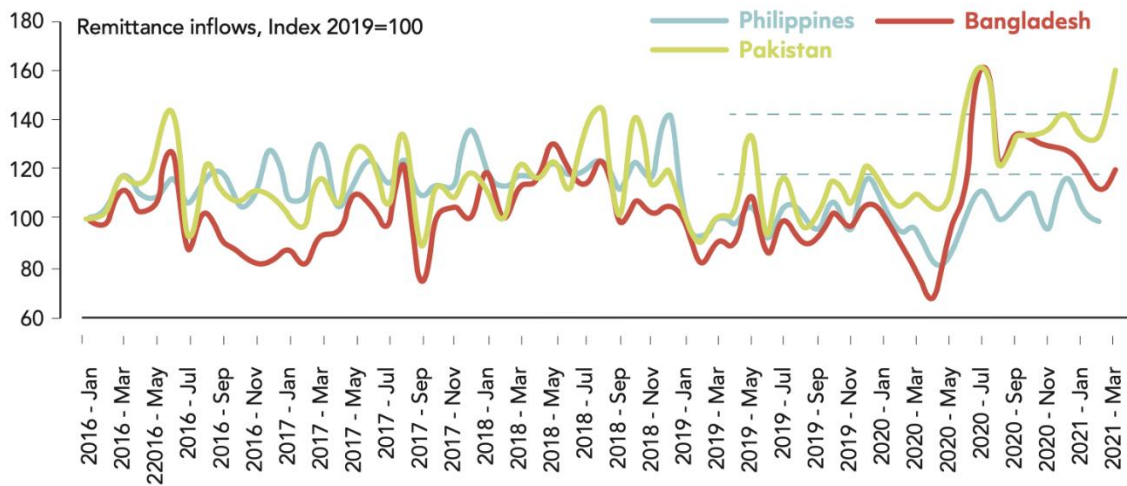


Figure 7: One-off Effects of Cancellation of Haj, Floods in Bangladesh, and Tax Incentives in Bangladesh and Pakistan

Source: World Bank, 2021a



Regional Remittance Trends

3.1. Remittance trend in Pakistan

Remittances, or money sent home by foreign workers, are an important but underestimated component of the global economy, giving a lifeline to poor families and aiding cash-strapped emerging economies. The Pakistan Remittance Initiative was launched in August 2009 as a joint initiative of the State Bank of Pakistan, the Ministry of Overseas Pakistanis and Human Resource Development, and the Ministry of Finance to enable safer, economical, handier, and efficacious remittance flows through formal channels, as well as to provide investment opportunities in Pakistan for overseas Pakistanis (ADB, 2021). These transmissions contribute to more than 5% of GDP in at least 60 lower- and middle countries. Pakistan is one of them. Remittances to the South Asian nation enhanced from over 5% of GDP in 2009 to that almost 8% in 2019, according to the World Bank. As a result of the coronavirus pandemic, which caused governments around the world to shut down their economies and deport migrant workers back to their home countries, the bank had already expected a significant decline in remittances to Pakistan and the rest of the globe. The majority of the rise in remittances to Pakistan came from Saudi Arabia, European Union (EU) countries, and the United Arab Emirates. The increased remittance flow has assisted the central bank in increasing its foreign exchange revenues to a record high, boosting the present account, which has recorded a \$945 million excess in the very first three quarters of this budgetary year. (DAWN, 2021).

In Pakistan, remittances are projected to decrease roughly 23%, to over \$17 billion, contrasted to \$22.5 billion in 2019, when they climbed by 6.2 percent (World Bank, 2020a). The kingdom acquired more than \$14 billion in remittances from July to December 2020, up almost 25% from the same period the previous year, with the United Arab Emirates and Saudi Arabia accounted for roughly half of the total (Stone, 2021). Remittances increased by 36.5 percent year on year in July, according to central bank data released on Monday. Laborers remitted

more money home via legal routes, while lower Hajj expenditure owing to the coronavirus pandemic also aided in the increase. In July 2020, expatriate Pakistanis sent \$2.768 billion to Pakistan, rising 36.5 percent from \$2.027 billion in July 2019. Month-on-month, the increase was 12.2 percent. In June 2020, the country received \$2.466 billion. The highest contributor was Saudi Arabia, with \$821.6 million, supported by the United Arab Emirates (\$538.2 million), the United Kingdom (393.9 million), as well as the United States (\$250.6 million).

According to the SBP, several factors, including regulated exchange rate conditions and policy measures undertaken by the central bank and the federal government underneath the Pakistan Remittance Strategy, have assisted the growth in remittances to date. "These initiatives include lowering the qualifying transaction threshold for the Reimbursement of Telegraphic Transfer (TT) Indictments Scheme from USD 200 to USD 100, a firmer push for digital adoption, and effective promotional campaigns to incentivize official remittance channels," according to the report (Zaidi, 2020). At least some of the surge in remittances could be attributed to the "Haj effect"—Pakistani expatriates remitting home the money reserved for pilgrimage to Mecca resulting from a severe decline in the number of Haj permits to contain the pandemic. In 2019, almost 1.8 million tourists participated in the Hajj, whereas only locals (officially 1,000) were permitted. Furthermore, the government's attempts to entice migrant remittances and savings through incentives may be working, even if this has yet to be established (World Bank, 2020b). Caused by an increase in repatriated migrant workers from Gulf Cooperation Council (GCC) nations, the number of immigrants in Pakistan decreased between 625,000 in the year 2019 to 225,000 in the year 2020 (World Bank, 2021a). A Pakistani expatriate can send \$200 or more in one transaction without incurring any fees, in exchange for the bank paying 16 Saudi Riyals to foreign exchange businesses. The Ministry of Overseas Pakistanis has asked the government to give banks 20 Riyals for every \$100 transaction. He stated that the settlement of the banks' dues will now take six months instead of a year.

3.2. Costs and Channels of remittances of Pakistan

Costs in the most expensive pathways (Pakistan to Bangladesh, the UK to Afghanistan, South Africa to India, Pakistan to Afghanistan, and Thailand to India) were very well over 10% due to restricted volumes, little competition, and regulatory issues. Both formal and informal remittance channels exist in Pakistan, as they do in Bangladesh. Apart from legitimate channels such as banks and money transfer businesses, the majority of individuals prefer alternative remittance networks since they are frequently free or less expensive than legal remittance choices. If a friend or acquaintance is traveling to your home nation, they may be willing to transport your money for free. It may be fine if you trust the individual and are confident that your funds will be delivered when, when, and to whom you specify.

The practice of money being transferred from one area to another via a network of dealers or brokers, based on honor rather than a guarantee, is known as 'hundi' or 'hawala' in Arabic-speaking nations. Because such transfers are not subject to statutory financial restrictions, they are especially prone to corruption and have been outlawed in some nations, according to anti-money laundering compliance programs (Migrant Resource Centre). The Hawala system is a type of alternative remittance mechanism that facilitates underground banking and aids criminal organizations in achieving their nefarious goals. Before the terrorist attacks on September 11, 2001, the Islamic world used the Hawala system. Before September 11, 2001, al-Qaeda exploited the hawala system to move a large amount of money. Al-Qaeda employed a group of about a dozen dependable hawaladers who were most certainly aware of the funds' origins and anticipated use. Al-Qaeda also used unwitting hawalas, who were presumably fully aware that they were negotiating with al-Qaeda but willing to take part in the transactions nevertheless (Raza et al, 2017).

Another term is hundi, which means 'to gather' in Sanskrit. A promissory note, a bill of exchange, or a hawala are all terms that refer to the same thing. A hundiwala is a hundi driver. The phrases hawala and hundi essentially mean the same thing and are frequently interchanged, particularly now that the mechanism has gained international popularity. Hawala is an Arabic noun, but hundi is the counterpart in Indian and Pakistani languages. According to reports, hundi and hawala have melded into one network, with the boundaries between them destroyed. Every year, billions of dollars are moved across countries and continents employing Informal Value Transfer Systems (IVTS). According to the Financial Crimes Enforcement Network (FinCEN), "any method, technique, or communications system of persons that receives money with the intent of making the cash or an instrumental amount payable to a third party in another territorial place, or not in the same form." One of the most common types of IVTS is hawala. Per year, between \$100 billion and \$300 billion is estimated to pass through the Informal Value Transfer Systems (Farooqi, 2005).

3.3. Remittance Trend in Nepal

Nepal has a long history of worldwide labor migration, dating back to over 200 years ago. For example, in the nineteenth century, the first men journeyed to Lahore (now Pakistan) to serve in the army of Sikh emperor Ranjit Sing, and then to the British army around 1815 to 1816. (Ojha, 2019). Remittances account for more than a quarter of Nepal's GDP. Malaysia (33.3 percent), Qatar (19 percent), and Saudi Arabia are the top destinations for Nepali migrant workers, according to work permits issued (18.9 percent). The most common destination in India, although no work licenses are necessary. The bulk number of Nepalese migrant labor is unskilled (70%) or less-skilled (27%), with 40% being without a job previous to deportation and 30% working in the agricultural industry (Maher, 2018). The World Bank predicts a 14 percent drop in remittances to Nepal this year, hardly the worst in the region, but remittances

account for over a fourth of the nation's gross domestic product (Akhrum and Galizia, 2020). Despite most projections that the Covid-19 crisis would cause a drop in remittances sent home by Nepali workers, the inflow has increased compared to the previous year.

According to the Central Bank, Nepalis living abroad sent back Rs165.73 billion from mid-July to mid-September, a rise of 8.1 percent over the same two months the previous fiscal year. Even in US dollars, this amounted to \$1.39 billion, representing a 2.6 percent increase (Khadka, 2020). In the region, Nepal is the most reliant on remittances, representing 23.5 percent of GDP, preceded by Pakistan (9.9%) and Sri Lanka (9.9%). (8.8 percent) (World Bank, 2021a). Nepal got Rs 870.94 billion in remittances during the first 11 months of the recent fiscal year. "Remittance inflows increased by 12.6 percent to Rs 642.14 billion during the review period, compared to 3.2 percent in the corresponding year," Nepal Rastra Bank (NRB) said. (Radtriyo Samachar Samiti, 2021). Qatar, with Rs. 53.93 billion (17.7%), got the most remittances, followed by the UAE with Rs. 40.87 billion (13.4%) and Saudi Arabia with Rs. 38.15 billion (12.5 percent). Nepal obtained Rs. 29.66 billion in remittances from Malaysia during the first four months of the present fiscal year, accounting for 9.7% of total inflows. Remittance inflows from Malaysia, the principal destination of Nepali foreign workers, have fallen during the review period, according to Dr. Bhatta, because no Nepali migrant worker was allowed to fly to Malaysia during the prior fiscal year. Similarly, the United Kingdom (1.7 percent) and Australia (0.4 percent) each contributed Rs. 5.04 billion in remittances to the state.

In terms of remittances, India is Nepal's second-largest source. In the previous fiscal year, India sent Nepal Rs. 128.5 billion in remittances. The legitimate channel received 90.5 percent of the total, while the informal channel earned Rs. 38 billion (Kafle, 2020). First, owing to Covid-19-related restrictions, migrant workers limited their expenditures on consumption, recreation, and transportation; second, overseas workers who came back did not buy gold, clothing, or electronics. The strengthening of the US currency is another aspect that is helping to improve

remittance revenues. Finally, because of global limits imposed by the Covid-19, the illegal financial transfer conduit known as hundi has been nearly shut down. Finally, in times of hardship, such as after the devastating earthquakes, Nepalis residing abroad send more money home, particularly for medical care (Prasan, 2021). Since the COVID outbreak began, there have been no public statistics in Nepal on the real number of foreign workers who have returned. The volume of Nepali migrant workers extending work permits declined by 65.3 percent throughout the first seven months of FY 2020/21 compared to the corresponding time the previous year.

3.4. Costs and Channels of Remittance of Nepal

The Nepal corridor's prices were below the SDG goal of 3% due to high quantities, dynamic platforms, and the use of technology (World Bank, 2021a). The cost of sending remittances has increased as a result of regulations designed to deter money laundering and terrorist financing. Given the lack of competitive rivalry among money transfer companies, costs have increased as well. Remittances' high transaction costs are tremendously regressive, imposing extra expenditures on the world's most vulnerable employees. They encourage labor migration by driving remittances underground into informal systems. Only 52 percent of Nepalese use formal transfer methods for remittances, owing to expensive fees. Remittances, on the other hand, are significantly more effectively used for development when they pass through formal channels (Maher, 2018). Remittances are such an important lifeline, but the government appears unconcerned, and most remitters have no idea how cross-border remittances function. Migrants can send money back home by using the ubiquitous exchange houses present in their host nations. They submit local currency there, while Himal Remit pays their recipients in Nepal in equivalent Nepali Rupees (NPR). However, hundi/ hawala operators are always on the lookout for better exchange rates than traditional players such as exchange houses and banks can provide.

When the remittance is made through a formal channel, it is the banking sector that commences imports. When the remittance is made through an informal channel, however, it is the hundi/ hawala operators who set them off. They smuggle commodities into Nepal by bribing necessary officials. They buy gold, smartphones, notebooks, and other undisclosed items cheaply on the worldwide market. While Nepal loses its customs, corruption becomes more entrenched (Parajuli, 2019).

Due to COVID-19 all of the developing countries have faced job loss, deportation, or reduced pay, thus it was assumed that may be the remittance flow will be decreased. However, the above-developing countries saw a surge in remittance flow. Government incentives, travel bans, and lockdown situations make the informal channel weak in the pandemic. It was evident that there were more than two channels active in those countries before the COVID period.

Chapter 4

Methodology

This study focuses on one broader area of inquiry; the shift of migrant remittance flow during the COVID period. Primary data constitute information about remittance providers, and organizations that are involving the remittance process for instance: banks, research organizations, money transfer companies, government functionaries, migrant workers associations are required. Whereas secondary data helps to compare household-level data to national-level data. Therefore, both primary and secondary data collection is necessary for this study by employing a variety of research methods. Purposive sampling is designed to guarantee that all clusters are addressed and that no portion of the study's population is left out. The methods utilized to conduct the research are discussed in the following paragraph.

Primary data:

Evaluating the remittance flow and the use of remittance mechanisms necessitated primary data collection. In addition to this, it generates an in-depth understanding of factors that fuel the growth of remittance amid the pandemic. It also aids in the identification of migrant workers and their families' socioeconomic circumstances. Therefore, primary data collection was planned at two stages in the research plan. (1) survey of remittance-receiving families, and (2) interview with key informants such as hundi businessmen, researchers, economists, officials from money transfer companies, bankers, and government functionaries.

1) Survey of remittance-receiving families

This stage concentrated on interviewing the remittance-receiving families. Through the process, the extent of remittance they received before COVID and amid the COVID period can be identified. Additionally, various methods they applied to transfer remittance, as well as socio-economic constraints faced by migrant families, can also be known. Then, using a structured questionnaire with various closed and open-ended questions, researchers were able to pinpoint several factors that influence migrant families' remittance inflow. The responses were gathered in two ways: quantitatively, through a suitable questionnaire, and qualitatively, through direct interviews. The SPSS software package was used to process quantitative data.

In this stage of sampling design, it was critical to sort out the sites of the study. First-hand information was acquired from two of the leading money transfer companies in Bangladesh. Based on the collected information, the regions which earned the highest remittance during the COVID period were selected. Three locations were identified. These were Shariatpur, Madaripur, and Brahmanbaria district of Bangladesh. The survey which took place in August 2021 conducted with the families, with the use of virtual platforms (such as telephone surveys, and interviews with the help of Whatsapp and Zoom meetings, etc) to maintain a social distancing approach. 171 families were selected from those regions. Families were chosen at

random from each of these places. The selection was done based on the highest amount of remittance they had received during the pandemic period. The respondents were the recipient of remittances of migrant families. Among them, 26, 75, and 70 are selected from Shariatpur, Madaripur, and Brahmanbaria respectively.

2) Interview with key informants who are involved with remittance issues

Many organizations are directly or indirectly associated with remittance regards. For example, research organizations, NGOs, banks, transferring agencies, hundi operators, and some ministries. Thus, to understand the causes of up warding remittance trend, and current transfer process interviews with the representative of that organization were conducted. The impact of any government initiatives targeted at increasing remittance flows was assessed by interviewing key officials from the Ministry of Foreign Affairs and the Ministry of Expatriates Welfare and Overseas Employment.

Secondary data:

Some online data portals, which include journals, articles, publications, conference papers, newspapers, and magazines, are examined for secondary data collecting. Some previous works which were focused on remittance flow are Migrant Workers and Micro-Finance in Bangladesh (Siddiqui and Abrar, 2003), Covid-19 Impact on International Migration, Remittance, and Recipient Households in Developing Asia (ADB, 2020), Gender and Migration from Bangladesh (ILO, 2014), The Great Lockdown (IMF, 2020), The Other Face of Globalization (Siddiqui, 2021) reviewed for this study. A majority of this research report's statistical data and information was gleaned from the website of Bangladesh Bank, Ministry of Expatriates' Welfare and Overseas Employment, Bureau of Manpower Employment and Training (BMET),

and the World Bank. Using post and pre-remittance data, their responses were analyzed and summarized to conclude the pattern and channels of remittance.

There are seven chapters in this work, including an introduction and a conclusion. Chapter II illustrates the concept of remittance, remittance, and socio-economic condition of Bangladesh with the help of previous literature. Chapter III provides a comparative analysis of the remittance trend of South Asian countries with a concise illustration of the remittance trend, costs of remittance, channels of remittance, etc. Chapter IV represents the methodology adopted by the study. Survey findings of migrant families and remittance flow pattern, as well as transfer methods of remittance as well as findings from the interview of key informants, are discussed in chapter V. Discussion in chapter VI summarizes each of the investigation's findings. Chapter VII offers recommendations for developing measures to ensure the efficient flow of remittance.

Chapter 5

Results and Findings

(a) Survey of Remittance Receiving Families: Socio-economic Profile

The observations in sections (a) and (b) are from a survey done with migrant families in Bangladesh's Shariatpur, Madaripur, and Brahmanbaria districts. This section provides the core socioeconomic and migration-related information for 171 remittance-receiving families. Issues covered are age, gender, educational background, marital status, year of migration, country of migration, skilled of remittance sending persons as well as the number of migrants in a family, relationship with the receiver of the families. Section IV focuses on many components of the remittance transmitting procedure, as well as the remittance flow pattern.

The father of the migrant worker receives remittance in the majority of the situations, as shown in Table 5.1. The wife is the second most popular category, followed by brother and mother. Among the 121 married people, only 68 wives are the receivers. In other words, the father, mother, or brother also receives remittance. Handling bank account needs some minimal educational skills.

Table: 5.1 Recipient relationship with the migrant

RELATION WITH MIGRANT	BRAHMANBARIA	MADARIPUR	SHARIATPUR	GRAND TOTAL
FATHER	39	23	6	68
WIFE	16	24	12	52
BROTHER	13	13	2	28
MOTHER	1	9	5	15
SISTER	1	6	1	8
Grand Total	70	75	26	171

Table 5.2 depicts that 32 families have more than one remittance sender within their families. Madaripur that shows a higher incidence of having more than one remitter in a family. Followed by Brahmanbaria the second highest. It was observed that during a survey that the household have common livelihood strategies to send more than one member outside the country. The number of multiple migrant families is lower in Shariatpur. In the case of single migrant families, Madaripur has the highest single number of migrants.

Table: 5.2 Number of Migrants in a family

No of Migrant in a Family	BRAHMANBARI A	MADARIPU R	SHARIATPU R	Grand Total
Multiple	14	15	3	32
Single	56	60	23	139
Grand Total	70	75	26	171

Information on 171 families' remittance senders

This section provides some basic information about the remittance senders among the 171 interviewed families. Table 3.3 represents the age of the remittance senders at current times. A significant number of migrants belongs to from the age 30 to 40 years category. 20 to 30 age group is also dominant in number. A small portion of studied migrants are above 50 and their number is greater in Brahmanbaria.

Table: 5.3 Age of the Migrants

AGE	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total
20 to 30	16	22	12	50
31 to 40	18	36	9	63
41 to 50	22	11	4	37
Greater than 50	14	6	1	21
Grand Total	70	75	26	171

In the context of gender distribution, it shows that 26 of the migrants are female and 145 of the migrants are male. The number of female migrants is minimal compared to the male migrants.

The gap between these two groups is noticeable. Madaripur contains larger female migrants whereas, both Brahmanbaria and Madaripur have the similar number of male migrants. However, still, the number of male migrants is noteworthy. Due to the conducive work environment, family constraints, migration services, and expenses still most of the female migrants are out to reach of migration facilities.

Table: 5.4 Gender of sender

GENDER	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total
Female	8	15	3	26
Male	62	60	23	145
Grand Total	70	75	26	171

Almost two-thirds of remittance senders are married. The marriage rate is higher in Brahmanbaria followed by Madaripur with a slight difference and lastly Shariatpur with less amount. Madaripur remittance senders are older on average than Shariatpur and Brahmanbaria remittance senders.

Table: 5.5 Marital Status of a Migrant

MARITAL STATUS	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total
MARIED	54	53	14	121
UNMARIED	16	22	12	50
Grand Total	70	75	26	171

Table 5.6 shows that the largest number of migrants have an education level below SSC. The differences are very near between Brahmanbaria and Madaripur with little variation in Shariatpur. However, still this category holds the maximum number. The literacy rate is higher in Bramanbaria than in the other two districts.

Table: 5.6 Education background of the remittance sender

EDUCATION	BRAHMANBARIA	MADARIPUR	SHARIATPUR	GRAND TOTAL
Below SSC	31	44	18	93
SSC	17	17	6	40
HSC	12	9	4	25
Graduate	4	3	1	8
Post-Graduate	3	2		5
Grand Total	70	75	26	171

Table 5.7 shows the migrating countries of the remittance senders. Saudi Arabia has the largest number of remittance senders, followed by Italy and Kuwait. Currently, 63 of the total migrants are employed in Saudi Arabia. Italy was the second most popular location, with Singapore coming in third with 39 and 22 visitors, respectively. UAE, USA, and Malaysia are among the nations where people are currently migrating. Migrants from Brahmanbaria primarily went to Saudi Arabia, whereas migrants from Madaripur and Shariatpur primarily went to Italy.

Table: 5.7 Migrating countries

MIGCOUNTRIES	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total

BAHRAIN	1	0	0	1
CANADA	0	0	1	1
GREECE	2	1	0	3
IRAQ	2	0	1	3
ITALY	1	25	13	39
JORDAN	0	1	0	1
KUWAIT	5	15	2	22
LAOS	1	0	0	1
LEBANON	2	0	0	2
MALAYSIA	6	2	0	8
MALDIVES	1	0	0	1
PAPUA NEW GUINEA	0	1	0	1
PHILIPPINES	0	1	0	1
POLAND	3	0	0	3
QATAR	1	0	2	3
ROMANIA	1	0	0	1
SAUDI ARABIA	36	21	6	63
SINGAPORE	0	2	0	2
UNITED ARAB EMIRATES	4	0	0	4
UNITED KINGDOM	0	1	1	2
UNITED STATES OF AMERICA	4	5	0	9
Grand Total	70	75	26	171

From table 5.8 it can be visible that a lion shares number of migrants who stayed in foreign land for more than 3 years. The second-largest category is 6 to 10 following by 11 to 15.

Table: 5.8 Year of stay in oversees

YEAR OF MIGRATION	BRAHMANBARIA	MADARIPUR	SHARIATPUR	GRAND TOTAL
3 to 5	28	29	13	70
6 to 10	10	30	8	48
11 to 15	18	10	4	32
16 to 20	14	6	1	21
Grand Total	70	75	26	171

The following 5.9 table illustrates that the number of unskilled remittance senders is higher than the other two categories. Therefore, we can associate the information with the migrating country table as the number in Saudi Arabia is high because in that country most of the remittance providers have education below SSC level thus, they are involved with unskilled works such as constructions type works.

Table: 5.9 Skilled of the Migrant

Skilled Composition	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total
SEMI-SKILED	26	24	7	57
SKILED	13	7	1	21
UNSKILED	31	44	18	93

Grand Total	70	75	26	171
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(b) Survey of Remittance Receiving Families: Remittance Dynamics

The remittance flow pattern and transfer techniques used by 171 remittance-receiving households in Shariatpur, Madaripur, and Brahmanbaria are discussed in this section. The concerned issues are the amount of remittance received by the families before the COVID period and during the COVID, and the method which are used by the migrants. The analysis starts with a consideration of remittance flow from January 2019 to June 2021.

Table 5.10 shows the flow of remittances to Shariatpur, Madaripur, and Brahmanbaria families by nation. It covers the remittance flow with different remitting countries over the last three years. For the previous three years, the majority of the households interviewed had been receiving remittance. The data reveals that the total remittance earned by these households in 2019 was 54200, 0, and 97175, respectively, whilst the amount received in 2020 was 3372161, 4798851, and 738710. In 2021(June) the total receiving remittance also uphold the ascending trend which was Tk. 1239458, Tk. 4788954, and Tk. 2755682 respectively. In 2020, the highest remittance received region was Madaripur in the amount of Tk.4798851.

Table: 5.10 Country wise flow of remittance of last three years

Area	BRAHMANBARIA			MADARIPUR			SHARIATPUR			Total Rem. Amt.
	2019	2020	2021	2019	2020	2021	2019	2020	2021	
Country	Remittance Amt.			Remittance Amt.			Remittance Amt.			
Bahrain	0	0	74014	0	0	0	0	0	0	74014
Canada	0	0	0	0	0	0	0	0	67988	67988

Greece	0	0	238420	0	0	82094	0	0	0	320514
Iraq	0	124402	61029	0	0	0	41454	0	0	226884
Italy	0	0	102092	0	1032287	1175946	55721	480172	432122	3278341
Jordan	0	0	0	0	59206	0	0	0	0	59206
Kuwait	0	212000	400500	0	1077382	420000	0	47008	0	2156890
Laos	0	73965	0	0	0	0	0	0	0	73965
Lebanon	0	0	299605	0	0	0	0	0	0	299605
Malaysia	0	0	757981	0	156449	0	0	0	0	914431
Maldives	0	254146	0	0	0	0	0	0	0	254146
Papua new guinea	0	0	0	0	108139	0	0	0	0	108139
Philippines	0	0	0	0	238755	0	0	0	0	238755
Poland	0	250000	270052	0	0	0	0	0	0	520052
Qatar	0	0	125000	0	0	0	0	0	300034	425034
Romania	0	0	80618	0	0	0	0	0	0	80618
Saudi Arabia	0	2179365	1975540	0	1855675	653371	0	211529	392907	7268388
Singapore	0	0	0	0	114772	0	0	0	0	114772
The UAE	54200	177426	127000	0	0	0	0	0	0	358626
The UK	0	0	0	0	0	200000	0	0	46407	246407
The USA	0	100858	277103	0	156185	224270	0	0	0	758416
Total:	54200	3372161	4788954	0	4798851	2755682	97175	738710	1239458	17845190

The following 5.11 table also illustrates that the inflow of remittance is enhancing. The data was gleaned from Bangladesh Bank online. From the data, it was also visible that in 2020, Bangladesh received a notable number of remittances from Saudi Arabia which was \$5721.41million, followed by the USA.

Table: 5.11 Wage Earners Remittance inflows: Selected Country-wise (Monthly)

USD in millions

Country	2019-2020	2020-2021	July 2021-2022	Total
Bahrain	437.18	577.74	46.26	1061.18
Kuwait	1372.24	1886.5	148.84	3407.58
Oman	1240.54	1535.64	110.02	2886.2
Qatar	1019.6	1450.18	120.47	2590.25
K.S.A.	4015.16	5721.41	462.38	10198.95
U.A.E.	2472.56	2439.99	159.18	5071.73
Libya	4.02	6.96	0.23	11.21
Iran	0.01	0.01	0.1	0.12
Australia	61.32	141.77	9.92	213.01
Hong Kong: SAR of China	17.09	21.36	1.83	40.28
Italy	699.15	810.9	77.22	1587.27
Malaysia	1231.3	2002.36	110.77	3344.43
Singapore	457.4	624.86	37.87	1120.13
The U.K.	1364.89	2023.62	159.38	3547.89
The U.S.A.	2403.4	3461.68	282.44	6147.52
Germany	52.75	66.89	5.38	125.02
Japan	49.35	79.54	6.05	134.94
S.Korea	177.83	209.16	7.16	394.15
Others	1129.22	1717.14	125.99	2972.35

Total	18205.01	24777.71	1871.49	44854.21
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Source: Constructed from Bangladesh Bank Data 2021

Table 5.12 shows when the COVID-19 has started suddenly the remittance percentage of the reserve was fallen from 4% to 3% and it was steady from August 2020 to January 2021. It showed that during the COVID-19 period the remittance percentage of the reserve is also enhancing which reach its peak in July 2020 at highest almost 7%. Then fluctuating the trend 5% to 4% till June 2021.

Table: 5.12 Remittance Percentage of Reserve

2020-2021	REMITTANCE	RESERVE	REMITTANCE % OF RESERVE
June	1940.81	46391.4	4%
May	2171.03	44960.5	5%
April	2067.64	44950.4	5%
March	1910.98	43440.8	4%
February	1780.59	44016.5	4%
January	1961.91	42863	5%
December	2050.65	43166.5	5%
November	2078.74	41269.2	5%
October	2102.16	41005.8	5%
September	2151.05	39314	5%
August	1963.94	39040.1	5%
July	2598.21	37288.4	7%
2019-2020			
June	1832.63	36037	5%
May	1504.6	33409.9	5%

April	1092.96	33111.1	3%
March	1276.26	32570.2	4%
February	1452.2	32986.5	4%
January	1638.43	32381.2	5%
December	1691.68	32689.2	5%
November	1555.23	31729	5%
October	1641.67	32437.7	5%

SOURCE: Constructed from Bangladesh Bank Data 2021 (Online)

Table 5.13 demonstrates the transfer method which is used by the migrants to send their money before the COVID and after the COVID period. There are two channels of remittance which is used by migrants to remit their money that is formal channels and informal channels. Formal channels are draft issued by a bank or transfer agencies and through mobile financial service (MFS). Among the informal channels, hundi is noteworthy. Before COVID period is considered from 2019 to March 2020 and after COVID period is estimated from March 2020 to the present time. The table depicts that in the pre-COVID period only 23 migrants sent their remittance through a formal channel, whereas after the COVID period the number rose to 148. This study only includes the information about formal transactions because there is no certain data available about informal transactions.

Table: 5.13 Methods used by migrants to send their remittance

Period	Rem. Transfer Channel	BRAHMANBARIA	MADARIPUR	SHARIATPUR	Grand Total
Before COVID	Formal channel	5	9	9	23

After COVID	Formal channel	65	66	17	148
Grand Total		70	75	26	171

(c) Results of an Interview with Key Informants

Interviews with key personnel from a few selected organizations are done as part of the study strategy. Dr. Tasneem Siddiqui, a researcher and founding chair of the Refugee and Migratory Movements Research Units (RMMRU), Dr. Mohammad Abdur Razzaque, an economist and chairman of Research and Policy Integration for Development (RAPID), one senior government official from the Ministry of Expatriates Welfare and Overseas Employment, two bank officials from both commercial and private banks, and three hundi operators from both home and abroad are among the participants

Observations from Key informant’s interview:

As per a senior official from the Welfare Ministry, the government's 2% incentive program is the main source of remittance increase. Furthermore, as a result of covid migrants sending more money to support their family than before. Furthermore, some migrants return home with all of their savings after being deported.

In the perception of a bank official from Islami Bank Bangladesh, in addition to the government's 2 percent incentive, their bank offers an additional 1% incentive. As a result, he believes it could be another cause for the rising trend in remittances.

A transfer agency official said that now they are receiving more money to remit. Although the number of senders is limited, however, the volume is greater. Therefore, he concluded that this

may happen due to the fear of deportation migrant send all of their savings, and government incentives also encourage them to use formal channels more than before.

According to Tasneem Siddiqui, remittance is a complex issue not only increase due to the 2% cash incentives given by govt but also the decreased demand of the hundi business market (visa purchasing costs, over-invoicing and under-invoicing business, and gold smuggling business, etc) as well as savings bring by the migrant.

Dr. Mohammad Abdur Razzaque stated that, aside from the 2% incentive, we have a deficit with our partner countries because we import more and export less, and in those countries, demand for goods and services (education, treatment, and tourism) was very high, resulting in the informal system (Hundi), but that demand has decreased due to covid, causing people to use the formal system more.

According to certain hundi operators, they are unable to conduct business smoothly due to lockdown situations (movement limitations), because before the COVID period, they were able to collect the majority of the money by going straight to the migrant worker's workplace, which allowed migrants to save time and money. Furthermore, Bangladesh Bank's 2% cash incentive worsens the situation for migrants because they can now transmit money without fear of security or additional costs. Apart from that, the money sent by migrants was given by hundi operators, who sometimes gave it to the migrant's families physically and sometimes placed it in the recipient's bank account to conceal their identity. However, because of given nationwide government's preventive measures, hundi workers are currently unable to move freely, in addition to this they must have to answer questions from banks about their sources of cash, relationship with the account holder, NID card, valid address, and mobile number.

Chapter 6

Discussion

The findings from the survey of 171 migrant families at Shariatpur, Madaripur, and Brahmanbaria, and the key informant's interview results supported the expected hypothesis. The findings showed significant changes in the trend of the remittances flow. It was found that documented remittances have increased dramatically in the last two years. There was also a significant difference found in the use of the remittances transfer method. The formal channels are more demanding one in need of transmitting migrant earnings amid the pandemic. The report also attempted to compare the situation to those of other South Asian countries like Pakistan and Nepal. Finally, the percentage of the reserve remitted was determined.

The expected hypothesis was that remittances growth is increasing as a result of the increased usage of formal channels. Indeed, only a few people have migrated for work since the pandemic's outbreak, owing to government 2% remittance incentives, travel bans, lack of access to informal channels, 1% additional incentive by some banks, fear of deportation forcing migrants to transmit all of their cash reserves back to their home country, and the fact that only a few folks have migrated for work since the pandemic's outbreak. Recruiting agencies didn't require hundi to acquire visas, the commerce industry didn't need hundi for under-invoicing, and gold smugglers didn't need hundi to get gold into Bangladesh, according to these estimations. As a result, remittances that previously arrived in a variety of ways now arrive through official channels (Siddiqi, 2021). Intriguingly, (Kpodar et al., 2021) discovered that emittances bucked the odds by rising surprisingly in most of the sample countries, many of which are emerging countries. The pressing need for migrants to help their families appears to have triumphed over the recession and pandemic control efforts in migrant host nations, which would put downward pressure on remittance (driven by altruism or insurance motive).

Transitioning from informal to formal remittance systems appears to have had an effect as well. Finally, research suggests that fiscal stimulus in industrialized economies has increased remittances, owing to the impact on GDP.

Although some of the findings are analogous to prior studies, the study focuses on the impact of formal channels on remittances during the outbreak. However, the research contributes to a better understanding of the numerous contending hypotheses about the causes of remittances growth in this pandemic. Apart from this, the significance of the research is it deals with survey results from the migrant families during the COVID period which lacks in the previous research. From the findings, it was visible that before COVID only a minimal number of migrants send their money through formal channels which significantly rose during the COVID period. Government incentives play a vital role to encourage migrants to use formal channels more. It also addresses the diminished demand for informal remittances. This study showed how the increased number of formal transactions aided to enhance the flow of remittances during the COVID-19 period. The experiment provides new insight into the relationship between remittance and reserve. The results also portray that during the COVID period remittance percentage of the reserve was also in ascending trend reaching its climax in July 2020 at almost 7%. The study also covered the comparative analysis between various South Asian countries based on the secondary data. A similar remittance trend was found between such developing nations. It was identified through this study that the unavailability of the hundi business market brings more people into the formal channel.

The strength of the study is the informal section was not seen much. In contrast, the weaknesses are, this study partially explained why the remittances are increasing. In addition to this, a larger sample could be used to identify the actual scenario. Last but not least, further research needs to be undertaken to detect the informal transactions as this study only deals with the official data.

Chapter 7

Conclusion and Policy Recommendation

In Bangladesh, remittances are a significant source of foreign exchange income. It has emerged as a catalyst for economic growth and poverty eradication. It can help with improving a country's development prospects, maintaining macroeconomic stability, and mitigating the consequences of exogenous shocks. The goal of this article was to look at the reasons for the increased growth of remittances during the COVID-19 period. Our analysis had a unique feature in that it compared the remittance flow from 171 migrant families in Shariatpur, Madaripur, and Brahmanbaria with national-level data (Bangladesh Bank online data) to scrutinize the trajectories of remittance. The investigation also investigated the communication routes that were used during the pandemic.

According to the study's findings, the usage of official channels has increased remittance growth in recent years. This study takes into account the measures implemented by the Bangladesh government, particularly the central bank, such as providing incentives to direct remittances to formal channels to enhance the flow of remittances. The travel ban, as well as a lack of access to informal channels, have aided the acceleration of remittance growth. The research also provides an in-depth understanding of the informal business markets of Hundi and Hawala. As a result of the study, it is obvious that most developing countries have both formal and informal channels. Although the informal channels were weak during the pandemic which helps to boost formal transactions may again get strength after the COVID-19 period.

It was feared by the experts that the trend may not be durable, thus, manifold policies should be adopted to continue the growth.

Initiatives and Incentives for Smooth Flow of Remittances:

Government should retain the incentives to uphold the remittances trend upward. In the 2019-20 budget year, the government declared a 2 percent remittance benefit, which it will retain in the 2020-21 budgetary year. The travel prohibition, as well as inadequate access to informal channels, have contributed to the rapidity of growth. People who utilize bKash to acquire money from abroad will obtain a 1% cash bonus in addition to a 2% government incentive (Harmachi, 2020). The Probashi Kallyan Bank has decided to lend US\$62.5 million on preferential conditions to migrants who have lost their employment due to the virus. Furthermore, the Wage Earners' Welfare Board comprises a fund to provide flexible and low-interest loans to these refund migrants through multiple banks, allowing them to make attractive returns (UNDP, 2020). Bangladesh has been attempting to mobilize its development partners. An additional \$500 million loan has been added to the Asian Development Bank's initial \$150 million credit. The Bangladesh Bank is working diligently to maintain a stable foreign exchange rate while maintaining market stability (Aneja and Islam, 2020).

Digitization and the role of remittance service provider:

As a result of our research, we have arrived at the conclusion that hundi operators receive money directly from going to workers' places of employment, allowing migrants to save both transit costs and time. In these areas, digitalization can play a bigger role. Interoperability between mobile financial services should be recognized since it can enhance internal remittances via mobile accounts. It could also be necessary to put in place adequate procedures to ensure that any fees linked with fund transfer from e-wallets to bank accounts are waived (Aneja and Islam, 2020). When mobility is limited, internet methods for sending remittances shine, but there are still obstacles, particularly on the receivers' end, which adds to costs. Financial inclusion such as basic bank accounts is still limited in several of Asia's remittance-dependent economies (ADB, 2020). Furthermore, because the majority of migrants are unskilled, they have little awareness of banking procedures. Public sector institutions and

remittance network operators can work together to assist migrants and their households in opening bank accounts and gaining access to digital services. Bangladesh's suggestions on electronic "know your customer" prerequisites for banks and mobile money vendors should be followed (e-KYC). The administration has taken a variety of initiatives to maintain growth. For instance, the internet service Blaze, which is a venture between Sonali Bank, Homepay, and ITCL, would reduce the likelihood of money being transferred illegally. Expatriates from all over the globe will be able to dispatch their hard-earned cash to the country in just five seconds, at any time, using revolutionary technology (Dhaka Tribune, 2021).

Documentation of Migrant:

Bangladesh's migrant community is largely made up of undocumented workers. Unauthorized immigrants are more prone to use informal channels to donate money. As a result, in addition to steps to encourage regular migration, procedures must be expedited so that irregular migrants can pay remittances through official channels. Bangladeshi banks abroad may be told to follow the Philippines' trend and make account opening easy by considering documents other than passports (Siddiqui, 2004). Whereas nations such as Bangladesh, Pakistan, and the Philippines have upgraded their data in the latest days by regularly sharing essential data, data remain scant, primarily data that would be advantageous to remittance service providers and remitters. Records on remittance inflows and outflows, modes of transmission and reception, and statistics (gender, age, and location, among other things) would be quite useful. Accurate data is required to determine the worth of remittances to a nation of origin (ADB, 2021).

Initiatives to Explore New Market and Skills for Migrants:

Moreover, new skills and markets for Bangladeshi migrants are required. Extend international markets by considering the option of sending more people, particularly to East Asian destinations, where demand for personnel is projected to be high due to their superior

experience with the contagion (for instance, Singapore, South Korea, and Malaysia) (Rahman, 2021). Seychelles, an Indian Ocean archipelago, signed an "agreement on workforce cooperation" with Bangladesh in 2019. The agreement calls for the deployment of skilled workers (The daily star, 2021). Bangladesh's government is also transferring laborers to Japan to work as nurses, generating fresh remittances. Migrant workers generally get a wide number of innovative expertise in the professions in which they serve while on assignment in another country. GoB might build an online database to track return migrants' abilities and assign them to compatible industries when job openings occur (Chowdhury and Chakrabarty, 2021).

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