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IMPACTS OF REMITTANCE ON THE SOCIOECONOMIC CONDITION OF BANGLADESH: AN ANALYSIS

Iqbal Ahmed Chowdhury

Abstract

Remittance is considered to be one of the influential sectors of the socioeconomic development of the Third World countries, particularly countries like Bangladesh. In Bangladesh, remittance contributes to the socioeconomic development, maintain foreign exchange reserves, and manage balance of payment, etc. This paper particularly explains the impacts of remittance on the socioeconomic condition of Bangladesh. The paper is written based on secondary sources, published documents on the impacts of remittance. The paper reveals that remittance has both positive and negative impacts on the socioeconomic condition of Bangladesh. However, the positive impacts are more influential than negative one. In Bangladesh, remittance helps people generate income, provide children advanced education, increase social status, create employment opportunities for poor, and above all empower women. People can avail material and non-material culture and can enjoy civic amenities of the modern era. Although, it creates inequality in the society and cultural lag among people, its influential aspect to the socioeconomic development of Bangladesh is more prevailing. As a result, this paper recommends for necessary initiatives from Government Organizations and Non Government Organizations to maintain both remittance and migration flow normal and congenial.

Keywords: International Migration, Remittance Flow, Socioeconomic Development, Social Status, Civic Amenities

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Introduction

The role of remittance in socio-economic advancement of developing nations is increasingly being recognized in contemporary development literatures. In 2013, the World Bank published a report showing that in several developing countries, remittances have exceeded the size of the Official Development Assistance (ODA), Private Debt and Portfolio Equity (PDPE), and foreign exchange reserves. For example, in Tajikistan, remittances are 1129% larger than foreign exchange reserves, in Ecuador, Sudan, and Pakistan it is 227%, 208%, and 137% respectively (World Bank, 2013). Another report from the World Bank shows that in 2009, the remittance flow to South Asia was $75b, and in 2011, it increased to $107b (World Bank, 2013). The remittance flows to developing countries are also expected to reach $540b by 2016. Therefore, the role of foreign remittance to the development is undeniable in the current contexts of developing countries.

The fact that remittance supports socio-economic and cultural development of a developing nation is evident today in Bangladesh. The country has been experiencing an increased inward growth of remittance since the very beginning of its independence. Every year considerable numbers of people migrate to different countries of the world. As a result, remittances have become one of the important forces of the socioeconomic development of Bangladesh. According to the estimation of the Bureau of Manpower, Employment, and Training (BMET), Bangladesh, in first two months of 2014 (January and February), 96068 persons have migrated to the Middle East, Europe, America, Canada and several other countries of the world (BMET, 2014). In 1976 the number of expatriated individuals from Bangladesh was 6087, which was 409253 in 2013 (Islam, 2014; BMET, 2014, Bangladesh Bank, 2014). The amount of remittance has also increased with the increases of the number of migrants. For instance, in the 1994-1994 (Fiscal Year), the amount of remittance sent by transnational migrants was US$ 1197.63m, while in 2000-2001 (Fiscal Year), it was US$ 1882.10m, and in 2012-2013, the amount of remittance sent by Bangladeshi migrant workers was US$ 14461.14m (BMET, 2014; World Bank, 2013).

The huge exodus of manpower and subsequent remittance flows help ease the precarious condition of unemployment in Bangladesh, generate

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1 Bangladesh is a South Asian developing country with a population of approximately 16 crore. The territory of the country is 147570 sqkm. (BBS, 2014).
2 Bangladesh became an independent sovereign country in 1971 after nine-month long war of liberation with Pakistan (Khan et al., 1996)
foreign exchange earnings, contribute to the reduction of poverty, provide opportunity to improve social status, and help the unfavorable balance of payment (Osmani, 2004; Hussain, 2011; Chowdhury, 1985). In so doing, they facilitate the development of the socioeconomic conditions of Bangladesh. Moreover, the migration of labor has a considerable impact on income distribution between receiving and non-receiving population of Bangladesh (Alam et al., 2011; Siddiqui 2003; Sabur and Mahmud, 2008). According to a report of the World Bank, in Bangladesh, remittance has exceeded the foreign direct investment as well as foreign exchange reserves. For example, in 2011, the remittance was 117% larger than foreign exchange reserves of Bangladesh (World Bank, 2013). Besides, in 2008-2009 Fiscal Year, the FDI flow in Bangladesh was US$ 960,60m and in 2012, FDI was gone up by 13.75% (Rahman and Ahsan, 2013; bdnews24, 2013). And, it is expected to be increased in the coming years because of the implementation of several policies favorable for remittance flows.

While remittance has positive impacts in the socio-economic conditions, it has some negative impacts too. Ratha et al. (2011) demonstrate that although international migration increases rapid economic development, income opportunity, better living conditions, infrastructural development, it also creates income inequality, cultural leg, and class distinction among the remittance recipient and non-recipient households. Similar discussions are also present in the development discourse of Bangladesh (Ahmed, 2012; Haas, 2007).

This paper focuses on the impacts of remittance on the socioeconomic conditions of Bangladesh. In so doing, it deals with the central argument that remittances have considerable impacts on the development of Bangladesh. Although, it has few negative impacts on the socioeconomic condition of Bangladesh, the positive impacts are widespread over negative impacts. As a result, remittance can be considered as one of the important forces of the socioeconomic development of Bangladesh. The discussion is divided into seven parts. The first part conceptualizes the term remittance. The second section portrays the migration and remittance flows in aspect of Bangladesh. The third section concentrates on the economic impacts of remittance. The fourth section analyses the impacts of remittance on the family life of the remittance recipients. The fifth part discusses the impacts of remittance on the social life of Bangladesh. The sixth section analyzes the cultural impacts of remittance. Lastly, the seventh section represents the author’s reflection and the conclusion of the paper.
Conceptualization of Remittance

Generally, remittance is defined as “money sent by migrants to their families in their home countries” and it was called worker remittance (World Bank, 2013). In 2005, personal transfer was used in place of worker remittance in Balance of Payment Manual-5, which included workers remittance and other household-to-household transfers (IFM, 2005). According to the BPM5, Personal transfer includes:

a) The sources of income of the sender (be it wages and salaries, social benefits or any other type of transfers, including transfers from a person receiving no income and running down his/her assets);

b) Relationship between the households (be it between related or unrelated persons); and

c) Purpose for which the transfer is made (be it inheritance, alimony, lottery, etc.).

Personal remittance, therefore, consists of current and capital transfers in cash or in kind, made or received, by resident households to or from non-resident households and net compensation of employee from persons working abroad for short periods of time (less than one year) (IMF, 2005). However, in the Balance of Payment Manual-6, the definition of remittance has been modified where few other elements have been included (see, Table 1).

Table 1: Estimation of Total Remittance

<table>
<thead>
<tr>
<th>Total Remittance: a+b+c+d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Remittance: a+b+c</td>
</tr>
<tr>
<td>a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal transfers (standard component in BPM5)</th>
<th>Compensation of employees taxes, social contributions, transport, and travel</th>
<th>Capital transfers Between households</th>
<th>Social benefits</th>
</tr>
</thead>
</table>

Features of the new definition:

Personal remittance is the sum of two main components: “compensation of employees” and “personal transfers”. It also consists of a third item: “capital transfers between households” (difficult to get data on “capital transfer”.
Compensation of employees is unchanged from BPM5. Unlike worker remittance, personal transfers are defined independently of the sources of the income of the sending household, the relationship between the households, and the purpose for transfer.
Personal transfer is not limited only in aspects that migrants sending resources to support their relatives in their economy of origin.

Therefore, the new definition of remittance includes all kind of personal transfers, compensation of employees, taxes, social contributions, transport, and travel, capital transfer between households, and social benefits (World Bank, 2013).

Migration and Remittance flows in the Context of Bangladesh

Migration from Bangladesh started in 1976 with a modest number of 6078 (BMET, 2014). Presently over 8.5m Bangladeshi migrants are working all over the world. In 2013, 409253 persons migrated from Bangladesh to other countries of the world and in the first two months of 2014, the mount number was 96068 (BMET, 2014, IOM, 2014). Mainly, Bangladeshi workers migrate to 143 countries of the world. Among them, about 90% migrate to the Middle east and Malaysia. Bahrain, Libya, Qatar, Saudi Arabia, UAE, Kuwait, Oman, Malaysia and Singapore are some of the major countries of destination for Bangladeshi Workers (see, Table 2; Figure 1).
Table 2: Overseas Employment from 1976 to 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Year</th>
<th>Number</th>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>6087</td>
<td>1989</td>
<td>68121</td>
<td>2002</td>
<td>188965</td>
</tr>
<tr>
<td>1977</td>
<td>15725</td>
<td>1990</td>
<td>101724</td>
<td>2003</td>
<td>225256</td>
</tr>
<tr>
<td>1978</td>
<td>22809</td>
<td>1991</td>
<td>103814</td>
<td>2004</td>
<td>254190</td>
</tr>
<tr>
<td>1979</td>
<td>24495</td>
<td>1992</td>
<td>147131</td>
<td>2005</td>
<td>272958</td>
</tr>
<tr>
<td>1980</td>
<td>30073</td>
<td>1993</td>
<td>188124</td>
<td>2006</td>
<td>252702</td>
</tr>
<tr>
<td>1981</td>
<td>55787</td>
<td>1994</td>
<td>244508</td>
<td>2007</td>
<td>381516</td>
</tr>
<tr>
<td>1982</td>
<td>62762</td>
<td>1995</td>
<td>186326</td>
<td>2008</td>
<td>832609</td>
</tr>
<tr>
<td>1983</td>
<td>59220</td>
<td>1996</td>
<td>187543</td>
<td>2009</td>
<td>875055</td>
</tr>
<tr>
<td>1984</td>
<td>56714</td>
<td>1997</td>
<td>211714</td>
<td>2010</td>
<td>475278</td>
</tr>
<tr>
<td>1985</td>
<td>77694</td>
<td>1998</td>
<td>231077</td>
<td>2011</td>
<td>390702</td>
</tr>
<tr>
<td>1986</td>
<td>68658</td>
<td>1999</td>
<td>267667</td>
<td>2012</td>
<td>568062</td>
</tr>
<tr>
<td>1987</td>
<td>74017</td>
<td>2000</td>
<td>268182</td>
<td>2013</td>
<td>409253</td>
</tr>
<tr>
<td>1988</td>
<td>68121</td>
<td>2001</td>
<td>222686</td>
<td>2014</td>
<td>96068 (February)</td>
</tr>
</tbody>
</table>

Source: Bureau of Manpower Employment and Training (BMET), 2014.

Figure 1: Principal Destinations of Transnational Migrants

Source: Bureau of Manpower Employment and Training (BMET), 2014.

According to the Islam (2014), currently, two types of international migration occur in Bangladesh: voluntary migration to the industrialized West and migration to the Middle Eastern and South East Asian countries. Voluntary migration to the industrialized West includes permanent residents, immigrants, work permit holders and professionals. They are usually perceived as long term or permanent migrants. Migration to the Middle East and South east Asia are usually
for short term, and migrants return home after finishing their contracts of employment in the host countries (BMET 2014, IOM, 2014). As the number of transnational migrants has increased over the time, the amount of remittance sent by the migrants has also increased. It has increased from US$ 1197.63 million in 1994-1995 to US$ 14461.14 million in 2012-2013. The trend of remittance has accelerated in recent years from US $2.07 billion in 2001 to US$ 14.00 billion in 2012 (see Table 3).

Table 3: Remittance Flows to Bangladesh

<table>
<thead>
<tr>
<th>Year</th>
<th>Remittances In million US dollar</th>
<th>Remittances In million Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2013</td>
<td>14461.14</td>
<td>1156460.78</td>
</tr>
<tr>
<td>2011-2012</td>
<td>12843.43</td>
<td>1018827.79</td>
</tr>
<tr>
<td>2010-2011</td>
<td>11650.32</td>
<td>829928.90</td>
</tr>
<tr>
<td>2009-2010</td>
<td>10987.40</td>
<td>760109.59</td>
</tr>
<tr>
<td>2008-2009</td>
<td>9689.26</td>
<td>666758.50</td>
</tr>
<tr>
<td>2007-2008</td>
<td>7914.78</td>
<td>542951.40</td>
</tr>
<tr>
<td>2006-2007</td>
<td>5998.47</td>
<td>412985.29</td>
</tr>
<tr>
<td>2005-2006</td>
<td>4802.41</td>
<td>322756.80</td>
</tr>
<tr>
<td>2004-2005</td>
<td>3848.29</td>
<td>236469.70</td>
</tr>
<tr>
<td>2003-2004</td>
<td>3371.97</td>
<td>198698.00</td>
</tr>
<tr>
<td>2002-2003</td>
<td>3061.97</td>
<td>177288.20</td>
</tr>
<tr>
<td>2001-2002</td>
<td>2501.13</td>
<td>143770.30</td>
</tr>
<tr>
<td>2000-2001</td>
<td>1882.10</td>
<td>101700.10</td>
</tr>
<tr>
<td>1999-2000</td>
<td>1949.32</td>
<td>98070.30</td>
</tr>
<tr>
<td>1998-1999</td>
<td>1705.74</td>
<td>81977.80</td>
</tr>
<tr>
<td>1997-1998</td>
<td>1525.43</td>
<td>69346.00</td>
</tr>
<tr>
<td>1996-1997</td>
<td>1475.42</td>
<td>63000.40</td>
</tr>
<tr>
<td>1995-1996</td>
<td>1217.06</td>
<td>49704.00</td>
</tr>
<tr>
<td>1994-1995</td>
<td>1197.63</td>
<td>48144.70</td>
</tr>
</tbody>
</table>

Source: Bangladesh Bank, 2014.

The oil-rich Middle Eastern countries with more than 60 percent of the total stock of Bangladeshi migrant workers account for a lion’s share of
remittance to Bangladesh. The Kingdom of Saudi Arabia is the most important source of remittance. Its share is almost 27 percent of the aggregate remittance in 2012-2013 FY. The UAE, accounts for the second largest source nearly 20 percent of the total remittance to Bangladesh (Bangladesh Bank, 2014).

**Conceptual Framework**

The conceptual framework has been constructed on the basis of secondary sources.

Figure 2: Conceptual Framework

Source: derived based on review of literature

**The Impacts of Remittance on the Economic Condition of Bangladesh**

Remittance has a direct impact on the economy of Bangladesh. The increasing flow of remittance to Bangladesh contributes to rapid growth of its economy, creates income opportunities, provides better living condition, and facilitates infrastructural development. Because of its conducive impacts on the economy, remittance has become a major source of development for Bangladesh. According to the International Fund for Agricultural Development (IFAD), in 2006, remittance contributed almost 13.1 percent of the total GDP of Bangladesh, and in
In 2013 it was 11 percent of the total GDP of Bangladesh (Datta and Sarkar, 2014; Arman, 2013; IFAD, 2006). More importantly, remittance affects the size the national development budget. It accounts for more than half of the total government revenue and it is about four times the total annual aid flow to Bangladesh (Khan, 2008; Siddiqui and Abrar, 2003). As a result, the stability of the economy of Bangladesh is largely determined by foreign remittance (Al Hasan 2006). As it is an inexpensive source of foreign exchange earnings and less prone to market fluctuations and private capital flows, it is used in maintaining balance of payment and easing foreign exchange constraints (Khan 2008) (Zeitlyn 2006, IOM 2006; Khan 2008). Moreover, remittances also make significant contributions in financing import of capital goods and raw materials for industrial development. (Cited in Stevanovic, 2012:64-65)

The role of remittance in the economies of labor sending countries like Bangladesh is very important. For example, recently, a World Bank report observes that remittance inflows in Bangladesh (annual average growth of 27 percent in 2006-07) contribute in stabilizing the current account surplus. In addition, it also helps Bangladesh maintain an increased level of foreign exchange (Stevanovic, 2012). Ratha (2003) shows remittance as a very stable source of foreign exchange and explains that in Bangladesh remittance has an impact on the boosting up of the market economy. Furthermore, the incoming foreign exchange helps Bangladesh pay import liabilities, improves balance of payments position, strengthens foreign exchange reserves and finances external debt (Khan, 2008). According to BMET (2013), by easing the foreign exchange constraint and stabilizing the exchange rate, remittance allows Bangladesh to import necessary raw materials, intermediate goods, and other capital equipments. Moreover, comfortable reserves of foreign exchange also contribute to overall macro economic stability and reduce aid dependency (BMET 2013; Khan, 2008).

Remittance facilitates internal (rural-urban) migration in Bangladesh. In Bangladesh, a major portion of remittance is invested in the urban areas to build high-rise buildings, shopping malls, and several establishments, which create formal and informal job opportunities in the urban areas. As a result, people from different poverty stricken rural areas migrate to the urban areas and involve in formal and informal jobs (Siddiqui, 2003; Quasem and Mondol., 1998; Islam et al., 2013; Ahmed, 2012).

Moreover, remittances have positive impacts on poverty reduction and sustainable development in Bangladesh. International Organization of Migration (IOM) examines the dynamics of remittance utilization and its
effectiveness as a poverty-alleviating tool (IOM, 2005). It shows that remittance increases the personal savings of recipient families, provides opportunities for investment and reinvestment, strengthens people’s entrepreneurial initiatives, all those effects of remittance have further impact on the poverty reduction (IOM, 2013; Chowdhury, 1995; Ahmed, 2012). Let us make the point clearer. In the readymade garment (RMG) along with non-farm activities in the agricultural sector, remittance is identified as one of the key factors that contribute to reducing the overall incidence of poverty in Bangladesh (Osmani, 2004). Moreover, Khan (2008) gives his opinion that remittance has a positive impact on per capita income of the people of Bangladesh, which contributes in declining poverty condition of Bangladesh Another study by Raihan et al. (2009) provide a pro-poor analysis of remittance and suggests that remittance plays a very important role in Bangladesh with regard to macroeconomic stability and household’s well-being, measured in terms of consumption level and poverty incidence (Raihan et al., 2009).

Remittance and the Families of Bangladesh

Besides the macro level impacts (economic), remittance has several micro level impacts (on family or household). Literatures on the impacts of the remittance at the family level show that remittances are mostly used for direct consumption of the family members. For example, remittance increases the ability of buying food, clothes, furniture and medicine (Arif, 2009; Siddiqui and Abrar, 2003; IOM, 2009; Thao, 2009; Martin, 2004; IOM, 2005; Ahmed, 2012). Remittance promotes economic conditions of recipient family and enhances their living standard. For instance, it helps them improve their daily food intake, eating adequate and quality food, take good care of their health, send their children or siblings to better schools, and give children/siblings proper education and adequate learning materials (Ahmed, 2012). The major pecuniary benefits of remittance are the improvement of living condition and greater access to civic amenities for the migrant and his/her family. Some of the primary uses of remittance are settling debt, and purchasing land and consumer durables (Mahmood, 1991; Afsar et al., 2002). Food and clothing rank highest on the list of family consumption. According to Demary (1986), in Asia, 50-60% of total remittance is typically spent in current consumption and only about 10% goes into further investment (Siddiqui and Abrar, 2003). According to Siddiqui and Abrar (2003), about 20 percent and according to Murshid et al. (2002:19), about 35 percent of the remittance is spent on food alone.

Remittance fosters the annual household income of the family of Bangladesh. It is important to note that remittance can be used for either direct consumption of the family or productive activities; it depends on
the pattern of households and migration. Besides the immediate consumption, remittance is invested in several sectors. For example, in Bangladesh, land is the most profitable and safest investment sector (Murshid et al., 2002:47; Siddiqui and Abrar, 2003). According to Mahmood (2002 cited in Murshid et al., 2002), land is the most important utilization of overseas remittance, which provides direct economic return through crop production, and it can increase in value over time. Apart from this, the use of remittance in releasing mortgaged out land is also quite important in the rural context as it re-establishes the right of the person to cultivate the land. (Murshid et al., 2002; IOM, 2005).

The economic and social status of the members of the migrants’ families can be enhanced through remittance. Better economic condition results in changes in life style, which in turn confers higher status of the migrant families. The development of the economic condition of the migrants’ families manifests itself in their better housing condition, new household amenities, food consumption, dresses, interactions with others, and transactional patterns. Thus, every amenity, achieved from remittance, adds value to the status of the migrants’ families (Sabur and Mahmud, 2008). Because of their social and cultural implications, the civic amenities play a significant role in changing people's perception and attitudes towards the migrants’ families. Apart from this, remittance accelerates the possibility for the migrants’ families to involve in political organizations. Sabur and Mahmud (2008) discusses that remittances help the migrants' families improve their social status through attaining economic solvency and new lifestyle that in turn helps them get access to local organizations.

Remittance also has a profound political impact within the family, one that empowers the wife of the migrants where women get direct power to make decisions about various matters. In many aspects, the wife of the migrant can take decisions related to education and healthcare of children. They also can enter into public life by means of their ability to allocate money and other benefits and to draw assistance from others. The study by Sabur and Mahmud (2008) reveals that there is a positive correlation between the money received by the wives from their husbands and the capacity of the wives to make decision in the family. Moreover, with the power from remittance that the wives receive directly from their husbands working abroad, the traditionally dependent housewives effectively claim authority in the decision making process within the family and can make voice both in the family and in the community.
Besides the positive impacts, remittance, however, brings a few negative impacts onto the family life of the migrants. The major one is that the households of migrants become dependent on remittance for their livelihood (Afsar et al., 2002). Ahmed (2012) also confirms this observation. According to Ahmed (2012), since remittance becomes the major source of household income, family members become more dependent on the transnational migrants. This dependency, however, may make migrant’s family members apathetic to productive activities, which may cause problems when the political or economic situation in the destination countries is altered, for instance, putting a stop to migration.

Moreover, remittance may change family structure (extended to nuclear) and increase the chance of internal migration for the recipient family. It is known that remittance is quarterly sent, and sometimes the amount of money is not enough for all households to enhance the economic and social status of individual members. In rural areas in Bangladesh, most of the households are extended, and there is a limited chance of improving civil amenities, such as better education and healthcare. Under such circumstances, extended families may turn into nuclear families to enhance access to better civic amenities through the migration to nearest urban areas. Additionally, the change of family structure and internal migration may depend on whether remittances are directly received by migrant’s wife or not.

**Society level Impacts of Remittance in Bangladesh**

Remittance has direct and indirect impacts on the society of Bangladesh where the families’ cumulative activities affect indirectly the development of the society. Moreover, altruistic and philanthropic remittance inflow to the society by personal and community-based organizations may promote development activities. According to BMET (2013), manufacturing, construction, agriculture, services, transport and communication, and social infrastructures sectors are the mostly benefited from remittance. In addition, remittance is also invested in the setting up of shops, purchasing of sewing machines to make clothes, and the acquisition of stocks in a cooperative project (IOM, 2005). According to Haas (2010) and Skeldon (2008), spending on consumption, such as housing construction, generates multiplier effects through the creation of job for local people and stimulates the demand for local products.

Sen’s (1999) broader concept of human development defines development as the process of escalating the real freedoms that people enjoy through spending on education. In this case, health-care can also
be seen as an aspect of development, because they contribute to expand the freedom of the people. In the social level, remittance plays a vital role to ensure freedom of expenditure, freedom of savings of the families which in turn is identified as development. The study conducted in the Power and Participatory Research Center (PPRC\textsuperscript{1}) on the meso-economy of Bangladesh suggests that a demand boost for certain products at the local level is occurred because of the foreign remittance. Consequently, certain economic activities are started, which cater for these products flourish (IOM, 2005).

Moreover, community can be developed by the direct philanthropic intervention of remittance. According to Siddiqui (2004) and Murshid et al. (2002), it may not be possible to measure the exact level of philanthropy practiced by migrants; only certain assumptions can be drawn. Studies on remittance and philanthropy observe that the uses of remittance include gifts or donations to relatives and to community development activities through faith based organizations, charity, and helping victims of natural disasters (Khan 2008; Siddiqui and Abrar, 2003; Siddiqui, 2004; Murshid et al., 2002). A portion of the remittance is donated for the infrastructural development of mosques and madrasas\textsuperscript{2} (Siddiqui and Abrar, 2003). More importantly, remittance is used in “alleviating poverty and assisting in sustaining subsistence within one’s kinship networks. Moreover, it is also used in other social development, such as education, health, and infrastructure (Najam 2007).

Remittance has positive impacts on elderly social security. According to Kuhn (2001), remittance forms a major source of money for parental support and, as such, they act as a kind of social security resource base for the elderly in Bangladesh (IOM, 2005). For example, aged people of remittance recipient families can avail healthcare facilities easy. They can get quality treatment from modern clinic without being dependent on the social assistance program. In addition, they can buy necessary food items useful for their health. By remittance elderly people can also buy necessary equipments useful for their comfortable movement. Moreover, they can invest for their insurance program. So, for them remittance is a most useful way of ensuring social security.

Finally, remittance can contribute to the creation of social capital within the society of Bangladesh. As mentioned earlier, with the increase of the remittances, the members of the remittance recipient families involve

\textsuperscript{1} The research of Power and Participation Research Centre (PPRC) covers 188 unions and market centers all over Bangladesh.

\textsuperscript{2} Islamic Academic institution. As majority of the population of Bangladesh are Muslim, there are several religious in this country.
with several philanthropic and social welfare activities, such as building schools, mosques, madrashas, and development of the infrastructure. As a result, a strong network among the members of the remittance recipient families and other members of the society is built up, which help them develop social capital. Moreover, other elements of social capital, such as civic participation and social trust are also created through the engagement with the philanthropic and social welfare activities facilitated by foreign remittance.

On the contrary, remittance may create some nefarious impacts on society. The negative impacts of remittances are also seen in their dependency potential on the part of the recipient families and their inflation nature (IOM, 2005). For example, a sudden interruption in remitting money can have a disruptive impact on local economies and families (Stevanovic, 2012:69). Remittance recipient families may neglect local productive activity. Poor families who do not have the money to send members abroad do not have access to remittance. Thus, the gap could increase between the better-off families and the ultra poor. Chowdhury (1992 and 1995) shows, the inflow of remittance widen the socio-economic difference between remittance receiving and non-receiving families.

International Organization of Migration (2005) explains the signs of inflation due to remittance can be seen in the society of Bangladesh. Haan (1999) indicates that remittance in Bangladesh led to rising inequality and impoverishment within the society. Interestingly, remittances are used to buy social status and to purchase land which lead to a concentration of landownership, and a sudden increase in the price of land (Islam, 1999; Haan, 1999). In addition, inequality may occur in every aspect of service sectors because of remittance where quality of services may decline as a result. Poor people who have no remittance, access to services may hamper.

**Impacts on the Culture of Bangladesh**

Remittance plays an important role in shaping the culture of Bangladesh. It may inspire migrant’s families to apply foreign ideas, knowledge, norms and values. For example, when the financial condition of a family is developed, the members of the family can avail several material cultures, such as television, computer, and furniture, which in turn may affect other elements of non-material culture. Sabur and Mahmud (2008) argue that migrants, living in any overseas countries, acquire new ideas, knowledge, norms and values. Thus, their experiences change their tastes, motivations, and habits. In that case, remittance provides with opportunities to come up with changed tastes, motivations, and habits. It
is also observed that significant number of the migrants’ families have improved their civic amenities by the help of remittance. These include TV, VCD, Radio, Cassette player, Ornament, Furniture, Telephone, Motorcycle, Computers, Refrigerators and other home appliances (Siddiqui and Abrar, 2003; Stevanovic, 2012).

On the other hand, remittance recipient families are able to send their children to the English medium schools facilitated with modern and developed equipments. As a result, children can have the opportunity of being familiarized with the modern norms and values different from the traditional norms and values of their families, which may create cultural conflict among the new generation and the older generation. These amenities of modern education may create unequal attitudes in the family as well as in the society. In addition, the changes of material culture may create cultural lag, especially to the elderly people of the community who can avail elements of material culture such as advanced mobile phone, motorbike, and private car, but, they may not operate and use them. However, the chance of creating cultural lag may depend on the family status or education level.

Author’s Reflections and Concluding Remarks

The paper tries to shed lights on the impacts of foreign remittance on the socioeconomic condition of Bangladesh. In this respects, it discusses the changed definition of remittance, which includes personal transfers, compensation of employees’ taxes, social contributions, transport, travel, capital transfer, and social benefits. It also discusses the migration and remittances flows of Bangladesh. Finally, it presents the discussion on the impacts of remittance on the economy, family, society, and culture of Bangladesh. In this respect, the paper portrays both positive and negative aspects of remittances flow of Bangladesh. The paper is guided by the central statement that remittance is one of the important forces of socioeconomic development of Bangladesh despite of its few negative influences.

From the discussion it can be concluded that remittance has a strong positive impact on the developing economy of Bangladesh. Each year hundreds of thousands of people of Bangladesh migrate to different countries of the world. As a result, considerable amount of remittance is inflowing to Bangladesh which contributes to the phenomenal economic growth of the country. A big share of the GDP of this nation comes from the remittance sent by its expatriates. Sometimes, the amount of remittance goes over the internal revenue of Bangladesh. Consequently, foreign exchange reserves are increased and balance of payment of the country is maintained. Moreover, it creates income opportunity, provides
better living conditions, and facilitates infrastructural development. As the remittance flow to Bangladesh is counted more than that of the annual aid flow, it has a positive implication in the development budget of the country. Remittance is also used to finance external debts.

The discussion reveals that remittance has both positive and negative impacts onto the family, social, and cultural life of Bangladesh. In case of the family life, remittance increases direct consumptions, increases the ability of buying goods, and helps them improve the standard of living. The families of the transnational migrants can obtain the ability of sending their children to better schools. In addition, families of migrants can avail civic amenities, which contribute to develop their social, economic, and political status. Besides these positive aspects, remittance makes the family members of the migrants more dependent on the remittance. It also provides opportunity of breaking down the extended families and the creation of the nuclear families. In the case of society level, remittance contributes to social development. It provides freedom, enhances philanthropic and social aid activities, helps victims of natural disasters, and contributes to alleviating poverty from the society. In addition, remittance ensures social security of elderly persons and empowers the women of migrants’ family. Above all, remittance creates social capital in the society of Bangladesh. In regards to the negative impacts of remittance on the society, remittance flows increase the price of the land of Bangladesh, create social inequality, and foster the rate of inflation. Beyond the family and social level impacts, remittance provides opportunities of developing the material and non-material culture of Bangladeshi families. However, it is also responsible for the creation of cultural lag and cultural conflict in the society of Bangladesh.

As remittance brings both positive and negative impacts to the socioeconomic condition of Bangladesh and the positive impacts are more effective than the negative one, 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. Several investment opportunities can be created so that the remittances of transnational migrants can be utilized properly. Government Organizations (GOs) as well as Non Government Organizations (NGOs) should consider the interest of international migrants and work for making congenial environment of sending money to the country. They can consider bilateral agreements with the destination countries so that the interests of the migrants can be promoted. The related institutions should be concerned about the rights of migrant workers so that they can get
favorable environment from the beginning of the migration to the returning phases. In additions government should introduce provisions of sending money with low cost as well as it can make sure that at the time of collecting remittance in the home the sender and receiver are not required to pay extra fees. Above all, NGOs can launch awareness programs for the families of the remittance recipient families so that they can be provided with guidelines of proper utilization of remittance. Finally, researchers should consider the prospects of remittance in respect to the development of Bangladesh and should work on to find out the problems and prospects related to international migrants and their earning remittances.

Resources


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