October 2008 Volume 15 Number 4

South Asia: A Special Report

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Labor migration from South Asia mostly involves: (1) workers going to work with two- or three-year contracts to the Gulf oil exporters; (2) a high share of women leaving to be domestic helpers from countries such as Sri Lanka (and few women from Bangladesh and Pakistan); and, (3) heavy reliance on private recruiters in both sending and receiving countries and high costs for migrants. These labor migration patterns raise issues from irregular migration to the vulnerability of female domestic helpers in private homes in conservative Gulf societies.

The ILO uses its 2006 Multilateral Framework on Labor Migration (MLF) to bring together unions, employers and governments to discuss ways of protecting the rights of migrants and ensuring that migration accelerates development in labor-sending countries (www.ilo.org/public/english/protection/migrant). For example, since many South Asian migrants rely on private recruiters, the MLF calls for issuing standardized and enforceable contracts to migrants, many of whom do not fully understand what they sign, eliminating or regulating fees charged by recruiters, and developing standardized systems to license and regulate recruiters.

The five major South Asia labor-sending countries sent over 1.5 million migrant workers abroad legally in 2005--India sent 549,000 migrants; Bangladesh, 253,000; Sri Lanka, 231,000; Nepal, 184,000; and Pakistan, 142,000. The number of migrants deployed rose in each country by 2007, for instance, the number of Indians deployed in 2007 was 800,000, the number of Bangladeshis 833,000, and the number of Pakistanis, 265,000.

There were 24 million South Asians abroad in 2000, including nine million Indians (four million in the Gulf countries), almost seven million Bangladeshis (most in India, but three million in the Gulf countries), and 3.5 million Pakistanis abroad, including 1.5 million in other South Asian countries and almost a million in the Gulf countries. The South Asian Diaspora includes almost 10 percent Afghanis.

The five major South Asia labor-sending countries received $40 billion in remittances in 2007, led by $27 billion in India; $6.4 billion in Bangladesh; $6.1 billion in Pakistan; $2.7 billion in Sri Lanka; and $1.6 billion in Nepal. Most South Asians earn $200 to $400 a month in the Gulf oil exporting states.

As labor migration becomes more important, South Asian countries are developing specialized agencies to promote and protect migrant workers. Sri Lanka in 2007 created a Ministry of Foreign Employment Promotion and Welfare, and both Bangladesh and Pakistan have similar specialized ministries or agencies to "market" their country's workers to foreign employers, process the contracts that allow them to go abroad legally, and regulate the recruiters who place most migrants in foreign jobs.

Bangladesh. Bangladesh is a country of 150 million people with an area the size of Iowa, making it one of the world's most densely populated countries. The country is poor, with per capita gross national income of about $480 a year in 2006, according to the World Bank, half the level of India ($820) and Pakistan ($770) and a third the level of Sri Lanka ($1,300).

Garments generate the most foreign exchange, about $8 billion a year, half of which are knitwear or ready-made garments. However, Bangladesh imports over $5 billion worth of fabric, buttons and other inputs to produce garments, making the value added about 35 percent. Some 2.5 million mostly young women cut fabric, operate sewing machines, and sort garments six days and 48 hours a week for a base wage of 1,662 taka ($24) a month, plus about $10 a month in overtime pay. Most of the young women are from villages, and most work in garment factories less than four years.

Bangladesh's second leading source of foreign exchange is remittances, $6.6 billion in 2007, including a third from Saudi Arabia. The number of migrants leaving Bangladesh averaged 250,000 a year between 2001 and 2005, rose to almost 400,000 in 2006, and doubled to 832,600 in 2007. The government expects to send 900,000 workers abroad in 2008. The government reported that 315,000 migrants left in the first six months of 2008, fewer than the 510,000 who received permission to leave for foreign jobs.

According to government data, 60 percent of Bangladeshi migrants leave on their own, 39 percent leave with the help of recruiters, and one percent leave via government and other channels. However, most of the 60 percent who leave "on their own" in fact leave with the help of agents who coach migrants to say they are leaving on their own. By going "independently," the government loses a tool to check and ensure that the foreign job is genuine. Independent migrants have little recourse if the job turns out to be something other than promised.

When there are problems, most Bangladeshi recruiting agents say that they are victims of employers and recruiters abroad. Most Gulf countries require employers to pay passport, visa and travel costs for the migrant workers they hire. However, recruiters in Saudi Arabia and Kuwait often keep much of this employer-paid fee, which means that Bangladeshi agents charge migrants for passports, visas and travel costs and rarely issue receipts.

Some Gulf employers request work visas for non-existent jobs. Since sponsor visas have value in Bangladesh and other labor-sending countries, Gulf families entitled to up to eight domestic helpers, guards, gardeners etc can sell eight work visas but employ only four foreign workers.

Bangladeshis say the over-recruitment problem in the Gulf is worsening. Some Gulf employers reportedly sell sponsorships to the highest bidder, which may be an Indian-owned recruiting firm in Saudi Arabia. This recruiting firm, in turn, may auction the visas among Bangladeshi agencies that in turn recruit more migrants than there are (fictitious) jobs, charging each migrant for passports, visas, health checks and transportation. In this manner, Bangladeshi migrants can wind up in the Gulf in debt and in an irregular status.

Gulf countries look at over-recruitment for non-existent jobs as a Bangladeshi problem, while Bangladeshis see the Gulf system of requiring foreign workers to have a local sponsor as the root problem. Over-recruitment of Bangladeshis is also common in Malaysia, which does not have a sponsorship system.

The actual cost of migrating from Bangladesh to the Gulf is about $1,200, half of which covers airfare and half for passport and visa costs, health checks and other certificates. Most Bangladeshi male migrants pay $2,000 for jobs that will pay them $200 a month or less, meaning that recruitment costs are equivalent to almost a year's salary on a typical two- or three-year contract. Bangladeshi women going to Gulf countries to be domestic helpers pay less, about $850, and earn less, about $150 a month, in part because some Gulf households prefer Muslim helpers.

Seen another way, each 100,000 Bangladeshi migrants deployed generates about $80 million in recruitment "profits." Reaching the government's goal of sending a million migrants a year abroad could generate $800 million in recruitment revenues above the actual costs of sending workers abroad.

The Bangladeshi recruitment industry is hard to evaluate because the firms are private and most payments are made by migrants in villages to sub-agents who are not licensed or registered and do not issue receipts. Some Dhaka-based recruiters say they know nothing about the activities of subagents, who are usually residents of the village in which they collect payments from migrants, so that migrants tend to trust them. Requiring that receipts be issued to migrants for all payments is a common recommendation to protect migrants.

Half of the Bangladeshis abroad in 2007 were classified as unskilled, a third as skilled, and 15 percent as semi-skilled; less than four percent were classified as professionals. Bangladesh discourages women from working abroad, but lifted a ban on women going abroad to be domestic helpers in 2003. There are a number of government and private agencies that aim to provide skills training for Bangladeshis interested in higher-wage foreign jobs, but it is not clear whether the credentials they issue are recognized abroad.

Before departing, Bangladeshi migrants receive a pre-departure orientation about the country to which they are going and their rights while abroad. At this juncture, it is too late for most migrants to withdraw, since they have already gone into debt to go abroad and most will have no way to repay the debt without foreign wages.

Once abroad, migrants can be presented with a different contract that offers lower wages or a different situation than is laid out in their contract, for instance, they must work for two families rather than one or are assigned to an employer who abuses them; passports are often retained by the foreign employer. Most migrants feel they must accept the changes rather than return because of their pre-departure debt.

Saudi, Kuwaiti and other Gulf households pay fees to local recruiters for domestic helpers, gardeners and other foreign workers. Most offer "90-day guarantees" to employers, meaning that if the first migrant is not acceptable, the recruiter will send another without charging a second fee. Migrants who believe that the household is abusive can leave within 90 days and have their return airfare guaranteed, forcing the agency to pay another airfare for a replacement. Many agencies encourage employers not to pay any wages during the first 90 days, so that a migrant breaking the contract would return empty-handed.

Most labor-sending countries have labor attaches to look after the needs of migrant workers from their country. Common problems are too few labor attaches and foreign-service officers from the elite who are not sympathetic to nationals employed in low-level jobs. Embassies and consulates are often closed on days when migrants have days off, and Bangladesh does not provide travel funds to enable labor attaches to visit migrants outside major cities in large countries such as Saudi Arabia. Bangladeshi labor attaches can also be abrupt, saying that migrants expect them to listen to their problems, which range from loneliness to abuse, and say they must be abrupt because there are so many migrants.

The Bangladeshi government allocates a fraction of its budget to managing migration, well under a tenth of one percent, even though remittances are equivalent to almost 10 percent of the country's $70 billion GDP.

Unlike the Philippines and Indonesia, Bangladesh does not have safe houses in countries with large numbers of migrants to shelter those who run away. The government in 1990 created a welfare fund for migrants, with funds raised via fees on migrants, a 10 percent surcharge on fees paid for services at migrant missions abroad, and other sources. However, there is no plan to spend the funds raised in any systematic way to assist Bangladeshi migrants abroad. If a Bangladeshi migrant dies abroad, the fund provides about $1,450 to the migrant's family, which may be less than the loans incurred to go abroad.

Many mis-understandings lead to deportation rather than resolution, as when a Saudi employer cancels the work permit of a gardener in order to sell another work permit but does not tell the gardener, which makes him illegal if detected by police. Some Saudi employers deny they continued to employ the gardener after the visa was cancelled, and the migrant is often deported before there can be a resolution of the case.

Bangladesh hopes to send more workers to Malaysia. After Bangladeshi workers were left stranded at the Kuala Lumpur airport, Malaysia banned Bangladeshi workers until October 22, 2006. The Malaysian government withdrew the ban but re-imposed it after more migrants were stranded at the airport in 2008.

The stock of Bangladeshis abroad, including those who naturalized abroad, was estimated at between five and eight million in 2008.

India. The major legislation governing labor migration from India is the Emigration Act of 1983 on Overseas Recruitment. It established "protectors of emigrants" (POE) offices and required Indians leaving for foreign jobs to obtain certificates from POEs before departure to ensure that they would not be vulnerable in their foreign jobs. However, 13 categories of persons are exempt from this POE emigration certificate requirement, including those with 10 or more years of schooling.

India issues two types of passports— those for which an emigration check is required before departure and those that do not require an emigration check. Holders of "emigration check required" passports can nonetheless leave without a POE check for most countries, but need POE permission to travel to 18 countries, including the Gulf oil exporters and Malaysia and Libya.

The 1983 Act also required recruiters to register and created three categories of recruiters based on the number of migrants sent abroad. Registered recruitment agencies (RRAs) that send fewer than 300 workers abroad must post a bond of 300,000 rupees ($7,100), those that send 301-1,000 migrants a year must post a 500,000 rupee bond, and those that send more than 1,000 must post a one million rupee bond.

There were 1,835 RRAs in 2007. Recruiters pay service fees to the POEs that reflect the skill of the workers they send abroad. For instance, they pay 2,000 rupees ($47) to clear the contract of an unskilled worker; 3,000 rupees for semi-skilled workers; and 5,000 rupees for skilled workers.

The government acknowledges that its regulatory system results in corruption and exploitation. Some POE offices work closely with favored recruiters, who may receive payments from foreign employers but nonetheless charge Indian migrants for their services. Some Indian recruiters give intending migrant workers "free visas," telling them that they are free to work for any Gulf employer (there are no such visas), or charge for visit visas that prohibit work.

About two-thirds of Indian migrant workers leave from South India (20 percent each from Kerala and Tamil Nedu). Over 95 percent of India's migrants move to the Gulf oil exporters.

Some 1.8 million Kerala residents are abroad, and remittances of $5 billion a year are equivalent to 20 percent of Kerala state's GDP. About a quarter of remittances to Kerala are spent on education, but educating residents who cannot find jobs locally leads to emigration; unemployment in Kerala is almost 20 percent.

Kerala is a state of 32 million with a per capita income of $675, below the $730 India average. Kerala has a higher literacy rate than the rest of India, reflecting the decision of the Communist-led Kerala government to spend more than other Indian states on education and health. However, Kerala is not considered friendly to business, which allegedly deters investment by multinationals.

A survey of Indian migrants found that 80 percent learned of foreign jobs from friends and relatives. The average migrant paid $1,200 to migrate if they used personal networks and a third turned to money lenders to cover these pre-departure costs. Migrants using recruitment agents paid more, an average $2,000, to cover the cost of the foreign work visa, passport, medical tests, insurance and the airfare to the job.

About 60 percent of the jobs held by the Indians in the Gulf paid $200 a month, making recruitment costs equivalent to six to 10 months' earnings. Some Indian migrants reported much lower wages, often $100 a month, while 10 percent earned $500 or more a month in the Gulf.

Once they reach the Gulf, many Indian migrants say they are required to sign new contracts with lower wages, are assigned more tasks than expected, or do not receive promised benefits, such as time off and return airfare. Indian recruiters say that the source of many of these problems lies in the Gulf states, blaming the need to purchase work permits from Gulf-based agents; they also allege that Gulf-based agents keep transportation and other fees paid by employers.

Reformers would like to eliminate emigration-check-required passports, make it illegal for Indian recruiters to charge fees to Indian migrants, and have the Indian government negotiate minimum wages for Indian migrants abroad. The Indian government has signed MOUs with Jordan, Qatar, UAE and Kuwait, and in August 2008 announced MOUs with Malaysia, Oman and Bahrain. India's Ministry of Overseas Indian Affairs is negotiating social security agreements with European countries that can exempt Indian migrants from contributing or refund their contributions when they leave the country.

Sri Lanka. Sri Lanka is the smallest but richest of the four major South Asian labor exporters, with 20 million residents, a labor force of about 7.6 million, and an estimated 1.6 million citizens abroad, mostly in the Gulf oil-exporting states.

Like the other South Asian countries sending workers abroad, male Sri Lankan construction workers were deployed to Gulf oil-exporting countries in the mid-1970s. The number of workers deployed was relatively small--in the mid-1980s, there were fewer than 15,000 Sri Lankan workers a year sent abroad, and three-fourths were men. However, the number of Sri Lankan migrants and the share of women rose rapidly in the late 1980s and 1990s, as the Sri Lankan government promoted out-migration as a way to provide jobs in an economy increasingly distorted by a civil war.

Outmigration peaked at 231,000 in 2005, when almost 60 percent of the Sri Lankan migrants were women, most from rural areas and finding their first wage-paying job in a foreign household. About 80 percent of Sri Lankan migrants go to four countries, Saudi Arabia, Kuwait, UAE, and Qatar; 45 percent are female domestic helpers.

Like other South Asian countries, the Sri Lankan government wants to send more skilled workers abroad and fewer domestic helpers, which generally means more men and fewer women. Kingsley Ranawaka, chairman of Sri Lanka Bureau of Foreign Employment, said "We want to reduce the number of women migrant workers mainly because of complaints we received from those in Middle East countries." The SLBFE reported 3,400 complaints from female migrants in the first half of 2008, most involving harassment, breach of contract and unpaid or underpaid salaries.

Since January 1, 2008, Sri Lankan domestic helpers in the UAE must be paid at least Dh 825 ($225) a month. The Sri Lankan consulate in Dubai reported that the number of domestic helper contracts rose from an average 650 a month in 2007 to 1,000 a month in 2008. Beginning in August 2008, households in the UAE will have to pay Dh200 ($55) for an insurance policy to cover death and repatriation benefits for Sri Lankan domestic helpers. The insurance, applies to newly hired Sri Lankan workers in private homes, provides up to Dh 30,000 ($8,175) in death benefits.

To help change the composition of its migrants, the Sri Lankan government created a Ministry of Foreign Employment Promotion and Welfare in 2007 and charged it with "promoting" foreign employment by undertaking marketing missions, upgrading the training of Sri Lankan workers seeking foreign jobs, and protecting migrants and their families. The MFEPW in September 2008 announced that it would sign MOUs governing labor migration to France, Poland and Romania by early 2009, adding to the list of countries with MOUs governing labor migration. Sri Lanka has signed MOUs with Bahrain, Jordan, Korea, Kuwait and the UAE, and is negotiating MOUs with Japan, Malaysia and Saudi Arabia.

The SLBFE, which implements Sri Lankan migration policies, is a public corporation with 800 employees that, for instance, sends some migrants abroad under MOUs (notably to Korea), licenses and regulates labor recruiters, and protects migrants by reviewing their contracts before departure. The SLBFE is supported by migrant, employer and recruiter paid fees.

The creation of a new ministry to promote out-migration highlights the growing role of migration and remittances to the Sri Lankan economy. Remittances topped $2.5 billion in 2007, making them almost 10 percent of Sri Lankan's $27 billion GDP. Out-migration and remittances are generally welcomed, but garment pioneer K. C. Vignarajah complained that remittances have allowed the Sri Lankan rupee to become overvalued, threatening the garment sector.

According to Vignarajah, over 200 Sri Lankan garment factories closed between 2006 and 2008, prompting laid off women "to seek employment as maids in the Middle East. These suffering women send back their toiled earnings which props up the rupee even further and the vicious cycle of uncompetitive industry goes on… The country needs to decide whether it wants its families intact, with the people employed in the country, productively and export their products, or export the women and create disharmony in families and bring forth a rotten culture."

The SLBFE in July 2008 announced that its income rose from 40 million Sri Lankan rupees ($370,000) in the first five months in 2007 to 212 million rupees ($2 million) in the first five months of 2008. It attributed the jump to more skilled migrants who pay higher fees. In a reversal of usual patterns, during the first five months of 2008, most Sri Lankan migrants going abroad were men.

The Sri Lankan government, like many other labor-sending governments, would like to require foreign employers to pay migrants a minimum wage that it sets. However, it is difficult to enforce a minimum wage set in Sri Lanka abroad. The SLBFE in July 2008 announced that newly deployed Sri Lankan workers employed in foreign garment factories would have to be paid at least 22,000 rupees ($200) a month. There are an estimated 10,000 Sri Lankans employed in garment factories from Egypt and Mauritius to Bahrain.

In Bahrain, 200 Sri Lankan garment workers went on strike in July 2008 after they were paid only BD 40 ($106) a month, not the BD 60 ($160) they expected. Sri Lanka has an MOU with Bahrain, and was able to resolve the dispute.

Nepal. Nepal is the poorest of the major South Asian countries sending workers abroad; the average per capita income of the 28 million residents was under $300 in 2006. Nepal's GDP expanded by only 2.7 percent a year between 2000 and 2006, a third of the rate in India, in part because of a Maoist insurgency between 1996 and 2006.

A combination of peace, a UN peacekeeping force, and remittances from migrants contributed to prosperity in 2008. Some 200,000 migrants left in Nepal in 2007 for Malaysia and Gulf oil exporters such as Saudi Arabia, Qatar and the UAE (more went to India). Migration is changing Nepalese villages, where peasants borrow up to $3,000 to send young men abroad for two or three years to earn $200 to $400 a month.

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