



# Labour Migration, Employment and Poverty Alleviation in South Asia

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## **1. INTRODUCTION**

The present report is an updated summary of the proceedings of the Regional Seminar on “Labour Migration, Employment and Poverty Alleviation in South Asia” that was jointly organized by South Asia Centre for Policy Studies (SACEPS) and Friedrich Ebert Stiftung (FES). The Finance Minister of Nepal, Hon. Dr. Ram Sharan Mahat, was kind enough to deliver the inaugural address, which is presented in *Annex 1* of this report. The conference programme and the list of regional participants attending the conference are reproduced in *Annex 2* and *3*, respectively.

In preparing the updated summary, we have summarized the key points of the papers presented by subject experts during the seminar, along with the input from the discussants for each of the session. The summary includes valuable inputs made by participants during the floor discussion, which is often missed in a report of this nature. We have also taken the liberty to add new information from our own research to make the final report of the seminar more informative and holistic on the theme of labour migration.

This report is divided into eight parts. The first two sections look at how international migration has emerged as a global agenda and its growing importance to South Asian region. The third section of the paper examines some of the key issues facing labour migration from the region, particularly the vast inflow of remittances through unofficial channel, problems faced by women migrant workers and the challenging nature of the international labour market. The next section looks at some of the problems that are often faced by the migrant workers, including how the ‘mindset’ of governments in the region and the absence of adequate institutional mechanisms to promote and protect workers’ interests has led to violations of their rights. The fifth section examines the contribution of remittances in poverty alleviation and employment in the region. In particular, this portion of the paper looks at how migration has provided access and opportunities to many people from South Asia to make a better living by taking advantage of the international labour market and the difference remittances has made in uplifting the economic status of the poor by generating income in the country of origin. The level of legal protection provided to the migrant workers through national regulations, and regional and international conventions are examined in the next section. The remaining two portions of the paper looks at measures that need to be taken in South Asia to further promote migration and protect the rights of the migrant workers. One section deals with the desired goals that must be achieved by sending countries in South Asia, while the concluding section includes specific recommendations as to what South Asian countries can do collectively to promote migration through the SAARC process.

## **2. INTERNATIONAL MIGRATION: A GLOBAL POLICY AGENDA**

Labour migration presents both challenges and opportunities in a globalized world today. At individual and household levels it provides major livelihood strategy for many people who may not find such outlet domestically. For the state migration provides possible tool

to promote development and reduce poverty. As the scale, scope and complexity of the phenomenon has grown, states and other stakeholders have become aware of the challenges and opportunities with the growing realization that there are economic, social and cultural benefits to be realized and negative consequences are to be minimized.

According to 2006 World Bank report, the global remittance flow has increased phenomenally over the last three and a half decades. From \$2 billion in 1970, it increased to \$130 billion and by 2000 it had reached \$268 billion, out of which \$199 billion went to the developing countries. The figures reflect transfers only through the official channels, and econometric analysis and household surveys suggest that unrecorded flow through unofficial channels at the global level may account for additional 50 percent.

Studies have compared the importance of remittances to the economy of the receiving countries with foreign aid, private capital flow, foreign direct investment, etc. The findings have been nothing short of startling. It was discovered that remittances by migrants to developing economies (estimated at \$150 billion per annum) are three times the amount provided through Official Development Assistance (ODA) and migrants contribute to development and poverty reduction through remittances and investment of their skills. When compared to foreign direct investment (FDI) to these countries, remittance account for over half of total flow. In addition, remittances were found to be more stable than private capital flows, less volatile to changing economic cycles and since they are unilateral transfers they do not create liabilities for the receivers.

Recognizing international migration as one of 'the top global policy agenda', on December 2003, the Secretary General of United Nations encouraged a Core Group of States to establish the Global Commission on International Migration with the objective of providing a framework for the formulation of a *coherent, comprehensive* and a *global response* to the issue of global migration. The Commission presented its report in 2005<sup>1</sup>, which recognized that while globalization provides millions of women, men and children with better opportunities in life, it has also brought about disparities in the standard of living and level of human security available to people in different parts of the world. However, the Commission concluded that 'the international community has failed to capitalize on opportunities and meet the challenges associated with international migration.'

Some of the observations made by the Commission are as follows:

1. There is a lack of capacity in the less prosperous regions of the world, particularly at the official level, to formulate and implement effective migration policies. There is a need for more professional training, better knowledge of migration issues, institutions and laws, as well as the need for better understanding of the way in which migration and other issues impact on each other.

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<sup>1</sup> Report of the Global Commission on International Migration, *Migration in an interconnected world: new direction for action*, October 2005.

2. Countries often face difficulties in formulating a coherent migration policy since important decisions taken in development matters, trade and the labour market are not linked to their impact on labour migration.
3. Interstate cooperation and consultation in formulating migration policies are lacking even though migration is a transnational issue that requires cooperation among states at global, regional and sub-regional level.
4. Multilateral international organization working in the field of migration usually work in a disconnected manner and there is therefore a strong need for them to cooperate and coordinate their policies with each other.<sup>2</sup>

### 3. SOUTH ASIAN LABOUR MIGRATION

The 2006 report by the World Bank on Global Economic Prospect provides interesting figures on how much South Asia has benefited from remittances alone. The region receives annually around \$39.4 billion in remittances from its migrant workers from throughout the world. When the values for unofficial remittances (estimated) are combined with those for official remittances, the total comes to \$64.9 billion for the region. In Pakistan, remittance increased four-fold from just over \$1 billion in 2001 to over \$4 billion in 2003; in Bangladesh, it increased from \$1.9 to \$3.3 billion (latest indicators suggest \$6 billion); in India, it increased from \$12 to \$21.7 billion (latest Reserve Bank of India figures for 2005—06 suggests \$24.1 billion); and Nepal receives close to \$1.5 billion.<sup>3</sup>

Other studies on South Asia show that India is the largest remittance receiving country in the world, with Pakistan (5<sup>th</sup>) and Bangladesh (7<sup>th</sup>) not far behind. According to an estimate there are over 20 million Indians living abroad generating about \$160 billion in annual income, and account for \$400 billions worth of output that constitute about 80 percent of the Indian economy.<sup>4</sup> Remittances alone represent 3.10 percent of India's GDP, which is a sharp increase from 0.7 percent in 1990-91. Remittances were higher than revenues from India's software export (\$23.6 billion in 2005-06), more than the country's expenditure on education, and more than double the combined state and federal government's expenditures on health care.<sup>5</sup> Comparison of per capita remittance earning between India and Bangladesh shows that Bangladesh's was 33 percent higher than the former. Although Nepal did not figure in the top 20 remittance receiving countries, its ranking was tenth in terms of remittance contribution to GDP. Total remittance income as a percentage to GDP for Nepal is close to 15 percent, whereas for Sri Lanka it is around 9 percent. In the case of Pakistan when remittances were at their peak in 1983, it was 10.06

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<sup>2</sup> *Ibid*, pp. 2-3.

<sup>3</sup> Samuel Munzele Maimbo, Richard Adams, Reena Aggarwal and Nikos Passas, *Migrant Labour Remittance in the South Asia Region*, World Bank, Report No. 31577, February 2005, pp. 9-10.

<sup>4</sup> Pravin Sinha, "Security 'Decent' Conditions for Migrant Workers: Should it be part of the SAARC Social Charter!," conference paper.

<sup>5</sup> Muzaffar A. Chishti, "The Phenomenal Rise in Remittances to India: A Closer Look," *Migration Policy Institute Policy Brief*, May 2007, pp. 2-3.

percent of its GDP.<sup>6</sup> In comparison to the total foreign exchange earnings from garment export, a major foreign exchange earner for Sri Lanka, remittance income rose from 42 percent in 2000 to 69 percent in 2005.<sup>7</sup> Remittances account for a high percentage of foreign currency earned by many of the smaller countries in the region. Moreover, for countries going through internal armed conflict, like Sri Lanka and Nepal, remittances have also sustained their economies.

In addition to financial benefits to the sending countries, migration provides opportunities to build their human, capital and social assets. Returning migrants usually bring new skills during employment abroad through what is today recognized as beneficial transfer of know-how and competencies called 'brain gain'. A study on returning Pakistani migrant workers conducted in 1998 found that migrants who had worked abroad as mechanics, welders and machinery operators had learnt the use of advanced tools, instruments and machinery and new facets of how to organize their work. Employers in the home country rated them much higher than domestic workers with no overseas employment experience.<sup>8</sup> Additionally, even though some of their other contributions can be less tangible than remittances, it is not necessarily less relevant. Migrants can also play an important role in their home country by strengthening political debate, strengthening the role of civil society, encouraging the education for non-migrants, and emancipating women and minority groups in countries of origin.<sup>9</sup>

#### **4. DESTINATIONS OF SOUTH ASIAN LABOUR MIGRANTS AND SOME KEY ISSUES**

There are three types of migration from and within South Asia. They include: permanent migration to Europe, Australia and North America; contract labour migration to the Gulf and Southeast Asia; and cross border/seasonal migration within the region. States in the region have not been alert in addressing the complex issues involving individuals, household, community, private sector and the state. There is a burgeoning labour recruitment industry in the region that charges high emigration rates and has often been criticized for taking advantage of innocent labourers who take huge loans/use their life's savings to go abroad. There is an absence of reliable data in the region where many movements of people go unrecorded and the available data may not be disaggregated by gender and skills. The method of data collection varies across countries and the actual number of labourers going abroad far exceeds the official estimates.

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<sup>6</sup> Rizwana Siddiqui and A. R. Kemal, "Remittances, trade liberalization, and poverty in Pakistan: The role of excluded variables in poverty change analysis," *Munich Personal RePEc Archive*, [http://mpra.ub.uni-muenchen.de/4228/MPRA\\_Paper\\_No.\\_4228](http://mpra.ub.uni-muenchen.de/4228/MPRA_Paper_No._4228), posted 23, July 2007/18:36, p. 389.

<sup>7</sup> Athula Ranasinghe, "Remittance economy and its Contribution to Poverty Alleviation in South Asia: A Case Study of Sri Lanka", paper presented at the seminar.

<sup>8</sup> Farooq Azam, *Monitoring skill acquisition, loss and utilization: The Pakistan pilot survey*, Bangkok, ILO, 1998.

<sup>9</sup> Hein de Hass, "Engaging Diasporas: How governments and development agencies can support diaspora involvement in the development of origin countries," International Migration Institute, Oxford University, June 2006, [www.livelihoods.org/hot\\_topics/docs/Diaspora\\_deHass.pdf](http://www.livelihoods.org/hot_topics/docs/Diaspora_deHass.pdf).

*a) Remittances: official v. unofficial figures*

In general, the official figures on migration are gross underestimations since significant proportion of intra-regional migration are through informal or unauthorized channels and thus do not get recorded. There are huge numbers of people working in low paying jobs in informal sector in India from Bangladesh, Nepal and Sri Lanka who go unrecorded. They neither have job security nor are protected by any legislation. Similarly, one finds significant number of Indians in Nepal engaged as labourers or businessmen who are without any official status due to the open border and absence of a visa regime between Nepal and India.<sup>10</sup>

The very high remittance returns<sup>11</sup> are also difficult to record properly since a significant portion is sent through informal channels. There are many terms used to describe the informal remittance systems such as ‘alternative remittance systems’, ‘underground banking’, ‘ethnic banking’, and ‘informal value transfer system’. In different parts of the world, the terms include: *fei-ch’ien* (China), *hundi* (Pakistan and Bangladesh), *hawala* (India and the Middle East), *padala* (Philippines), *hui kuan* (Hong Kong), and *phai kwan* (Thailand).<sup>12</sup> In 2006, South Asia received \$36 billion out of a world total of \$268 billion, which amounts to nearly 13.5 percent. A recent RMMRU study suggests that 40 percent of the remittance to South Asia came through the formal channel, with the *hundi* accounting for another 40 percent. This is followed by hand carrying of remittance by the workers themselves which comes to 8 percent, and those brought over by friends and relatives accounting to another 4 percent. The use of informal channels to send monies by Nepali workers in India is even much higher than the regional average. Out of Rs. 12 billion that come to Nepal from India, 99 percent come through the unofficial channel.<sup>13</sup>

The popularity of the unofficial channel is largely due to the fact that people perceive *hundi* to be an easier means for money transfer. There is also greater cooperation among these informal channels, which is more efficient, cheaper and far ahead of the official channels. The World Bank estimates that at the official level the average cost of transferring remittance is about 13 percent and can sometimes go as high as 20 percent of the amount remitted. In addition to such high transaction costs, recipients often face exchange losses and slow check clearance due to inefficient banking systems. Although the costs of remittances through the formal financial sector are falling in some areas, studies indicate that household in recipient countries receive more local currency when informal channel are used. For instance, if in December 2003 a Pakistani migrant worker were to send UAE dirham 1,000 through the bank, the remitter’s family would have collected PRs 11,905. If the same amount had been sent through a money exchange house, the family would have received PRs 12,391. And if the same amount had been sent through *hundi*, the remitter’s family would do even better and receive PRs 12,660. It was found that similar rate advantages also exist for Indian rupees sent through *hundi*. The World Bank estimates that reducing the transaction cost of remittances to less than

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<sup>10</sup> Pravin Sinha, “Security ‘Decent’ Conditions for Migrant Workers: *op. cit.*”

<sup>11</sup> Tasneem Siddqui, “Contribution of Remittance in Poverty Alleviation in South”, conference paper.

<sup>12</sup> Maimbo, *et. al.*, *op.cit.*, p.33

<sup>13</sup> Bishwombar Pyakurel, Discusssant on “Contribution of Remittance in Poverty Alleviation in South”.



10 percent would imply an annual saving of \$3.5 billion to overseas workers.<sup>14</sup> Money transfers through the *hundi* system continue to remain high despite international efforts to check the informal flow capital after 9/11 attack by Al Queda attack on New York and Washington, DC.

### ***b) Destination of South Asian migrant workers***

The Gulf States remain the primary destination of the South Asian migrant labourers, which is followed by the Southeast Asian countries. This is true even for India, which has substantial advantage in term of experience in sending people with technical skills and professional expertise to the United States and other industrialized nations. The outflow of migrant labour from India to the Middle East increased at a phenomenal rate in the late 1970s and reached a peak in 1981. From 1979 to 1982 on the average nearly 234,064 Indians migrated annually as labourers to the area, but during 1983 to 1990 there was a significant decline to an average migration of 155,401 per annum, largely due to the oil glut of the early 1980s. The first Gulf war of 1990 forced nearly 160,000 Indians to return home abruptly. But during 1992 to 2001 period migration to the region was nearly 360,000 per annum, thus surpassing the ‘Gulf boom’ of the late 1970s and early 1980s. Similarly, migration from India to industrialized countries grew steadily between 1950 and 2000. The flow was particularly impressive during 1990s, especially of IT professionals to original destinations like US and Canada and newer destinations such as Australia, Germany, Japan and Malaysia. The average inflows of Indian immigrants to these destinations increased from around 10,300 persons per annum in the 1950s to around 60,000 per annum during the 1990s.<sup>15</sup>

### ***c) Level of skills and age group of migrant workers***

India’s focus is on skilled migration, whereas Sri Lanka’s female labourers constitute the bulk of those going abroad for work. Migrant labourers from Pakistan and Bangladesh are essentially unskilled workers, as it is the case from Nepal, which was relatively a late entrant in this kind of a labour market. The average age of migrants is between 20-35 years, which represents the most productive age group of workers.

A major challenge facing the region is the demographic change that is taking place where one-third of the people are below the age of 20 years. The next 15-20 years will be critical due to the ‘youth bulge’ (ages 15-24) that is becoming evident in the region. This is a ‘volatile’ age group, which will decline in numbers only after 2020. World history

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<sup>14</sup> Dilip Ratha, “Workers’ Remittances: An Important and Stable Source of External Eevelopment finance,” in *Global Development finance 2003* (Washington, DC: World Bank), see Chapter 7. See, also, Samuel Munzele Maimbo, Richard Adams, Reena Aggarwal and Nikos Passas, *Migrant Labour Remittance in the South Asia Region*, World Bank, Report No. 31577, February 2005, pp. 36-39.

<sup>15</sup>Ravi Srivastava and S. K. Sasikumar, “An Overview of migration in India, its impacts and key issues,” paper presented at a *Regional conference on Migration, k Development and Pro-Poor Policy Choices in Asia*, 22-24 June 2003, Dhaka, Bangladesh, p. 16.

shows that when country's population of youth goes up by 17% there is always political instability of one kind or the other.<sup>16</sup>

#### ***d) Role of the Women migrant workers***

Globally women comprise about half of the total migrant workers. The contribution of women to the migrant labour force is an issue that has been largely overlooked/neglected in the region. In some developing countries, like Sri Lanka, female migrant workers outnumber male migrant workers by at least two-to-one. Poverty is usually the main, though not the sole cause for migration of women. Recent trends suggest that women workers going abroad will increase in the future, despite the ban on women labourers going abroad from Nepal (until recently) and Bangladesh. Women migrants who go to work abroad from countries where restrictions exist usually face 'double jeopardy' in terms of violation of their labour rights both within the sending and receiving countries. Sending countries usually treat them as irregular migrants and they are therefore unrecognized as a labour force and remain unprotected; while in the receiving countries they are denied their labour rights in the absence of multilateral/bilateral labour agreements. As irregular migrants those women end up paying more than men for going abroad since they need to rely more on unlicensed brokers and pay excesses to other unscrupulous elements to circumvent official regulations in the sending and transit countries.<sup>17</sup>

Studies suggest that women are better managers of their resources. They save more money than men from their earnings and utilize it more effectively in areas that have direct bearing on poverty reduction. They include better financial management of the household, expenditure on food, repayment of loans, children's education, and investment in land and business, and for household capital formation to improve the domestic quality of life. The role of women migrant workers is not simply as beneficiaries but contributors to the economies of their countries.<sup>18</sup>

#### ***e) Changing nature of the labour market***

The labour market is not static and indigenization takes place on a regular basis. Given the fluid nature of the labour market, sending countries need to monitor the developments and take appropriate measure if they are to gain from labour migration. In 2001-2002, Nepali labourers were only accepted by Malaysia and South Korea after Bangladeshi labourers were rejected. Although the shift in policy opened new opportunities for Nepali workers, it closed the door for migrant labourers from Bangladesh.<sup>19</sup> Similarly, Iraq was

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<sup>16</sup> Bhim Subedi, Discussant on Ganesh Gurung's paper on "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Nepal".

<sup>17</sup> Chandra Bhadra, "Women's International Labour Migration and Impact of their Remittance on Poverty Reduction: Case of Nepal," seminar paper

<sup>18</sup> Chandra Bhadra, *ibid.* See, Also, Sharu Joshi, Discussant on Chowdhury R. Abrar's paper on "Patterns of Migration of South Asian to the Gulf Region: Their Main Problems and Issues."

<sup>19</sup> Bhim Subedi, Discussant on Ganesh Gurung's presentation on "Remittance Economy and Its Contribution to Poverty Alleviation in south Asia: A Case Study of Nepal."

one of the major labour absorbing market for Pakistan manpower up to 1990, but due to sanctions imposed on Iraq after the first Gulf War the labour market has never picked up to that level again.

There is also a trend in some of the Middle Eastern states towards ‘nativisation’ and ‘Arabization’ of the labour market where localization is preferred increasingly. The Government of UAE has adopted a policy that if the original visas is for Asian worker, the company can replace him with an Arab, but if it is originally issued for an Arab it cannot be given to a non-Arab but only to an Arab. The UAE has also adopted new visa policies that requires foreign workers to have at least matriculated/High School education, which would affect a significant portion of the unskilled labour force from South Asia. And Saudi Arabia has imposed restriction visas for foreign limousine/taxi drivers in favor of local citizens, and the policy will soon extend to barbers and tailors (of which Pakistan alone has more than 15,000 workers in the country).<sup>20</sup>

#### *f) Generational shift in the use of remittances*

Moreover, the shift in the use of remittances can have significant policy implication for the sending countries. Although a late starter in this field, Nepal’s experience is noteworthy in this regard. The first generation of migrant labourers used the remittance to buy land and invest money in their place of origin, while the second generation was more prone to invest their money in towns and urban areas close to their homes. The third generation moved further outward and invested their income in big cities and the capital. There is a chance that the next generation will seek permanent residence abroad, or stay there longer, and possibly not remit money as had been done by their predecessors.<sup>21</sup>

The generational shift may already be happening in the case of returning British Gurkha soldiers from Nepal who have been offered a chance of residence in the UK. This suggests that remittances coming to Nepal might get transferred into mortgage economy in the West, with the home country missing out on the potential benefits.<sup>22</sup> The amount received by Nepal from Gurkhas services abroad constitutes a significant portion of foreign exchange earned by Nepal over the years. From 1974/75 to 1980/81 remittances from the Gurkhas from the British and Indian armies nearly tripled from Rs. 90.7 million to Rs. 216.8 million. By 1989/90 the figures tripled again to Rs. 676.8 million. It is estimated by mid-1980s Nepal was receiving nearly \$47 million annually as foreign exchange for the British Gurkhas and another \$100 million from those in the Indian army, totaling nearly \$150 million a year. By 1994/95, total remittances received by

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<sup>20</sup> Bureau of Emigration and Overseas Employment, Pakistan, “New Challenges in Overseas Employment and Manpower Export,” [www.beoe.gov.pk](http://www.beoe.gov.pk).

<sup>21</sup> Bhim Subedi, *op. cit.*

<sup>22</sup> Kanak Mani Dixit, Comments from the Chair on Ganesh Gurung's paper “Remittance economy and its contribution to poverty alleviation in South Asia: A case study of Nepal”.

Nepal from abroad was around Rs 2.9 billion, out of which those received by the Gurkhas in the British and Indian armies accounted for between a quarter and a third of the total.<sup>23</sup>

There is, however, a caveat to this projection of the generational shift in migration if we consider it as cyclical rather than transitional. For instance, in 2001, the largest sources of remittance coming to India was from the United States, which suggests that instead of remittance converting into mortgage economy perpetually, it may revert back to the home country of the migrants. The outcome would depend on a number of factors, including what the economy in home country of the migrants holds for them.<sup>24</sup>

## 5. PROBLEMS FACED BY MIGRANT WORKERS

Migrant workers are often subjected to neglect, harassment and violation of rights both in the sending and receiving countries since sending states are reluctant to take up the issue seriously for fear of loss of labour market. Inadequate investment by these states to develop institutional structures to look after the welfare of migrant workers and establish effective regulatory framework to check corruptions and exploitations often makes it appear like the states are acting like freeloaders at the cost of the migrant workers who invest their own resources to bring in so much financial benefits and their newly acquired skills to the region. In the receiving countries, embassies of the South Asian countries are not proactive enough to deal with the problems faced by migrant labourers and in most cases these embassies are ill equipped to handle complaints due to lack of adequate manpower and resources from their home countries.<sup>25</sup>

The real issue is the transparency and accountability in the sending country itself. South Asian countries do not rate very high on the governance scale, and where corruption is concerned there is usually a nexus between bureaucracy and politicians since they are often in collusion to exploit the process for their personal benefit. In Nepal, government officials these days want to go to the Department of Labour than to the Customs Department as it now a most sought after place of employment as there is money to be made from the innocent labourers waiting to go abroad.<sup>26</sup> This example may not be an exception, but the general rule in many South Asian countries.

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<sup>23</sup> David Seddon, Jagannath Adhikari and Ganesh Gurung, *The New Lahures: Foreign Employment and Remittance Economy in Nepal* (Kathmandu: Nepal Institute of Development Studies, 2001), pp. 32-33. See, also, Rajendra Dahal, "Nepal's remittance bonanza," *Himal*, February 2000.

<sup>24</sup> Muchkund Dubey, Comments Muchkund Dubey, Comments made from the floor discussion on Ganesh Gurung's paper on "Remittance economy and its contribution to poverty alleviation in South Asia: A case study of Nepal."

<sup>25</sup> In the case of Nepalese migrant workers, see, Ganesh Gurung, "Patterns in Foreign Employment and vulnerability of Migrant Workers," Nepal Institute of Development Studies, November 2000, [www.labournepal.org/issues/migrant\\_labour/vulnerability\\_of\\_migrant\\_workers.pdf](http://www.labournepal.org/issues/migrant_labour/vulnerability_of_migrant_workers.pdf).

<sup>26</sup> Madhukar Rana, Comments from the floor, on Chowdhury Abrar's presentation on " Patterns of migration of South Asians to the Gulf region: Their main problems and issues."

### *a) Violations of the rights of the migrant workers*

The violations of rights of migrant labourers start at home by agents and recruitment agencies in the sending and these continue in the receiving countries. As most of the migrant workers come from rural areas these people have very little access to and knowledge of pre-departure information. They have to rely on informal agents without official designation, who often operate without the best of intentions. The lack of adequate information and inadequate knowledge of money transaction, customs and culture often leave migrant workers in a quandary in the country of destination. Some of the common problems faced by them include: seizure of personal documents; contract substitution or irregular job placement that leaves them employed in a job they are least suited; deteriorating wage rates and work conditions that may lead to workers facing non-payment, or irregular payment, or lack of payment for overtime; work without holidays; lack of health care; and poor accommodations.

The question of access to justice system of migrant workers is a matter of serious concern. In the whole discourse on labour migration, an UNIFEM study on Nepal found that the rights based approach was missing and women, in particular, were looked upon as sexual symbols. Amazingly it was found 67 percent of the decision makers admit that they don't have knowledge of migrant workers, not just women. This may be the common scenario of the South Asian justice system as well.<sup>27</sup>

The use of terminology for protection of migrant workers is very tricky, especially when it comes to women migrant workers. In some countries, the concept of protection has been used to bar the women from going out to seek meaningful employment. Crucial distinction is often not made between protecting the migrant women workers and migrant women's right of employment and choice of profession.<sup>28</sup> In the past, the NGOs in Bangladesh concentrated too much on trafficking and didn't give adequate attention on the women's right to migrate. This is a long-drawn struggle with governments and NGOs in the region. The migration discourse that was camouflaged with trafficking discourse is something that has been overcome in Bangladesh and the same can be done in other South Asian countries as well. In Bangladesh, whoever was going as a labour migrant were treated as trafficking person, with the women migrants suffering the consequences. When the men migrants faced problem, it was seen as a labour rights violation. When a woman faced problem, it was seen as a trafficking problem. The dichotomy that 'men migrate and women traffic' has to be broken in the mindset of people when dealing with migration.<sup>29</sup>

Additionally, as far as women migration is concerned, the line between migration and trafficking has been blurred, especially for the poor people. The hope of coming out of

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<sup>27</sup> Sharu Joshi, Comments from the floor on Chandra Bhadra's paper on "Impact of Women's Remittance on Poverty Reduction in Nepal: A Preliminary Report."

<sup>28</sup> Chandra Bhadra, Comments from the floor on Tasneem Siddqui's paper on "Contribution of Remittance in Poverty Alleviation in South Asia."

<sup>29</sup> Tasneem Siddqui, Comments from the floor on Chandra Bhadra's paper on "Impact of Women's Remittance on Poverty Reduction in Nepal: A Preliminary Report."

poverty is so strong that families even ask the girls to go abroad without even without knowing where they are going or what they will be doing.<sup>30</sup>

The migrant workers do not have any mechanisms to protect their interest in the receiving countries since there is no scope for bargaining between employer and employee, including the right to form unions. These are some basic right established in the 1990 UN conventions. (See, section on “Status of Legal Framework on Labour Migration” pp. 22-27). They are some of the ideals that should go into workers protection. And upon return hardly any of the South Asian states have made preparation for rehabilitation of the workers. There is also an absence of access to information and credit so that the money they bring can be put to good use.

### ***b) Limited role of trade unions in South Asia***

In most of the countries in South Asia there is less and less concern over labour rights as trade unions\* are usually taken as trouble shooters, and receive negligible attention of the concerned authorities. The workers in the region usually have weak social status, which has led the employers and governments to treat unions as less than equal partners in progress, even after economic liberalization in the region. This is due to a number of factors. First is the nature of the trade unions themselves. In this sense what is said of the Indian Trade Union Movement (ITUM) could be applied to other trade unions in South Asia as well. The basic characteristics are that they are: often are close to political parties; have a narrow membership base; function with obsolete strategies influenced by over-aged leaders on the basis of personalized power oriented leadership; hold confrontationist attitude; have non-existent second tier leadership; demonstrate negligible gender representation; and are faced with declining membership and power base. Second, although there are laws to protect the workmen in South Asia, they do not cover those unable to prove their status as a workman. For example, India has about 200 legislations to cover the workmen, but the laws do not cover a significant portion of the labourers since over 90 percent of them are in the informal sector without any documentation that could prove their status as a workman/employee. Third, government policies regarding workers' related programmes/activities are directed are workers in the organized sector. This is true of the trade unions as well since it preoccupied in the organized (formal) sector. And lastly, at the regional level, trade unions have failed to make collective efforts to see that labour issues are included in the SAARC agenda and other regional activities. The South Asia Regional Trade Union Congress (SARTUC), the only trade union at the regional level, exists more on paper than in practice. South Asian countries would usually be on a weak footing to argue collective bargaining rights in the receiving countries since such practices are weak in the countries of origin.<sup>31</sup>

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<sup>30</sup> Arju Rana Deuba, Comments from the floor on Chandra Bhadra's paper on “Impact of Women's Remittance on Poverty Reduction in Nepal: A Preliminary Report.”

\* Trade unions operate in all the South Asian countries, except Bhutan and the Maldives.

<sup>31</sup> Pravin Sinha, “Security ‘Decent’ Conditions for Migrant Workers: ...”, *op. cit.* Also, Shiva Sharma, Comments from the floor on Chowdhury Abrar's presentation on " Patterns of migration of South Asians to the Gulf region: ....", *op.cit.*

The mindset of governments in both the sending and receiving countries is an additional source of problem. Sending governments usually see migration as ‘manpower export’, thus treating the issue as any other commodity to be exported. Migration is driven by ‘pull’ and ‘push’ factor, where the ‘pull’ factor is determined by the needs of the market place. Another misused concept is ‘illegal migrants’, which is used by receiving countries to refer to irregular or undocumented labourers. Human beings can’t be ‘exported’ as commodities or called ‘illegal’. What is important is to see why they have become undocumented labourers in order to develop appropriate policy formulation.<sup>32</sup>

## **6. CONTRIBUTION OF REMITTANCES IN POVERTY ALLEVIATION AND EMPLOYMENT<sup>33</sup>**

A study done by UNFPA in 2006 looked at 74 low and middle income developing countries and found that there is statistically significant correlation between remittances and decline in poverty. It noted that 10 percent increase in the share of remittance in a country’s GDP can lead to a 1.2 percent reduction in poverty. Moreover, a 10 percent increase of migrant flow from the sending country will lead to 1.6 percent decline in the share of people living on less than \$1 a day.<sup>34</sup> Although the methodology used in reaching the findings in the study is somewhat controversial, the positive impact of remittance on employment and poverty alleviation is widely accepted.<sup>35</sup>

### ***a) Remittances and poverty alleviation***

Comparable data on the relationship between migrant remittance and poverty alleviation for South Asia are not available, but the World Bank Global Economic Perspective Report, 2006, points out that remittance inflow has made it possible for Bangladesh to cut poverty by 6 percent. In Nepal, official statistics show that migrant remittances led to 11 percent poverty reduction at the national level.

Remittances impact on poverty reduction in a small country like Nepal can be even higher than the average impact for 74 countries indicated by the UNFPA study. There are two reasons why this can happen: first the country is poor and the per capita income is low; and second productivity is also low. For example, a study done by Nepal Living Standard Survey on the contribution of remittances in reducing poverty between 1996 and 2003 was 11 percent. The other contributors were the increase in agricultural wage,

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<sup>32</sup> Syed Saiful Haque, Comments from the floor on Chowdhury Abrar's paper, *ibid*.

<sup>33</sup> Some of the key themes in this section is based on Tasneem Siddqui’s paper on “Contribution of Remittance in Poverty Alleviation in South Asia”.

<sup>34</sup> Using the growth-poverty model for analysis a World Bank study comes to similar conclusion. See, Maimbo, Adams, Aggarwal and Passas, *Migrant Labour Remittance in the South Asia Region, op. cit.*, Adams, Jr. and John Page, “The Impact of International Migration and remittance on Poverty,” paper presented at DFID/World Bank Conference on *Migrant Remittances*, London, October 9-10, 2003, p. 7-11.

<sup>35</sup> The World Bank, *World Economic Outlook 2005: Globalization and External Imbalances*, See, Chapter 2: “Two Current Issues Facing Developing Countries: Workers’ Remittances and Economic Development,” pp. 69-78.

increase in non-farm activities and some decline in the dependency ratio. But the major contribution was from remittances sent from abroad. In the same period, the households receiving remittances increased from 23 to 33 percent in the same period, and the share of remittance in total household income increased from 26 to 35 percent during the same period.<sup>36</sup>

In Nepal, there are data that indicate there was substantial reduction in poverty despite the internal conflict. The Demographic and Health Survey (DHS) and the census data show drastic improvement in the socio-economic indicators such as in the areas as infant mortality, life expectancy, maternal mortality, health services, etc. This was happening when the development indicators showed the country at a standstill. One of the factor key responsible for improving the status of the people was remittances coming from abroad.<sup>37</sup>

Remittances not only help to reduce poverty, but also to reduce the depth and severity of poverty in Nepal, and other countries. The money that is available to families improves human development of the country since resources can be used to provide education for children and look after the overall health of the family members.<sup>38</sup>

An important issue on use of remittances is: Do migrant workers channel international remittances into productive investments at home, or do they use such monies merely for consumption of consumer goods? There are not many studies on this salient issue, but one study on Pakistan found that remittances have a positive and significant effect on the accumulation of two assets in rural Pakistan: irrigated and rain-fed land. This is a significant finding since it suggests that instead of squandering their money on increased consumption remittances can and do lead to rural asset accumulation. The study found that in rural Pakistan migrants have higher propensities to invest than their non-migrant counterparts. And as a rule, migrants in Pakistan avoid investing in areas that they do not know (such as business) in favor of committing their resources to what they know best (namely land).<sup>39</sup>

Other empirical studies on Pakistan indicate that remittances improve the recipients' standard of living. On the average, Pakistani migrant workers received five to eight times higher income abroad than they received in their home country, and remitted on average 78 percent of their earnings. A reduction in the flow remittances can have dual impact on poverty: it can reduce the impact of trade liberalization by limiting the inflow of imports; and it can reduce the income, as well as consumption of the households.<sup>40</sup> Similarly,

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<sup>36</sup> Shanker Sharma, Discussant on Tasneem Siddqui's paper on "Contribution of Remittance in Poverty Alleviation in South Asia."

<sup>37</sup> Bina Pradhan, Comments from the floor on Tasneem Siddqui's paper on "Contribution of Remittance in Poverty Alleviation in South Asia."

<sup>38</sup> Shanker Sharma, *op. cit.*

<sup>39</sup> Richard Adams, Jr., "Remittances, Investment and Rural Asset Accumulation in Pakistan," *Economic Development and Cultural Change*, Vol. 47, No. 1 (1998), pp. 155-173, quoted in Maimbo, et. al., *Migrant Labour Remittance in the South Asia Region*, World Bank, Report No. 31577, February 2005, pp. 13-15.

<sup>40</sup> Siddiqui and Kemal, "Remittances, trade liberalization, and poverty in Pakistan: ..." *op. cit.*, pp. 389-390. See also, Nadeem Burney, *A Macro-Economic Analysis of the Impact of Workers' Remittances from the Middle East on Pakistan's Economy* (Working Paper No. 8, ILO-UN Project, 1998); and Shahnaz Kazi,



studies on savings and investment patterns in Bangladesh show that there is higher saving rates for remittance receiving household than for the non-receiving households. The largest share of their disposable income from remittances is spent on land, home construction and home improvements.<sup>41</sup>

### ***b) Migration and inequality***

General theory of migration holds that the poorest of the poor do not migrate. It is only those who have access to resources and information that migrate. First generation migrants are therefore always from a relatively richer, or well do, background. Only when they go through their social network then some poorer people migrate. International migration incurs some costs and it will always be a limited to better off families who have access to social resource will be the one to migrate. The new generation theory of migration based on social network focuses on information. The theory suggests that whoever has information will migrate, while money becomes secondary.<sup>42</sup>

It is generally accepted that ‘inequality is clearly a major driver of migration.’ International migration is a powerful symbol of inequality where millions of workers and their families move each year across borders and continents seeking to improve the gap in their own position with those perceived to be economically better off. The real debate is not about the effect of inequality on migration, but the effect of migration on inequality. Examples can be found of migration both increasing and decreasing inequality in various part of the world. The final conclusion usually depends on the criteria that are used to evaluate the impact on migration on inequality. They could depend on the *scale of analysis* since circumstances that affect equality within the household, may be different between within a village, region or between countries. *Location* is another important factor since in destination countries migrants may not have equal access to rights compared to local workers; or in places of origin the selectivity of migrants, the sending of remittances and the social change that is brought about might affect socio-economic inequality. The *time period* is another significant factor since inequality is likely to change over time, because of the effect of networks which reduce the costs of migration and so extend the opportunity to migrate to a wide group of people. And finally, *type of inequality* one has in mind could also be significant since other than economic inequality (income and wealth levels) there are other types of inequality involved: between men and women; between generations; or between different ethnic and cast groups.<sup>43</sup>

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*Domestic Impact of Remittances and Overseas Imgration: Pakistan* (Working Paper No. 7, ILO-UN Project, 1998).

<sup>41</sup> *Ibid.* p. 17-18.

<sup>42</sup> Tasneem Siddqui, Comments on Athula Ranasinghe’s paper on “Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Sri Lanka”. See, also: Richard Black, “Migration, Globalization and Poverty: the new DFID-funded Development Research Centre on Migration,” Department for International Development ASREP-SLSO Lunchtime Seminar, London, February 24, 2003. [www.livelihoods.org/hot\\_topics/docs/Migr\\_240203.doc](http://www.livelihoods.org/hot_topics/docs/Migr_240203.doc).

<sup>43</sup> “Migration and Inequality: Policy Implications,” *Briefing Papers No. 7*, Development Research Centre on Migration, Globalization & Poverty, October 2006, [www.migrationdrc.org/publications/annual\\_reports/Migration\\_DRC\\_Annual\\_Rep\\_2006-07.pdf](http://www.migrationdrc.org/publications/annual_reports/Migration_DRC_Annual_Rep_2006-07.pdf)

Analysis of the impact of migration at the village level in Bangladesh indicates that there is a multidimensional aspect to migration and inequality. A study of movement labourers from Talukpur, a village in Sylhet district, to the UK found that international migration can increase inequalities within villages of origin since well-to-do individuals and villages that have better access to long-distance migration improves their position in relation to the poor. Migration becomes the pole around which inequalities are clustered since it brings not only economic inequalities, but also broader social and cultural cleavages. On the other hand, the study also shows that although inequality has increased between the well-to-do households and the very poor, it has decreased inequality between the traditionally rich people in the village and the many poorer households who have now had opportunities to earn money abroad. In Talukpur, migration has not only just brought money to the community but also brought considerable changes in landownership and altered the political, social and economic power base of the area.<sup>44</sup>

When examining the relationship between migration and inequality the key words to keep in mind are *access* and *opportunity*. Where poor people have greater choice in terms of migration, the net effect on inequality is likely to be positive. Similarly, the more opportunities there are for migrants, the more beneficial the results. In fact, restrictions on migration can increase inequality, as has been the case of the unskilled female migrants from Bangladesh who have been forced to use 'illegal' methods to migrate and thus become vulnerable to exploitation and subjected to gender income inequality.<sup>45</sup>

### *c) Use of remittances: some paradox*

There is an additional paradox on how remittances are used. A study on Nepal which looked at the correlation between economic status, destination and remittances discovered that it is not only that the poor do not benefit directly, but that the rather well-off migrants who go abroad to get more lucrative salaries do not send money back home. The poor usually stay home since they do not have network, access to information or resources to go even to India. For those that go to India, they do not usually get the jobs they are seeking but have to buy the job through networks in India. The group going to the Gulf States and Malaysia are the ones that remit the money back home since they cannot keep the money there indefinitely. They are the ones that sustain Nepal's economy since they send back home 100 percent of the money they save. Those going to UK, USA, Canada, or Australia do not usually remit the money to Nepal. They earn money and invest it in their country of residence, or use it to take family members to their new country of residence. As such it was found that it is not the people who are well-off but the less well to do labour migrants in the Gulf States and Southeast Asia who sustain the Nepalese economy.<sup>46</sup>

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<sup>44</sup> K. Gardner, *Global Migrants Local Lives* (Oxford: Clarendon Press, 1995), quoted in *ibid.* p. 2.

<sup>45</sup> *Ibid.*, p. 3.

<sup>46</sup> Ganesh Gurung, "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Nepal," seminar presentation.

An independent study on Nepal suggests that there is a vast discrepancy in the earning of the migrant workers and the money they actually send back home. In 2001, out of 1,154,576 persons who the study estimated were abroad as migrant workers, 900,000 were in India, 170,000 in the gulf States and 40,000 in the West (Europe, US, Japan, Australia). Nepali workers in India remit on average only NRs 9,000 per year, while the migrants from the West send on an average NRs 450,000 per year, with those from the Gulf States accounting for an average of NRs. 90,000 per years. Remittances from the West and Gulf States (mostly the latter) accounted for 75 percent, while the amount coming from India accounted for less than 20 percent even though 77 percent of the migrant head across the border.<sup>47</sup>

Looking only at geographical distribution of migrants within their own country and household distribution of remittances do not provide the full picture on the poverty reduction with remittances hypotheses. Sri Lanka's and Nepal's experience illustrates that even though large numbers of migrants going abroad are from the richest districts, and not the poorer ones, poverty reduction has taken place. In the case of Sri Lanka, 27 percent of the migrants were found to be from the Western province, which produces over 50 percent of the GDP of the country. Monaragala district where the poverty indices are the worst has only one percent of migrant workers. There are only 15 percent of migrants from the entire North and Eastern provinces, while only small percentage of workers have migrated from tsunami affected areas.<sup>48</sup> In Nepal also the poorest of the poor (20 percent of the population) are not in a position to migrate. Labour migration has taken place from areas that are relatively richer, because it also requires investment.<sup>49</sup>

However, the utilization pattern of remittances by recipients suggests that it can not only make the lives of the migrant workers less vulnerable but can also uplift them from poverty. One study on Sri Lanka suggests that out of the total income, remittance recipient families spend 56 percent on foods and 18 percent on education, which meets the basic needs of the families trying to move out of poverty. The utilization pattern of savings in real estates (44 percent), to clear indebtedness (13 percent) and education of children supports the poverty reduction hypothesis.<sup>50</sup>

#### ***d) Multiplier effects of remittances***

When looking at remittances, one must remember that poverty reduction cannot only be linked to individual household cases, since poverty reduction takes place on the uses of remittances by states and individuals. Remittances come in foreign exchange and that foreign exchange is used by the states in different ways that lead to poverty reduction. And individuals use their remittances that create a multiplier effect that may lead to

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<sup>47</sup> Michael Killamair, Siddhi Manandhar, Bhim Subedi and Susan Thieme, "New figure for old stories: migration and remittances in Nepal," *Migration Letters*, Vol. 3, No. 2 (October 2006), pp. 151-160.

<sup>48</sup> Athula Ranasinghe, "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Sri Lanka," conference paper.

<sup>49</sup> Jagannath Adhikari, Comments from the floor on Athula Ranasinghe's paper, *ibid*.

<sup>50</sup> Athula Ranasinghe, "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: .." *op. cit*.

income generation within the society that may lead to poverty alleviation to some corners, but not particularly that family that has migrated. What individuals get are in local currency and what the state keeps is in foreign exchange. As such, among other things, poverty reduction scenario takes place through debt servicing, import substitution, etc., that comes through the availability of foreign exchange, provided that it is through official sources, results in accretion in foreign exchange reserve of the country, and the way the use the money for development.<sup>51</sup>

The whole notion that remittances do not result in reducing poverty if they are spent on affluent kind of consumption has been belied by recent development theory, particularly by Prof. Amartya Sen. He has defined development not in terms of creating goods which will produce goods, but widening of individuals opportunities in life, or in multiplying freedoms that individuals will enjoy. There is no greater freedom that one can enjoy if one is able to eat today, especially when one was not able to do so yesterday. Development happens when family is able to spend more on food, since it widens opportunity and prevents deprivation. If a family is in a position to spend 40 percent on food then it leads to reduction in poverty since it has a direct impact on calories intake. Similarly, the expenditure in education has instrumental value in laying the foundation for growth.<sup>52</sup>

The belief that remittances are transitory and windfall income are also not accurate. Remittances are becoming more and more stable than FDIs and ODAs. The global economic structure has changed substantially and the assumption behind the Keynesian theory is wrong.<sup>53</sup> Globalization is a two way process in which migration and emigration are part and parcel of the same thing. When one expects others to open their door to your labourers, one must also be willing to open your own door to others. The notion of a global village with greater interdependence is real, especially where migration is concerned.<sup>54</sup>

Migration has a multiplier affect on the economies of the countries of origin. In the public sector lot of employment has been generated to better manage migration. This includes generation of new jobs for promoting government's awareness campaigns, including pre-departure briefings. In addition, new ministries have either been created or the existing ones expanded, thus employing more human resources to manage activities linked with migration. Such expansion can be seen in civil aviation, customs, immigration, and in all other agencies that are linked to managing and governing migration. In the non-governmental sectors, private recruiting agencies, their agents and sub-agents, travel agencies, banks, medical centres have made money in processing migration, as jobs have been created in NGOs and media in dealing the issue.<sup>55</sup>

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<sup>51</sup> Tasneem Siddqui, Comment from the floor on Athula Ranasinghe's paper on "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Sri Lanka".

<sup>52</sup> Muchkund Dubey, Comment from the floor on Athula Ranasinghe's paper on "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Sri Lanka".

<sup>53</sup> Muchkund Dubey, *ibid.*

<sup>54</sup> Madhukar Rana, Comments from the floor on Athula Ranasinghe's paper.

<sup>55</sup> Aside from the possibility that remittances may increase inequality and cause dependency, they make significant contributions to reducing poverty or vulnerability in the majority of household and

*e) Impact of remittances is not always automatic*

However, the impact of remittances on poverty reduction and employment, as in the case of economic growth, is neither straight forward nor automatic. A study by Roger Ballard on the link between remittances and poverty reduction on two areas of divided Kashmir—one in Mirpur on Pakistani side and another in Jullundur Doab on the Indian side—showed different results. The migrants to the UK from both sides of the border came from similar socio-economic background. In Jullundur Doab migration led to poverty alleviation and development, whereas in Mirpur it was found that while migration created dynamism in the economy when the remittances were received it could not be sustained once remittances stopped. The reasons for positive result in the case of Jullundur Doab was due to the macro level policies of the country of origin as well as the infrastructure and development the country has already gone through since the state had already established a poverty alleviation structure to sustain its impact.

Similarly, for remittances to have impact on the economy there must be constant fiscal policy adjustments if the country is to accrue full benefits from the resources coming into the country. For example, in the case of Nepal the export growth to dollar earning countries in the last six years, excluding to India, was -3.6 percent in the last six years. During this time Nepal's foreign exchange reserve increased at 10 percent per annum. This was not due to increase in tourism, increase in ODA or FDI, but mainly because of remittances. From the economic point of view, if Nepal doesn't align the real exchange rates, then the competitiveness of the economy will erode.<sup>56</sup>

Currently, Nepal's gross national savings that comes largely from remittances is 28 percent, which is higher than gross national investment. As the country has a surplus economy in principle this means that there are enough resources in the country to develop the economy at 6 percent per annum without the use of FDI and ODA. All these factors indicate that there is a need to do more analysis on how to channelize the surplus in the investment of the country.<sup>57</sup> Productive investment from remittances has to make a

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communities. The impact of remittances on poverty reductions is usually examined at four different levels. First, at the local level, remittances contribute directly to raising household incomes as well as broadening to increase incomes. They allow household to increase their consumption of goods and services. However, at this level there are chances that remittances will be unreliable source of future incomes since it can only make specific contributions at a particular moment in time and in the long term they can stop altogether if the migrants return to the home country or if they are integrated become permanent residents in the host country. Second, at the community level, remittances generate multiplier effects on the local economy by creating new jobs, especially when new economic and social infrastructures and services are put in place. Remittances can especially make a difference in remote rural areas where state resources have not been effective. Third, at the national level, remittances provide states foreign currency and contribute to the GDP. However, in countries with low GDP remittances can distort the function of the capital market and destabilize exchange rate regimes through the creation of parallel currency markets. And fourth, at the international level, they can transfer resources from the developed to developing countries and thus help reduce inequality. See, Admos Chimhowu, Jenifer Piesse, and Caroline Pinder, "The Socio-economic Impact of Remittances on Poverty Reduction," paper presented at *The International Conference on Migrant Remittances: Development Impact, Opportunities for the Financial Sector and Future Prospects*, London, October 2003.

<sup>56</sup> Shanker Sharma, *op. cit.*

<sup>57</sup> Shanker Sharma, *ibid.*

difference at the household level. Macro level framework does not usually have provisions such specific analysis. The macro economic framework that currently exists is out of date.<sup>58</sup>

Migration management will be difficult when there are deficiencies in policy and institutional infrastructure to maximize benefits from remittances. Remittance is one of the faultier fields of development economics. Associated with it are sociological, political, cultural and other factors. It needs long-term planning to get most out of it, where the countries need to give it a priority in their policies.<sup>59</sup> Moreover, it has also to be kept in mind that foreign employment is one of the areas for poverty alleviation. It is only a stop-gap measure, and a means to an end. The inflow of remittances does not absolve governments from their responsibility for job creation and the provision of welfare nets for those truly in need. It is not the panacea for poverty alleviation.<sup>60</sup>

## **7. STATUS OF LEGAL FRAMEWORK ON LABOUR MIGRATION**

### ***a) International Conventions***

There are both general and specific international legal provisions for the protection of the rights of migrant workers. The Universal Declaration of Human rights is the standard setter that recognizes that certain principles are true and valid for all peoples without any form of discrimination. The Declaration recognizes the right to leave one's own country, which is significant for the case of migrants. The objectives of the Declaration are reinforced in two international covenants—International Covenant on Civil and Political Rights (ICCPR) and International Covenant on Economic, Social and Cultural Rights (ICESCR). Whereas the former recognizes equal rights of men and women to enjoy political and civil rights, including freedom of movement, the latter covenant ensures their right to work to achieve an adequate standard of living, including by joining and forming trade unions and to strike. Among the conventions, the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) requires states to ensure that anyone living under their jurisdiction are not treated inhumanly; while the Convention on Elimination of All Forms of Discrimination against Women (CEDAW), even though it falls short of dealing directly with migration issue, ensures that appropriate steps need to be taken to protect women against any kind of violence within the family, at the work place or in any other area of social life.<sup>61</sup>

The issue of protection of migrant workers has been highlighted in various International Labour Organization (ILO) documents, standards and setting of activities. The ILO conventions specifically focus on two issues: first, the condition in which migration

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<sup>58</sup> Bina Pradhan, *op. cit.*

<sup>59</sup> Bimal Koirala, Comments from the Chair on Tasneem Siddqui's paper on "Contribution of Remittance in Poverty Alleviation in South Asia."

<sup>60</sup> Mohan Man Sainju, Comments from the floor on Ganesh Gurung's paper on "Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Nepal."

<sup>61</sup> Syed Saiful Haque, "Global Rules and the Welfare Provisions for Migrant Workers," conference paper.

process takes place; and second, the specific protection required for one of the most vulnerable category of workers.<sup>62</sup> The ILO Convention No. 97 (Revised) is even more comprehensive and includes conditions governing the orderly recruitment of migrant workers, principles of equal treatment between nationals and regular migrants, provisions for family reunification, and appeals against unjustified termination of employment or expulsion. Its Convention No. 143 addresses the question of irregular migrants and provides minimum norms of protection applicable to migrants in irregular situation, or who were employed illegally, including in situations where their status cannot be regularized.<sup>63</sup>

By far, the most comprehensive legal document is the UN Convention on the Protection of the Rights of all Migrant Workers and Members of the Families. It does not propose new human rights for migrant workers, but reiterates the basic rights that have been elaborated in the main human rights international treaties. Among them, the UN Convention recognizes the right of all migrants, including irregular migrant workers, to minimum degree of protection irrespective of their situation. While the Convention seeks to discourage illegal labour migration, it provides additional rights for migrant workers, including to the members of their family. It is also the only document of its kinds since the Convention protects migrants through the whole migration process. These phases include: decision making, pre-departure, migration preparation, transit and employment at destination country, and return/reintegration.<sup>64</sup> The UN Convention was adopted by the General Assembly on 18 December 1990 and entered into force on 1<sup>st</sup> July 2003, after ratification by 20 countries. Presently 37 states have ratified the Convention and 15 states are signatories. Except for Sri Lanka, none of the other South Asian countries have ratified the Convention.

There are a number of reasons why states have been reluctant to become a party to the Convention.<sup>65</sup> First, there are issues which both the sending and receiving countries share in common. For both, the nature of the treaty itself is an obstacle since even though convention was adopted by the resolution of the General Assembly, which is recommendatory in nature, it contains provisions in the text which calls on the contracting parties to accept binding obligations in the future. As states do not usually want to be bound by obligations that could subject them to external control, many countries are deterred by this provision. This also applies to any form of monitoring that might be implied by the convention since they view migration policies as national issues, not subject to international interference. Other reasons maybe even more simple: the lack of political will on the part of the states; the lack of awareness of the value of the convention; reluctance to take measures to reconcile incompatible national legislations with the requirements of the UN convention; and unwillingness to make administrative changes involving wide range of state agencies that might incur additional costs on

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<sup>62</sup> ILO Convention No. 97 of 1949 on Migration for employment and Convention No. 143 of 1975 (C143) concerning Migration in abusive conditions and the promotion of equality of opportunity and treatment of migrant workers.

<sup>63</sup> Syed Saiful Haque, *op. cit.*

<sup>64</sup> Syed Saiful Haque, *ibid.*

<sup>65</sup> Syed Saiful Haque, *ibid.*

national resources. Second, the receiving states also have their own grounds for reservation on the UN convention. As host countries some of them are not ready to accord equal application of treatment to nationals and immigrants, nor are they willing to facilitate family reunions by providing access to dependents of migrant workers in place of productive migrants. There is also some fear in the receiving countries that the particular attention given to irregular migrants by the UN Convention might make it more attractive for irregular migrants to come to the receiving countries. And third, sending countries fear that being a party to the convention may lead to loss of labour markets in the destination countries to the non-signatories of the convention.<sup>66</sup>

### ***b) SAARC Social Charter and Citizen's Social Charter***

In South Asia the legal framework has yet to develop fully to protect the rights and interest of migrant workers. The SAARC Social Charter that was adopted by the 12<sup>th</sup> SAARC Summit in Islamabad, on January 2004, is primarily a gentlemen's agreement which is useful in exerting moral pressure on governments. The objective of the Charter is to establish people-centered framework for social development to guide their work to build a culture of cooperation and partnership. The areas identified for concerted action include: poverty alleviation, health; education, human resource development and youth mobilization; promotion of status of women; promotion of the rights and well being of the child; population stabilization; drug de-addiction, rehabilitation and reintegration. Individual National Coordination Committee in each of the member countries has the task to facilitate the implementation of the Charter.<sup>67</sup>

The SAARC Charter does not recognize labour as a distinctive group and therefore labour, or workers, are not even mentioned in the document. The Charter's emphasis is on promotional concepts and does not speak of rights and freedom of individuals in the region. Unlike the European Social Charter, SADC Social Charter, or the ASEAN Social Charter, there are no commitments by SAARC member states to respect the ILO Core Labour standards\*, Declaration on Fundamental Principles and Rights at Work, the UN Declaration on Human Rights (in particular Article 23), etc.<sup>68</sup>

The exclusion of key issues from the SAARC document is due to a variety of factors. First, when the Intergovernmental Group of Experts (IGE) met to discuss the parameters to be covered by the Social Charter it was decided that the focus should be on 'issues and problems of the socially deprived and vulnerable segments of the society that are powerless and do not enjoy as yet any institutional means of articulating their needs and demands'. The Charter was seen as empowering these segments, and the workers were

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<sup>66</sup> Syed Saiful Haque, *ibid*.

<sup>67</sup> Pravin Sinha, "Security 'Decent' Conditions for Migrant Workers:....", *op . cit*.

\* The eight core labour standards include: 1) Con. 97: Freedom of Association and Protection of the Right to Organize; 2) Con. 98: right to Organize and collective Bargaining; 3) Con. 105: Abolition of forced Labour; 4) Con. 138: Minimum Age for employment; 5) Con. 182: Worst Forms of Child Labour Convention; 6) Con. 100: Equal Remuneration for Work of Equal Value; 7) Con. 29: Forced Labour; 8) Con. 111: Discrimination in Employment and Occupation.

<sup>68</sup> Pravin Sinha, *op . cit*.



not considered as possible candidates in this regard. Second, although initial meeting of the IGE conceived of formulating the Social Charter an inclusive participatory process involving all the major stake holders, ‘the process of preparation at the governmental level did not demonstrate the firm political commitment to the extent that the instrument such as the Social Charter demanded.’ Most states failed to involve policymakers, the bureaucracy and the public in a manner that would have helped to create the administrative foundation and generate the political will for the effective implementation of the Charter. And third, the SAARC Social Charter did not receive national and regional input in the way that international conventions and declarations (e.g. the Convention on Children’s Rights, Convention on Elimination of all forms of Discrimination against Women, etc.). Unlike in the formulation of these conventions which are activated and coordinated by secretariats of the international bodies that sponsor these initiatives, the SAARC Secretariat neither had the mandate nor the resources to play a proactive role in the mobilizing the states and civil society in support of the Social Charter.<sup>69</sup>

A parallel initiative taken by the South Asia Centre for Policy Studies (SACEPS) led to the formulation of a Citizen's Social Charter and national social charters in six of the SAARC countries. Unlike in the formulation of the SAARC Social Charter, SACEPS was able to mobilize and sustain a constituency in the civil society which could be used to promote the concept behind the Charter and monitor its implementation. The Citizen's Social Charter does not contain an independent section on labour, but mentions that while its scope shall not be limited by the Universal Declaration of Human Rights it will be guided by, among others, the ILO Convention on the Right of Workers and Convention on the elimination of All Forms of Discrimination against Women (CEDAW). The Citizens’ Social Charter recognizes human resource development for a productive workforce must include the well-being of the workforce through promotion and protection of their rights (Art. 116 and 118). Furthermore, it proposes action plans to implement labour legislation, establish appropriate institutions and provide the conditions necessary to ensure the rights of workers. (Art. 119)<sup>70</sup>

### ***c) National regulations***

Among the five major sending countries of the region only Bangladesh has a comprehensive overseas employment policy, which was only adopted in 2006 after its earlier Emigration Ordinance 1982 and three rules were found to be inadequate in protecting migrant workers from fraudulent practices. Since its independence in 1971, more than three millions Bangladeshis have left the country in search of employment. It is estimated that from 1976 to 2003 the country was able to bring in around US\$ 22 billion in remittance alone. There are three government agencies to manage the welfare of migrants: the Ministry of Expatriates’ Welfare and Overseas Employment; its Bureau

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<sup>69</sup> Godfrey Gunatilleke, “How to Take Forward the SAARC Social Charter?” Rehman Sobhan, ed., *Promoting Cooperation in South Asia: An Agenda for the 13<sup>th</sup> SAARC Summit* (Dhaka: The University Press Ltd, 2004), pp. 19-20.

<sup>70</sup> South Asia Centre for Policy Studies (SACEPS), *A Citizen’s Social Charter for South Asia: An Agenda for Civic Action* (Dhaka: The University Press Ltd, 2005), pp. 6-16.

of Manpower, Employment, and Training (BMET); and Bangladesh Employment and Service, Ltd. (BOESL). Whereas BOESL functions as a consultant and recruitment agency for Bangladeshis looking for foreign employment, BMET protects the interests of the emigrants and provides vocational guidance and counseling. Bangladesh has also set up the Wage Earners' Welfare Fund to expand the scope of coverage for migrant workers.<sup>71</sup>

Indian Emigration Act of 1983 focuses on the welfare of the migrants and promotion of overseas employment. In an attempt to make the system more responsive to the interest of the migrant workers the Indian government has made some changes and adjustments. The Office of Protectorate General was transferred to the Ministry of Labour from the Ministry of External Affairs, and system of public hearings was introduced to redress the grievances of the workers. There are eight offices of the Protector of Emigrants located in various parts of the country. Currently, there is a proposal for establishing a National Manpower Export Promotion Council which seeks to make both government functionaries and recruitment industry more accountable. Besides the Ministry of Labour the other ministries involved are the Passport Issuing Authority, Indian diplomatic missions (which functions under the Ministry of External Affairs), and Airport Immigration Authorities of the Bureau of Immigration in the Ministry of Home Affairs.<sup>72</sup>

Nepal's Foreign Employment Act 1985 aims to regulate provision of recruiting agencies license to procedure of selecting workers. The Foreign Employment Bill 2007 passed by the Interim Government is an improvement on the Act and takes a 'rights based' approach. It envisions the creation of a Board to manage foreign employment and has provisions for creating a new government department which will be dedicated to this issue. There are additional provisions for establishing tribunals to adjudicate on complaints by migrants workers, the need to set up Welfare Fund, the right of women to seek jobs abroad, compulsory insurance on contract, and expands the rights of the recruitment agencies to operate outside Kathmandu. In order to prevent unscrupulous elements from taking advantage of innocent migrant workers, the Bill requires recruiting agencies to deposit Rs. 3 million (equivalent to US\$4,600) to get an operating license.<sup>73</sup>

Pakistan has a comprehensive emigration system that operates under the Ministry of Labour, Manpower, and Overseas Pakistanis. Under the Emigration Ordinance of 1979, the Bureau of Emigration and Overseas Employment that is under the Labour Ministry regulates migration in the private sector, while the public sector migration is looked after by the Overseas Employment Corporation. Migration of purposes other than foreign employment is controlled by the Ministry of Interior through its various departments. They include: the Federal Investigations Agency, the Directorate General of passports, and the Immigration and National Database and Registration Authority.<sup>74</sup>

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<sup>71</sup> Maimbo, *et.al.*, *op. cit.*, pp. 16-18.

<sup>72</sup> Maimbo, *et.al.*, *ibid.*, pp. 18-19.

<sup>73</sup> Information provided by Sharu Joshi to the author after the seminar.

<sup>74</sup> Maimbo, *et.al.*, *op. cit.*, pp. 20.

In the case of Sri Lanka, migration and remittances are looked after by the Ministry of Employment and Labour, along with its implementing machinery, the Sri Lanka Bureau of Foreign Employment (SLBFE). While the Ministry has responsibility for formulating policies and monitoring the administration of foreign employment, the SLBFE implements a wide range of workers' welfare programme, both at home and in the host country.<sup>75</sup>

Out of the five South Asian countries all, except Nepal till recently, have labour attaches posted to their missions in receiving countries where there are significant numbers of workers from their homeland. Pre-departure trainings in one form or the other are usually provided by the sending countries with some provisions in those missions to receive complaints from their workers. These complaints are usually related to nonpayment or underpayment of wages, lack of medical facilities, and poor food and living conditions.

The receiving countries in the Gulf countries have also come to realize the need to formulate common strategy to address the socio-economic impact of foreign workers. In May 1, 2007, the Doha Declaration on Foreign Workers in the GCC was issued at the conclusion of a regional symposium participated by high government officials, academics and decision makers from the sending and receiving countries, including experts in the area of population, labour and migration. The Declaration recognized the importance of strengthening cooperation among the GCC states and called for further integration of their policies through exchange of relevant information among member states, including through international agencies such as the ILO and other UN bodies.<sup>76</sup> A similar declaration of this nature for the sending countries from South Asia has yet to emerge.

## **8. DESIRED GOALS<sup>77</sup>**

The idea of decent work that the ILO has been promoting underlines the theme of productive work that generates adequate income in which rights are protected and where there is adequate social protection. The objective is therefore to promote opportunities for men and women to obtain decent work in the condition of freedom, equality, security and human dignity. If these are the generally accepted international principles then there is a need for the sending countries to take up the main issues that are the Four Pillars of Decent Work. They include: *right to work; right at work; social protection; and social dialogue*. This is the ILO model that focuses on the rights based approach which has been subscribed to by all states in the world.

In the sending countries there has to be proper allocation of resources. In Bangladesh, the Bangladesh Government Manufacturers Association exercises more muscles than the migrants even though the latter's contribution is much greater since as a lobby returning

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<sup>75</sup> Maimbo, *et. al., op. cit.*, pp. 21.

<sup>76</sup> Pravin Sinha, "Security 'Decent' Conditions for Migrant Workers...", *op. cit.*

<sup>77</sup> Otherwise indicated the summary in this section is based on Power Point presentation made by C R Abrar on "Patterns of Migration of South Asians to the Gulf Regions".

migrant workers are weak. The states need to provide resources to institutions supporting the migrants to upgrade their skills, give orientation, provide training, and assist in developing rehabilitation programme for returning migrants. There is also a need to update national regulatory and institutional framework.

***a) Making the recruitment industry accountable***

One of the things that need to be focused on urgently is to make the recruitment industry accountable. The private sector plays a major role in the recruitment of the migrant workers and presently accounts for over 90 percent of the recruitment in India, Pakistan, Sri Lanka and Bangladesh.<sup>78</sup> An interesting survey conducted in Kuwait of 800 South Asian migrants found that the best opportunities for migrant workers were from sources other than the recruitment agencies. The study indicated that those who got their jobs through informal channels (friends and relatives) by acquiring their visa through local agents or directly from an employer were better off than those that came through recruiting agents in their home country. The migrants who had come by directly contacting employers received the highest salary, while those coming through recruiting agents earned lowest salary for similar jobs. Job satisfaction was also much higher among the migrants using the informal networks compared to the migrants coming through recruitment agents, with the latter complaining of inferior employment conditions and benefits than what was provided in the employment contracts.<sup>79</sup>

While the recruitment industry is essential in promoting migration, migrants are cheated by harmful practices of some of these agencies since whatever regulatory mechanisms that exist do not operate properly. Making the intermediary or sub-agents accountable through licensing is essential, as well as seeing that they operate properly in countries where such provisions already exist. Many potential migrants lose their investments easily since this aspect has not been looked into adequately and many households have become paupers because of the activities of some of these unscrupulous agents and sub-agents. There is burgeoning of recruitment industry, of which there are around 800 in Bangladesh, 760 in Nepal and 1,182 in Pakistan<sup>80</sup>, but the renewal of their license is not tied to their performance. The performance criteria needs to be linked to not only in terms of the number of workers they send abroad, but also under what terms they are sending and how do they respond when they have problems. Some form of point system has to be introduced to assess their performance.

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<sup>78</sup> Syed Saiful Haque, "Global Rules and the Welfare Provisions for Migrant Workers," conference paper.

<sup>79</sup> N. Shah, "The Role of social networks among South Asian male migrants to Kuwait," in R. Appleywar, ed., *Emigration dynamics in developing countries* (Vermont: Ashgate, 1998), pp. 147-175, quoted in Farooq Azam, "Public Policies to Support International Migration in Pakistan and the Philippines," draft working paper produced for the World Bank conference on *New Frontiers of Social Policy: Development in a Globalizing World*, Arusha Conference, December 12-15, 2005, p. 11.

<sup>80</sup> Azam, *ibid.*, p. 9.

***b) A more proactive migration policy by the sending states***

States also need to be more proactive to protect the migrant workers and promote their interests abroad. In terms of inter-ministry and inter-agency cooperation, there is major institutional confusion since each of the ministries of the government operates on the basis of their own turfs without adequate mechanisms for coordinating with other ministries on immediate and long-term migration matters. The Ministry of Labour has the general responsibility for registration of migrant labourers and seeing that their rights are protected. The Ministry of Women, Children and Social Welfare usually handle issues relating to women and children. Population matters in general are the responsibility of the Ministry of Health and Population. For immigration and rules of entry and exit there is the Ministry of Home Affairs. And the responsibility for looking after the interest of the migrant labourers in the receiving countries falls on the Ministry of Foreign Affairs. In general, coordination is grossly lacking and, except for Home and Foreign Ministries, migration issues are handled by ministries that do not have substantial clout in high level decision making process at the Cabinet level.<sup>81</sup>

In the receiving countries there is lot that needs to be done by missions of the sending countries in terms of training of the personals who will be dealing with the migrant workers. Very often it is prerogative of the Labour Ministers to send labour attaches in these countries. They are often sent on personal grounds, which mean that the officers are mentally least prepared to serve migrant workers in the receiving countries.<sup>82</sup>

There are important lessons that South Asian countries can learn from the experience of the Philippines in this regard. There is a specific provision in its Migrant workers and Overseas Filipinos Act of 1995 which requires the government to establish a Migrant Workers and other Overseas Filipinos Resource Centre within the jurisdiction of Philippine Embassy. The Centre functions as joint undertaking of various government agencies and operates 24-hours a day, including on holidays. In addition to providing information and advisory programs to arriving migrant workers, it offers counseling and legal services, and welfare assistance. Some of its other functions include assisting women through gender sensitive programmes, providing training and upgrading skills, orientation programmes for returning workers, and regular monitoring of situations that might affect the migrant workers. In order to ensure better coordination at home an inter-agency committee of various branches of government is established to allow free-flow exchanges of data base files so that information on migration is shared by the authorities.<sup>83</sup>

The International Organization for Migration (IOM) has taken this idea further and proposed the creation of Overseas Workers Resource Centre in the Gulf Cooperation Council (GCC) states, which is the major destination for Asian workers. It aims to provide support services to vulnerable categories of contract workers, particularly

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<sup>81</sup> Bhim Subedi, *op. cit.*

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<sup>83</sup> *Republic Act No. 8042: Migrant Workers and Overseas Filipinos Act of 1995*, [www.nrco.dole.gov.ph/pdf/Republic%20Act%20No.%208042.pdf](http://www.nrco.dole.gov.ph/pdf/Republic%20Act%20No.%208042.pdf).

women. Among its proposed activities include training and orientation for workers arriving in the Gulf States, facilitating regular meetings of officials from various ministries in the GCC countries with the labour attaches from the sending countries, conducting information campaigns to sensitize employers and officials, and providing direct support to migrant workers through legal and psycho-social counseling, including services of medical professional to provide medical care.<sup>84</sup> India is already working with the IOM to establish an Overseas Indian Resource Centre in the UAE.<sup>85</sup>

When negotiating MOUs and bilateral agreements it is essential to keep in mind the rights of the migrant workers. As a part of this process, orientation for the migrant workers on local laws and customs in the receiving country is essential. In general, migrant workers from the region are very docile, but there are circumstances when they have no other recourse than industrial action when migrants are repeatedly faced with non-renewal of license or non-payment of wages. Industrial actions are usually illegal in most of the traditional societies in the Middle East and, therefore, it becomes incumbent on the governments in the region to protect these rights through formal agreements with the receiving countries.

### *c) Pre-departure training*

Appropriate pre-departure training can make a lot of difference on how well migrant workers, especially women, adjust to the new environment in the receiving countries. Studies done on Bangladeshi and Nepal: Women Migrant Workers suggest that verbal and other abuses against women by women employer were quite significant. This is not a feminist issue, but employer-labour relations. In the case of Bangladeshi women workers, it was found that as the women labourers going abroad were not familiar with the modern domestic appliances, the abuses were the greatest in the beginning since they didn't understand the nature of the job and were not communicating properly. After the communications got better the level of verbal abuses also decreased. If these skills are taught before departures, part of the problems can be resolved. In Bangladesh, migrant workers association and government have opened centres to teach these kinds of skills.<sup>86</sup>

The other thing is the need to impart even rudimentary language skills to the migrant workers. In the case of Bangladesh's women workers it was found that within 15 days some of the basic language communication skills can be taught to the women migrants. The findings as regards to reports of sexual harassment are very similar for both Bangladeshi and Nepali women, whereas it was 4 percent and 6 percent, respectively. This may have to do with traditional middle class sentiments where rights of workers have yet to be fully respected. As far as psychological trauma is concerned, the situation

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<sup>84</sup> International Organization for Migration, "Proposal on the Establishment of a Overseas Workers' Resource Centre in the Gulf States,"

[http://colomboprocess.org/MinisterialConsultations/Bali/files/Resource\\_Centre\\_Summary.pdf](http://colomboprocess.org/MinisterialConsultations/Bali/files/Resource_Centre_Summary.pdf).

<sup>85</sup> "Indian missions to play lead role in protecting workers abroad," *India eNews*, [www.indiaenews.com/pdf/69498.pdf](http://www.indiaenews.com/pdf/69498.pdf).

<sup>86</sup> Tasneem Siddqui, Comments from the floor on Chandra Bhadra's paper on "Women's International Labour Migration and Impact of their Remittance on Poverty Reduction: Case of Nepal".

in Nepal and Bangladesh seem to be similar for left behind children. The extended family structure is very strong, where grandparents, uncle and aunties took over responsibility of children. It is not the nuclear family, but the extended joint family that took responsibility till the mother came back. In a sense, these are transnational families. If the states take up the responsibility to help find ways of managing the transnational families, then psychological cushion can be given in managing these families so that the young children won't be traumatized. Some of these answers are already available within our countries for dealing with these problems.<sup>87</sup>

#### ***d) Enhancing workers skills***

As demands for skilled workers is rising internationally, like India other South Asian states need to reorient their workforce to this new lucrative market. A study done on Nepali migrants going to Malaysia three years ago showed that if they don't stay in dirty conditions or with friends, the workers hardly save any money after deducting the cost of migrating to the receiving countries, commission, the living expenses, etc. Skills development is important especially since demand for skilled workers (particularly for nurses in Europe and North America) are rising, while the demands for unskilled workers will grow at a decelerated rate. Studies show that Nepal can even send today another 40,000 workers abroad in the skilled sector, if only it had the human resources available.<sup>88</sup>

#### ***e) Promoting safe migration***

It is generally accepted that facilitating safe migration can lead to a win-win situation that will meet the labour market needs of destination countries and provide economic benefits, knowledge and skill to the migrant workers. But a distinction has to be made between regular migration, smuggling and trafficking so that appropriate policies can be developed to ensure safe migration. Recommendations for such policies in the region include: developing awareness campaigns both in the countries of origin and destination; establishing bilateral labour agreements (BLAs) and Memorandums of Understanding (MoUs) to ensure rights through formalizing wage, obligations and privileges; and expanding the role of consular service in the destination countries to protect the rights of migrants.

Safe migration should include dealing with the threat of HIV/AIDS since it doesn't respect national boundaries and spreads from nation-to-nation. In Asia, India has the highest rate of HIV/AIDS, and is closely followed by Nepal. In Nepal 46 percent of the people infected with the HIV are in the migrant population. Initiative to ensure safe migration should address specific problems on: reducing vulnerability of migrant workers through proper orientation; providing access to prevention, treatment and care in both

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<sup>87</sup> Tasneem Siddqui, *ibid.*

<sup>88</sup> Shanker Sharma, *op. cit.* Job market in Europe for nurses: See, Bal Kumar K.C.

sources and destination countries; and developing a favorable regional policy to address the problem.<sup>89</sup>

Another critical issue is the question of trafficking of women and children. Trafficking is the dark ‘underside’ of globalization and migration. It is a global phenomenon that is sustained by demand and fuelled by poverty and unemployment. After Southeast Asia, South Asia is the home to largest number of internationally trafficked persons, which is estimated to be around 150,000 annually. India and Pakistan are major countries of destination for trafficked women and girls and are also the main transit points into the Middle East. Trafficking of children is of particular concern since it is considered to be an extension of serious child labour problem.<sup>90</sup>

Historically, trafficking has been associated with the effort to combat prostitution, but today it has a broader meaning and includes initiatives to check forced labor, forced marriage, sale of organs and other deceptive and coercive criminal practices. As the former UN Special Rapporteur, Radhika Coomaraswamy, noted on violence against women, ‘traffickers fish in the stream of migration’. Women and children usually work in the informal sector and are therefore beyond the reach of most labor laws and regulations, which would have otherwise provided them some protections. Migrant workers, in particular, are vulnerable to trafficking and other abuses, especially if they are undocumented, since they cannot complain about their working conditions for fear of being arrested and deported.<sup>91</sup>

The SAARC Convention on preventing and Combating Trafficking in Women and Children for Prostitution, signed in 2002, aims to fill the policy lacuna at the regional level, but it has demonstrated some shortcomings. The Convention has yet to be ratified by all members of SAARC, and despite the organization’s avowed objective ‘to strengthen cooperation among themselves in international forums on matters of common interests, coordination of position on multilateral legal and other issues has not taken place. As a recent SACEPS’ study observes, ‘most of the actions taken so far have been a one time affair and no follow-up measures have been undertaken...[and, moreover,] institutions that work on the issue seemed to have lost const and track of each other.’<sup>92</sup>

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<sup>89</sup> Madhav Adhikari, Comments on Ganesh Gurung’s paper on “Remittance Economy and Its Contribution to Poverty Alleviation in South Asia: A Case Study of Nepal.”

<sup>90</sup> UNFPA, *State of World Population, 2006: A Passage to Hope: Women and International Migration*, [www.unfpa.org/upload/lib\\_pub\\_file/650\\_filename\\_sowp06-en.pdf](http://www.unfpa.org/upload/lib_pub_file/650_filename_sowp06-en.pdf).

<sup>91</sup> Eugenia McGill, *Asian Development Bank Regional Technical Assistance No. 5948: Combating Trafficking of Women and Children in South Asia: supplemental Study on Legal Frameworks Relevant to Human Trafficking in South Asia*, July 2002, [www.adb.org/documents/events/2002/reta5948/study\\_human\\_trafficking.pdf](http://www.adb.org/documents/events/2002/reta5948/study_human_trafficking.pdf), pp. 4-14. See, also, Nandita Baruah, “Trafficking in Women and Children in South Asia: A Regional Perspective,” [www.Empowerpoor.org/downloads/Trafficking%20in%20South%20Asia.pdf](http://www.Empowerpoor.org/downloads/Trafficking%20in%20South%20Asia.pdf).

<sup>92</sup> Mahendra Lama, *SAARC Programmes and Activities: Assessment, Monitoring and Evaluation*, a preliminary report prepared by South Asia Centre for Policy Studies (SACEPS) for the “Regional Conference on Economic Cooperation in SAARC: SAFTA and Beyond,” jointly organized by SACEPS and Research and Information System for Developing Countries (RIS), New Delhi, March 19, 2007.



The South Asia Regional Initiative/Equity Support Programme, or SARI/Q as it is commonly known, has suggested that in order to make overseas employment safe it is important for countries to adopt Overseas Employment Policies (OEP) which would include all the stakeholder countries that are the migration source of origin, transit and destination. SARI/Q has also recommended the creation of the South Asian Regional Framework for Safe Migration that could start with dialogue and sharing of information, experiences and practices to develop a coherent approach for South Asia. The structure of such a regional framework could cover such issues as policy and implementation, realizing development potentials for countries and individuals, establishing national and regional gender-disaggregated databases, ensuring the broad parameters of human security, addressing the problem of irregular migration, protecting the rights of migrant workers and ensuring cooperation and collaboration among the stakeholder countries.<sup>93</sup>

#### *f) Learning from Best Practices*

There are many good practices that already exist in the region. The Bangladesh Government's Overseas Employment Policies is a step forward today. In India, the requirement for public hearing is another good example. In Sri Lanka, the training and preparation of workers are something that can be learned by other countries in the region and build into our laws.

A number of countries in the region provide incentives to migrant labourers and services to assist in the reintegration of returning migrants. Bangladesh has its own bank representatives in the receiving countries, provisions for investments in privatized Bangladeshi industries, special savings incentive in the form of a Wage Earner Bond, and housing opportunities on government land developments. In order to encourage Pakistanis abroad to remit their funds to their home country, the Pakistani government in June 2001 announced separate privileges for national remitting US\$2,500 per annum and Nonresident Pakistanis (NRPs) remitting a minimum of US\$10,000 through the banking channels. Those belonging to the former category are entitled to duty-free import up to US\$700 during any year, while the ones belonging to the latter category are entitled to duty-free convenience of a value up to US\$1,200. NRPs are entitled to the merit-based quota system assigned in all public professional colleges and universities, participation in a lottery for choice plots in public housing schemes at attractive prices if paid in foreign currency, and expedited allocation of shares in privatizations. In addition, bona fide remittances are not subject to tax. Sri Lanka has gone even further than other countries in South Asia to promote labour migration. Migrants are even provided predeparture loans to cover departure expenses, including travel costs. Eligible migrants and their families are provided with free life insurance and once abroad can maintain nonresident foreign-currency accounts which they send through their remittances. The only catch is that they must open an account with a state bank. On the other hand, although the central government in India, some state governments, like Kerala, have set up Human Resources Corporation to promote labour exports. There are also no specific

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<sup>93</sup> SARI/Equity Support Programme, *Policy for Ensuring Safe Labour Migration Within and Beyond South Asia*, [www.sariq.org/publications\\_documents.asp](http://www.sariq.org/publications_documents.asp).

national programs and service to assist in the reintegration of returning migrants, though there are various forms of incentives to the NRIs. These include options for dual citizenships and the ability to move capital freely between their two homes without undue bureaucratic interference. For instance, on January 10, 2004, the government announced that anyone could buy dollars upto to US\$25,000 a year to remit abroad, while Indian companies were allowed to invest up to 100 percent of their net worth overseas.<sup>94</sup>

Still there are lessons to be learned from the best practices of other countries that have substantial experience in this area. The Philippines can offer a number of examples that would be worth keeping in mind. Over the past 20 years, the Philippines have built up legislations designed to attract resources of its sizeable diaspora. These laws include incentives and privileges for them to invest, donate, purchase real estate property or open local enterprises in areas that are normally meant for Filipino citizens. Additional attractions include new laws allowing overseas Filipinos to participate in Philippine elections and to hold dual citizenship. Sometimes such incentives and privileges do not work since potential returnees have given hope of returning or investing in their homeland after getting disenchanted with bureaucracy and unstable government policies.

Second, studies in Philippines indicate that a large number of small enterprises run by migrant family members fail or have little impact on productivity. In order for migrants' savings, investments and philanthropy programs to have a significant impact on development such programs must have economies of scale and a critical mass. It is only when such savings and investments are 'organized, directed, managed professionally and employed in industries or infrastructure that are urgently needed to improve productivity, address production and market inefficiencies and help producers to improve and find their products in the domestic and foreign market.'<sup>95</sup>

And third, the programs supported by the migrants are most useful if it is focused on the countryside, where most of poor live and also where most of the migrants originate. In Philippines there are a number of initiatives taken by local government units (LGU) with the support of civil society organizations. The programs include the Migrant Savings and Investment Programs, an OFW Trust fund for Development, Migrant LGU bonds, and the tripartite partnerships by migrants, local governments and development agency. Certain LGU have taken initiative to lure their residents overseas to explore trade and investment possibilities within their territories. In 2003, the province of Bohol organized 300 of their residents from North America to visit their hometowns and participate in investment matching forums with substantial results. Since a 10 year old decentralization law has granted power to the local units, about 10 LGUs have raised funds through bond issues at the local level to build public markets, ports, wharves, resorts and convention centres and other rural infrastructure. For savings and investments from the migrants,

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<sup>94</sup> Maimbo, *et. al.*, *op. cit.*, pp. 16-23.

<sup>95</sup> I. F. Bagasao, "Migration and Development: 'The Philippine Experience', a paper presented at the *International Conference on Migrant Remittances: Development Impact, Opportunities for the Financial Sector, Future Prospects*, London, 9<sup>th</sup>-10<sup>th</sup> October 2003, p. 5. See, also, Rene E. Ofreneo and Isabelo A Samonte, "Empowering Filipino Migrant Workers: Policy Issues and Challenges," Social Protection Sector International Migration Programme, International Labour Office, Geneva, 2005, [www.ilo.org/public/english/protection/migrant/download/imp/imp64.pdf](http://www.ilo.org/public/english/protection/migrant/download/imp/imp64.pdf).

microfinance institutions is a possibility that the Philippine government has supported by exempting microfinance banks from the moratorium on the opening of new banks or branches, aside from other incentives. And to facilitate capital and capability buildup, three projects are being implemented on the initiative of Overseas Filipinos or migrants that have returned through tripartite partnership between Overseas Filipino Economic Initiatives, LGUs and Development Agencies.<sup>96</sup> Various development agencies have redefined their strategies so that they maybe able to work effectively in this kind of a partnership.<sup>97</sup>

### ***g) Reducing the cost of migration***

The other problems that South Asian countries need to address are in the area of reducing the cost of migration through recruiting agencies and institutions, and reducing the cost of remitting the money back to the home country. For instance, the cost for migrating from Sri Lanka is one of the lowest in the region (US\$ 689), while those for Pakistan (\$1300), Nepal (\$1500) and Bangladesh (\$1700) are considerably higher. Sri Lanka has been able to bring down the emigration cost by adopting two strategies. It raised the annual license fee for recruiters from Rs. 100 to Rs. 10,000 because the initial low fee provided incentives for corruption in under-the-counter transactions by bureaucrats. And, second, the Sri Lanka Bureau of Foreign Employment (SLBFE) has been able to make arrangements with airline for block bookings to key destinations, which it has been able to pass the discounts to workers. In addition, since migration process is always under ‘unremitting scrutiny’ of civil society organizations to ensure accountability it has also become an effective medium for reducing emigration transaction costs.<sup>98</sup>

### ***h) Remittance Management***

There are also innovative experiences of countries in remittance management that can be shared and learned from each other. A workshop organized by RMMRU with Bank officials on remittance transfer highlighted the fact that the pace at which remittances were increasing in South Asia was not matched by level of offers of investment products for the remitters. Central banks usually meet the need of long-term migrants and relatively better-off short term migrants, but others do not have many choices. The bankers at that workshop felt that diversified products were needed to match the demands of different age groups and small remitters.

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<sup>96</sup> *Ibid.* pp. 5-6.

<sup>97</sup> Hein de Hass, “Engaging Diasporas: How governments and development agencies can support diaspora involvement in the development of origin countries,” International Migration Institute, Oxford University, June 2006, [www.livelihoods.org/hot\\_topics/docs/Diaspora\\_deHass.pdf](http://www.livelihoods.org/hot_topics/docs/Diaspora_deHass.pdf).

<sup>98</sup> C. Rodrigo, “Overseas migration from Sri Lanka: Magnitude, patterns and trends,” *Asian Exchange*, Vol. 8 (3/4), pp. 41-74, quoted in Clare Waddington, *International migration policies in Asia: A synthesis of ILO and other literature on policies seeking to manage the recruitment and protection of migrants, and facilitate remittances and their investment*, Migration Development and Pro-poor Policy Choices in Asia, June 2003, p. 9.

*i) creating better investment opportunities*

One such possibility would be to cater to the local needs of the migrant workers by encouraging them to invest in high profile projects such as bridges, flyovers, and airports dedicated to migrants. This would give a sense of ownership of projects to the migrants and assist in the country's development efforts. Another option would be to consider giving dual/multiple citizenships to its Diaspora in order to attract large-scale investments from them. India has allowed dual/multiple citizenship to 16 countries since 2003, as has Bangladesh since 1977.<sup>99</sup>

*ii) making better use of modern technology*

More can be done to improve services so that transfer of remittances to the country of origin is achieved quickly and more effectively. Globally, computer networks and telecommunications have merged services in order to improve the money flow internationally. The Central Banks of India, Philippines and Malaysia are implementing projects by relying on these two factors to reduce time and cost involved in money transfers. A general survey of Bangladesh, Sri Lanka, Nepal and Pakistan show that such conditions do also exist in these countries as telephone networks have spread to remote villages. Central Banks and telecommunication regulatory authorities need to jointly explore such possibilities, including the need to introduce mechanisms for consumer protection. Currently there are no consumer protection laws in operation in any of the South Asian countries to protect migrants' remittance transfers. Such laws need to be formulated to protect the rights of the sender and receiver by which the service provider is bound to provide all information on all charges, the exchange rates and the reference number to track the transactions until it safely reaches its destination.<sup>100</sup>

*iii) locating bank representatives in receiving countries*

Another innovative method for providing better services to the migrant workers would be for the banks in the sending countries to locate their representative in the receiving countries. The common problem is that banks are usually situated in the capital or a few major cities, whereas workers are located in distant parts of the receiving countries. In order to reach out to the migrants the Central Bank of the Philippines has 16 representatives all over Saudi Arabia to encourage worker to use its bank in processing services. Bank of Ceylon has also used the same methods by stationing 8 representatives in that country. The central banks in South Asia need to relax control over sending banks representative in destination countries and ease on the foreign exchange transfer for the salary of these bank representatives.<sup>101</sup> As the World Bank study's recommendation on migrant labour remittances in South Asia suggests, the requisite building blocks for effective remittance industry are already in place, 'high transaction costs, long delays in transferring remittances, foreign currency controls, and overly bureaucratic policies and

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<sup>99</sup> Tasneem Siddqui, comments from the floor on Chandra Bhadra's paper on "Women's International Migration...", *op. cit.*

<sup>100</sup> *Ibid.*

<sup>101</sup> *Ibid.*

procedures for simple money transfers have no place in a vibrant and still growing remittance industry.’<sup>102</sup>

*iv) re-examining the role of the unofficial remittance channels*

It has also been suggested since there is an immense potential for economic transformation in seriously underdeveloped regions through remittances, urgent steps should be taken to enhance that potential by removing obstacles which currently inhibit more positive developments. Even the current international efforts to regulate the *hundi* transactions for fear that money might be used to launder by drug-smugglers and terrorist groups should be reexamined for two specific reasons. First, security of *hundi* operation is guaranteed by relationships of absolute trust, where the people involved in such operations have an unspoken duty of care towards each other. Any person who knowingly enters a deal with a drug-smuggler or terrorist would put himself and his entire family at risk since he might find himself excluded from such operations or most likely to be ostracized from the entire ethnic community as well. And second, there is a danger that the resources which migrants currently plough back to their villages through the informal channel might be diverted to meet the ‘salaries of the army of clerks and bureaucrats’ needed to operate the formal channels. This is an argument put forth by Ballard, using both Bhagwati's and Addleton's arguments to support his thesis. According to him, ‘in a world where transnational networks—from below no less than above—are becoming ever more salient, it makes far greater sense to develop policies which seek to manage (and hence assist and promote) the entrepreneurial potentialities embedded within these networks than to make vain attempts to corral them within a necessarily hegemonic regime of centralized regulations and control.’<sup>103</sup>

Today, even international financial institutions are beginning to make more cautious recommendations regarding regulations of informal remittances by suggesting that international and domestic polices ‘should not impose an overly excessive level of regulations.’ The Financial Action Task Force of the World Bank has even gone as far to recommend that ‘government oversight should be flexible, effective and proportional to the risk of abuse’, while efforts should be made to improve the level of transparency in these systems by bringing them close to the formal sector ‘without altering their specific nature.’ An important component of this policy would be to require the informal sector to register and keep adequate records of their activities that would be subject to some form government monitoring.<sup>104</sup>

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<sup>102</sup> Maimbo, *et. al.*, *op. cit.*, p. vi.

<sup>103</sup> Roger Ballard, “Processes of consolidation and settlement in remittance-driven Hawala transaction between the UK and South Asia,” paper presented at a World Bank/DFID *International Conference on Migrant Remittances: development impact, opportunities for the financial sector and future prospects*, London, 9<sup>th</sup>-10<sup>th</sup> October 2003. See, also, Jagdish Bhagwati, “Borders Beyond Control,” *Foreign Affairs*, January 2003, pp. 98-104; and Jonathan Addleton, *Undermining the Centre: the Gulf, Migration and Pakistan* (Karachi: OUP, 1992). See also, Hein de Hass, *op.cit.*, p. iii.  
[www.livelihoods.org/hot\\_topics/docs/Diaspora\\_deHass.pdf](http://www.livelihoods.org/hot_topics/docs/Diaspora_deHass.pdf).

<sup>104</sup> Samuel Munzele Maimbo and Nikos Passas, “The design, development, and implementation of regulatory and supervisory frameworks for informal funds transfer system,”  
[www.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/EXTTOPCONF3/0,,CO](http://www.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/EXTTOPCONF3/0,,CO)

### *i) Engaging Diasporas*

There is an increasing need to engage migrants and diaspora organization in development cooperation by donor agencies and countries. Since migrants may already be mobilized for development on their own initiative, it is development actors that should be ‘mobilized’ to establish a two-way working relationship. Developing successful alliance calls for giving the diaspora organizations a real say in the policy formulation and access to substantial funding. Any development policy that seeks to utilize the support of the diaspora should avoid double agenda since diaspora organizations are unlikely to cooperate with initiatives that has the hidden agenda of curbing migration in the guise of development efforts.

There are a number of areas the donors and development agencies can focus on to improve development efforts in the country of origin. One is by facilitating and reducing cost of remittances. The only feasible way to do so would be to improve the banking system rather than to clamp down on the informal system without creating viable alternatives. Policies that aim at channeling remittances into productive investments can be patronizing and neglectful of the potentially positive impacts of consumption and ‘non-productive’ investments since it is most likely to fail if suitable investment conditions do not exist. Supporting migrants to set up small enterprises in countries of origin with the condition that they return to their homeland do not succeed. Programmes followed by the Dutch IntEnt and UNDP’s TOKTEN programme for ‘brain circulation’ can be more effective. Third, when engaging in collective development projects initiated or implemented by diaspora organizations, it is better that development organizations do not stipulate the kind of projects to be funded, but rather link up with existing initiatives of diaspora organizations. And fourth, instead of ‘engineering’ consultative bodies or migrant platforms, it is better to help enhance capacity of existing diaspora organizations or networks. Diaspora organizations have survived for many years and any attempt to patronize or to state ‘what is best for them’ would be a recipe for failure. Furthermore, ‘it would be a mistake to assume that diaspora groups and their members should be taught how to ‘do’ development or how best to spend their remittances.’<sup>105</sup>

There are a number of ways migrants can be potentially involved in development policies. They include: (1) active involvement of migrants and migrant organization in policy formulation; (2) supporting capacity building and network formation among migrant organizations so as to enhance their interest to be involved in development activities; (3) providing financial and/or organization support to sustain development initiatives of migrants; (4) involving migrants and diaspora organization as ‘experts’ or ‘consultants’ in development projects designed by development agencies; and (5)

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<sup>105</sup> Hein de Hass, *op. cit.*, see, Executive Summary, pp. ii-iii

involving migrant and diaspora organizations in programmes of permanent or temporary return.<sup>106</sup>

## **9. PROMOTING MIGRATION: A REGIONAL APPROACH THROUGH SAARC**

Collaboration of South Asian countries is essential in creating a more uniform policy for sending, receiving and transit countries. There is currently a negative competition among countries in South Asia which works against the need to put collective pressure on the destination countries for the welfare of the migrant labourers. Collective efforts are also needed to deal with the problems of those missing and irregular migrants, as well as the increasingly securitization of labour migration issue that threatens to make the position of the labourers more insecure in the receiving countries. There is greater need today to conduct more action research on labour migration from South Asia since the problems of migration are different in each country.<sup>107</sup> Some of the issues where more work needs to be done through a collective effort are given below.

### ***a) Treating migration as a major human and economic issue***

The Citizen's Social Charter could serve as a guiding document to further sharpen the SAARC Social Charter. Any efforts to do so should include recommendations taken by other similar initiatives, such as those by FES and CUTS, so that the rights of the workers are specifically mentioned. For too long the problem has been that labour flows across border has been treated, whether at WTO or in South Asia, as an illegal migration by Ministries in-charge of international security rather than trade and economic affairs. It needs to be treated as a major human and economic problem. Major research is needed to understand the underlying economics, the social implications in the receiving and sending countries, and the political fallout of the labour flows within and outside the region. The output of such a research could be instrumental in developing a realistic and humanitarian policy to formalize the process of labour flows and integrate it in to the broader process of economic cooperation in South Asia.<sup>108</sup> An additional question that could be explored is whether a new SAARC convention on labour migration is necessary to get the maximum benefit through collective bargaining and to ensure the welfare of South Asian workers going abroad.

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<sup>106</sup> *Ibid.*, p. 4, pp. 94-96.

<sup>107</sup> J. Adhikari, *op. cit.*

<sup>108</sup> Rehman Sobhan, "The 12<sup>th</sup> SAARC Summit: Charting a Road Map for South Asian Cooperation," in Rehman Sobhan, ed., *Promoting Cooperation in south Asia: An Agenda for the 13 SAARC Summit* (Dhaka: The University Press Ltd., 2004), pp. 12-13.

### *b) Developing the necessary information/data*

Return migration is an inevitable aspect of temporary or contract migration, but there is a paucity of information to evaluate the magnitude of those who return to their country of origin. There is also lack of information on aspects like occupational structure, skills acquired, resource position, investment capabilities and investment plans of return migrants. The lack of data has impaired the formulation of any meaningful reintegration plans for those coming back to their country of origin. This underscores the need for further research in this area, which can be implemented only through a collective effort.<sup>109</sup>

### *c) Examining closely the issue of consumption v. investment of remittances*

The impact of remittance is not fully understood on the national economy of South Asian countries. Surveys from a range of countries have found that remittances, up to 80 percent in some regions, is spent on consumption and welfare, while only a small amount is invested in land and housing and new productive investments. Clearly, expenditure on land and housing is employment creating. But some consumption patterns have long-term influences on poverty reduction, such as expenditure on health and education since they are investments in human capital. However, it is the new productive investment that is the critical factor in the long-term economic growth of a community. In addition to increasing disposal incomes and creating spillover effect by raising the demands for goods and services, remittances play a central role in developing local capital markets and productive infrastructure.<sup>110</sup>

The specific implication of consumption and investments need to be looked at in greater details to clarify the impact of remittances on poverty and economic development in South Asia. First, accurate data are needed on the amount of remittances that are transmitted through the informal channels. Since it is likely that poor people remit more through the unofficial channel more data are needed for a full and complete accounting of the impact of remittances on poverty in the region. Second, more household panel surveys need to be undertaken in South Asian countries gather information on the expenditure patterns of international migrant households. The surveys should be nationally representative of urban and rural households, with modules designed to measure the second- and third-round effects of international remittances on wages and employment. And third, more research and policy work is needed to encourage policymakers in the region to improve the investment climate for returning migrant workers. Migrants do invest their remittance earnings, but the states need to do more to

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<sup>109</sup> Ravi Srivastava and S. K. Sasikumar, "An Overview of migration in India, its impacts and key issues," paper presented at a *Regional conference on Migration, Development and Pro-Poor Policy Choices in Asia*, 22-24 June 2003, Dhaka, Bangladesh, p. 16.

<sup>110</sup> Admos Chimhowu, Jenifer Piesse, and Caroline Pinder, "The Socio-economic Impact of Remittances on Poverty Reduction,"

[www.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/EXTTOPCONF3/0,,contentMDK:20987992~menuPK:2739101~pagePK:64168445~piPK:64168309~theSitePK:1587850,00.html](http://www.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/EXTTOPCONF3/0,,contentMDK:20987992~menuPK:2739101~pagePK:64168445~piPK:64168309~theSitePK:1587850,00.html)



improve the business climate with the development of proper infrastructure or provisions for small business loans to get business started.<sup>111</sup>

***d) Establishing a SAARC Task Force on migration***

Time has come for SAARC to establish a Task Force to look at the complex phenomenon of migration from the point of view of its influence on growth prospects of the South Asian countries and derive relevant conclusions out of that effort. In addition to some of the issues identified above, the Task Force could begin by examining existing laws and existing policy document in the region. Out of the study, it would be possible to come out with recommendations on what kinds of action should be taken. One would be to suggest to other government which do not have such laws or policy documents to adopt the best available one in the region. The other would be to prepare a model law or a model policy declaration for the entire region and make it available to the governments. The Task Force should be based on technical level study on the pattern of migration, evolution of policies and demographic trends, both regionally and internationally. In the course of its work the Task Force should look at the data and the adequacy/inadequacy of it, and also its conformity to international standards and whether there could be regional standards of collecting such data.<sup>112</sup>

A number of things need to be kept in mind when SAARC countries decide to take up issues at the international level. It is important for SAARC countries to subscribe to the UN Convention on migration as well as many other ILO protocols. However, it is important to recognize that ILO procedures are generally very long drawn out. If you take an initiative today it takes almost about 15 years for it to materialize. It may be better to concurrently work jointly for a common position on migration or movement of labour in the World Trade Organization. The South Asian countries could take a lead in putting on the agenda of WTO on the movement of natural persons, which was excluded earlier. But before this can be done, the member countries of SAARC must be prepared to accept the movement of natural persons from each other, otherwise they would not have the moral standing to do so. The beauty of WTO is that once you agree on the norms, they become enforceable through sanctions, which is not possible in other forums of the world.<sup>113</sup>

As South Asia is one of the main beneficiary of the international migration, SAARC also needs to work collectively in other international for a dealing the issues in an effective manner. A High-level Dialogue on International Migration and Development, held at the UN on September 14-15 2006, emphasized the interest of nearly all the member states to continue the global dialogue on international migration and development.<sup>114</sup> As a follow-up to the New York meeting, the first meeting of the Global Forum on Migration and Development took place in Brussels, from July 9-11, 2007, and the next meeting is

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<sup>111</sup> Maimbo, Richard Adams, *et. al., op. cit.*, pp. 14-15.

<sup>112</sup> Muchkund Dubey, "Looking Back and Moving Ahead: Concluding Observations on the Key Points Raised by the Conference," presentation made at the seminar.

<sup>113</sup> *Ibid.*

<sup>114</sup> "Summary of the High-level Dialogue on International Migration and Development: Note by the President of the General Assembly," UN Document, A/61/515, October 13, 2006.

scheduled to be held in Manila in 2008. Among its recommendations include the need for capacity building for data collection on migration flows and development impact analyses, identify diaspora partners, device policy tools, and provide training for their implementation. Policy coherence was recognized to be central in the debate on migration, which will remain with us for a long time to come. The conference also encouraged regional initiatives since it would contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals.<sup>115</sup> Among the other issues discussed above, the SAARC Task Force on migration would explore the possibility of working collectively at such global forums.

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<sup>115</sup> “Final conclusions and recommendations of the Chair”, Global Forum on Migration and Development, Brussels, July 9-11, 2007, <http://www.gfmd-fmmd.org/en/conclusions-and-recommendations>.

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**Inaugural Address by the Finance Minister of Nepal, Hon. Dr Ram Sharan Mahat,  
to the  
Regional Seminar on  
“Labour Migration, Employment and Poverty Alleviation in South Asia”**

August 9-10, 2007

Thank you Dr Sainju.

Mr. Chairman, Prof. Khatri, Prof. Dahal, distinguished participants, friends and colleagues, it is an honor and pleasure to have been invited to this important workshop, which is very pertinent from our own national point of view.

The trans-border migration of people, and movement of people from surplus areas to labour deficit areas, has been an accepted and acknowledged phenomenon in history. In fact, the prosperity of Europe and their transformation from a basically agricultural economy to a modern economy was caused by mass migration of labour. Similarly, the prosperity of North America was due to migration of people largely from Europe and Africa. It is an accepted phenomenon of history that people move to countries with better opportunities. The difference with respect to North America was, relatively speaking, not very poor people but middle-income people migrated to United States because there were greater opportunities in an empty country with lots of economic potential.

We are living in a world now truly globalized world, where we talk of free movement of factors of productions. However, this is not happening with respect to labour. But we are living in an age where the accepted principal is to produce goods where it can be very cheap, and you sell goods where you can maximize profit. Naturally you tried to setup industries in countries where the factors of productions are available in the least cost manner or where labour is very cheap, or you invite labour from countries where there is labour surplus so that you can maximize profit.

Europe receives approximately 1 million migrants each year. I think the number must be similar for United States, not because of their benevolence towards the poor nations, but because of their regard for self interest. It raises their productivity. It maximizes their profit. It improves their competitiveness. That is the reason they invite and welcome people from developing and poor nations.

Former Dean of Sloan School of Management at MIT, Prof. Lester Carl Thurow, talks of *phenomenon* of rising, moving and ageing. There is rising population in developing countries and it is greater than what their economy can productively absorb them. Naturally, these people try to move where the prospects are better.

The rising population phenomenon in the developing countries and there is a movement to countries and regions where the greater opportunities, and there is a problem of ageing



in the developed countries. Since the population growth of developed countries is now almost zero, or even negative, they need young labourers and, more productive manpower at a cheap rate, which only the developing countries/poor countries can provide them. It is therefore in the mutual interest of both regions receiving regions and sending regions to have this international migration that eventually contributes to global prosperity.

These days migration is not only between North and South but also from South to South. If we look at the problem of Nepal, most of our labour is moving to essentially developing countries. The Middle East may be very rich but it is not necessarily a very developed region. Malaysia is graduating to a developed country, but it is essentially a developing region. India is our big neighbor where many of our migrant labour migrate. Similarly, Nepal also receives labour from India. So, it is a South-South phenomenon. Recently as a factor behind our poverty alleviation as a source of our rural income, this relative income has really emerged as a very important source of our rural income.

Migration is not necessarily just an economic phenomenon it is deeply rooted to other social and economic issues. In the last decade we saw insurgency in Nepal, where political conditions were not good so people were forced to migrate. Traditionally speaking, Nepal didn't have a very favorable immigration policy since we had a restricted passport system, which made mobility to countries other than India difficult. This also had something to do with our connection to British days in India and the recruitment of Gurkhas. The movement of the population to other countries was limited. The liberal passport and immigration policy and migration to countries other than India is basically a phenomenon after democracy of 1990.

Today, we see a situation where remittance income has emerged as an important source of our rural economy, which has led to relative prosperity of rural population with a sharp decline in poverty. It is very important for us but we don't know how to regulate it properly or how to maximize the benefit to our economy. From this point of view, we have to learn a lot, from other countries which have been in the game from much earlier days. Countries like India, Sri Lanka, Pakistan, and Bangladesh have longer experience in managing remittance economy for their national benefit. The other issue is how to protect the interest of this migrant labourer. With some countries we have labour agreement, with many countries we don't have such agreement, and thus we face a situation where the interests of the migrant workers are not protected. We have many such cases concerning problem of welfare of migrant labourers and issues regarding their rights protection that we need to solve in the near future. At the same time there is also the additional challenges of how to institutionalize the remittances come through informal channel. Some success has already become visible in this regard but there is still a lot we can and need to do in this area. I believe workshop like this would help us learning more from experience of others.

I am happy that this workshop is taking place here with lots of international and cross-country experience. Nepal is late entrant in the game and we have to learn a lot from the other countries in South Asia. I believe this workshop will contribute a lot towards

developing a deeper understanding of the problem and finding a solution to the problem we are facing. I wish all success of workshop.

Thank you.

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Regional Seminar on  
**“Labour Migration, Employment and Poverty  
 Alleviation in South Asia”**

Hotel Himalaya, Kathmandu, Nepal  
 August 9-10, 2007

**PROGRAMME (Tentative Schedule)**

August 9, 2007	Venue: Skyline Hall	Thursday
0830 – 0900	<i>Tea/Coffee &amp; Registration</i>	
0900 – 1000	INAUGURAL SESSION Chair: <b>Dr. Mohan Man Sainju</b>	
0900 – 0915	Opening Statement by <b>Prof. Sridhar K Khatri</b>	
0915 – 0930	Welcome remarks by <b>Prof. Dev Raj Dahal</b>	
0930 – 0940	Inaugural Address by Minister of Finance of Nepal, <b>Hon'ble Dr. Ram Sharan Mahat</b>	
0940 – 0945	Vote of Thanks by the Chair	
0945 – 1000	<i>Tea/Coffee Break</i>	
1000 – 1130	FIRST SESSION Chair: <b>Prof. Muchkund Dubey</b>  <b>“Patterns of Migration of South Asians to the Gulf            Region: Their Main Problems and Issues”</b> <b>Prof. Chowdhury R Abrar</b>  Discussants: <ul style="list-style-type: none"> <li>• <b>Dr. Jagannath Adhikari</b></li> <li>• <b>Ms. Sharu Joshi</b></li> <li>• (CNI)</li> </ul> Q&A – Floor Discussion Remarks by Chair	
1130 – 1300	SECOND SESSION	

Chair: **Dr. Bimal Koirala**

**“Remittance Economy and its Contribution to Poverty Alleviation in South Asia” by Prof. Tasneem Siddiqui**

Discussants:

- **Prof. Bishwombar Pyakurel**
- **Dr. Shankar Sharma**

Q&A – Floor Discussion

Remarks by Chair

1300 – 1430

*Lunch*

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1430 – 1700

THIRD SESSION

Chair: **Prof. Lok Raj Baral**

1430 – 1600

**“Remittance Economy and its Contribution to Poverty Alleviation in South Asia: Country Studies: A Case Study of Sri Lanka” by Dr. Athula L Ranasinghe**

Discussants:

- **Prof. Madan K Dahal**
- **Dr. Bal Kumar KC**

Q&A – Floor Discussion

Remarks by Chair

1600 – 1630

*Tea/Coffee*

1800 onwards

*Dinner hosted by Executive Director, SACEPS & Representative, FES/Nepal for the participants and invitees from Nepal at Hotel Himalaya*

<b>August 10, 2007</b>	Venue: Skyline Hall	<b>Friday</b>
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0900 – 0930

*Tea/Coffee*

0930 – 1100

FOURTH SESSION

Chair: **Mr. Kanak Mani Dixit**

**“Remittance Economy and its Contribution to Poverty Alleviation in South Asia: A Case Study of Nepal” by Mr. Ganesh Gurung**

Discussants:

- **Prof. Dr. Bhim Subedi**

Q&A – Floor Discussion



Remarks by Chair

1100 – 1230

**“Impact of Women’s Remittance on Poverty Reduction in Nepal: A Preliminary Report” by Dr. Chandra Bhadra**

Discussants:

- **Prof. Dr. P.P. Timilsina**
- **Dr. Arju Rana Deuba**

Q&A – Floor Discussion

Remarks by Chair

1230 – 1330

*Lunch*

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1330 – 1500

FIFTH SESSION

Chair: **Ms. Padma Mohini Mathema**

**“Can Social Charter of SAARC include the issue of South Asia Migration?” by Dr. Prabin Sinha**

Discussants:

- **Dr. Bina Pradhan**
- **Ms. Rita Thapa**

Q&A – Floor Discussion

Remarks by Chair

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1500 – 1630

SIXTH SESSION

Chair: **Mr. Basudev Dahal**

**“Global Rules and the Welfare Provisions for Migrant Workers” by Mr. Saiful Haque**

Discussants:

- **Prof. Dr. Bharat B Karki**

Q&A – Floor Discussion

Remarks by Chair

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1630 – 1700

CONCLUDING SESSION

Chair: **Prof. Sridhar K Khatri**

**Looking Back & Moving Ahead: Observation on the Key Findings of the Workshop by Prof. Muchkund Dubey**

1700 – 1730

*Tea/Coffee*