

Employment of Expatriates in Bangladesh: Governance Challenges and Way-out

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Chapter 1

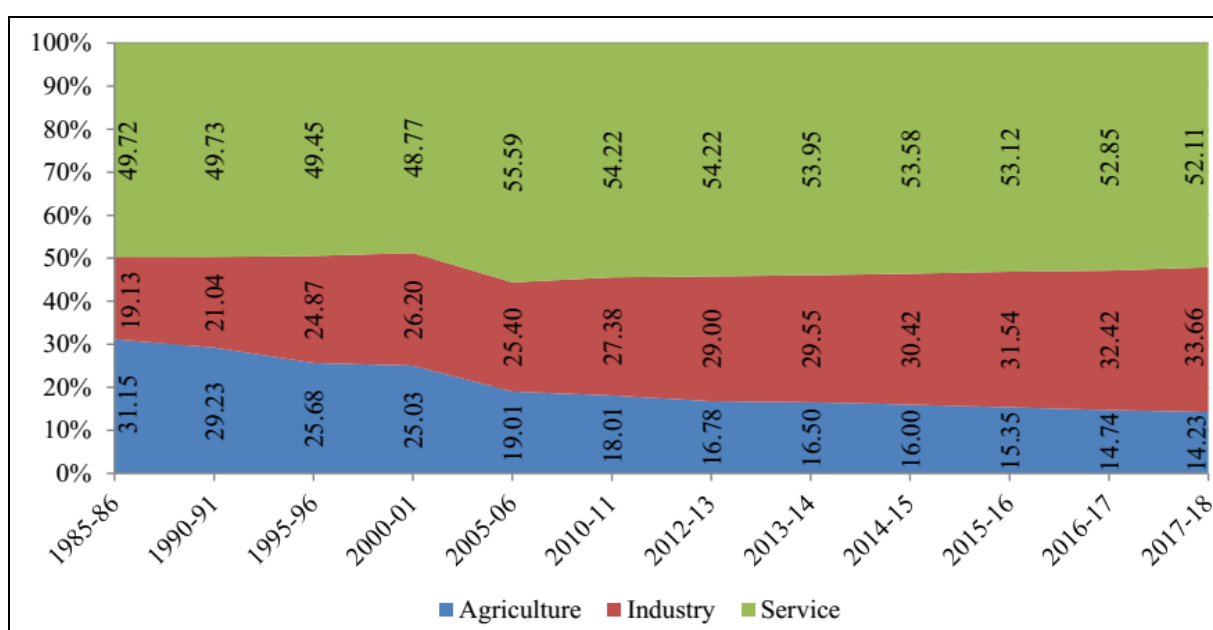
Introduction

1.1 Background

People of different capabilities move to other parts of the world to meet up the gap between the demand and supply of their technical and managerial knowledge. Developing countries with emerging markets usually attract more competent professionals to fill-up the assumed void of required technical and managerial knowledge.¹In course of gradual economic development of Bangladesh, the number of expatriates working here are also growing. Bangladesh is well known for international migration – on one hand it is the 6th largest origin of international migrants in 2019,² while on the other hand a large number of foreign nationals are also working in Bangladesh.³

Historical data of sectoral contribution to gross-domestic product (GDP) of Bangladesh suggests that it is gradually moving from an agrarian to an industrial economy. The share of agriculture in the GDP declined from 31% in 1985 to 14% in 2018. In contrast, the share of the service sector increased from 49% to 52%, and the share of industry increased from 19% to 33% during the same period.⁴

Figure 1: Trend of Structural Transformation of Broad Sectoral Shares in GDP for last three decades (in percentage)



¹Remi S. and Ademola A, 2015. 'A study of the impact of expatriate managers on local managerial capacity development in emerging markets: The case of Nigeria'. *International Journal of Public Administration and Management Research (IJPAMR)*, Vol. 2, No. 5. P 1.

<http://www.academix.ng/search/paper.html?id=3300017178>

²World Migration Report 2020, International Organization for Migration (IOM), 2019, Geneva 19. Page 26. https://publications.iom.int/system/files/pdf/wmr_2020.pdf Accessed on 31 December 2019.

³New Age, 'Foreign nationals working illegally go unchecked', 10 March 2018; <http://www.newagebd.net/article/36422/foreign-nationals-working-illegally-go-unchecked> Accessed on 19 December 2019.

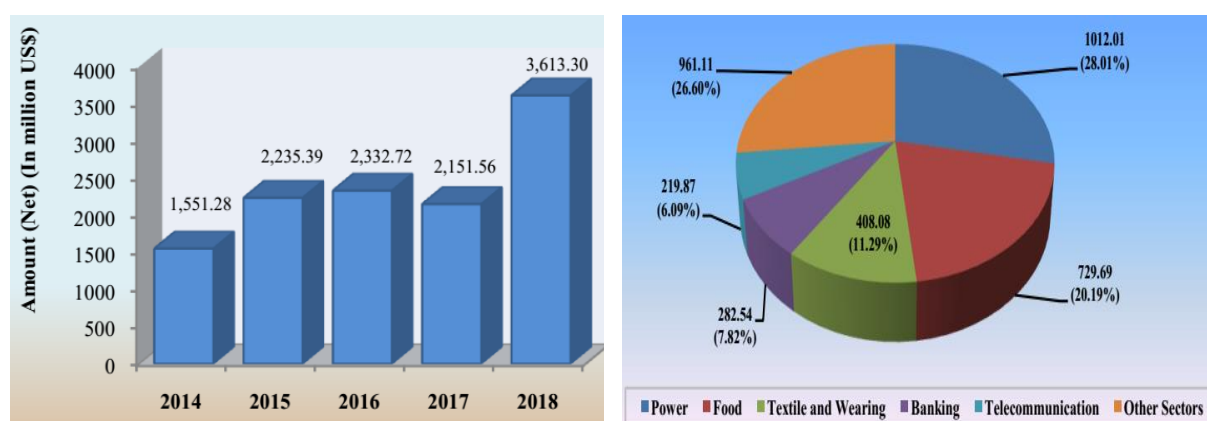
⁴ Bangladesh Economic Review, 2018. <https://mof.gov.bd/site/page/44e399b3-d378-41aa-86ff-8c4277eb0990/BangladeshEconomicReview>. Accessed on 22 December 2019.

A major reason behind the recent economic development of Bangladesh lies in its inter-sectoral transformation of relatively low-skilled agricultural laborers to semi-skilled non-agricultural sectors, and from rural to urban areas.⁵

During the 1970s, Bangladesh rarely had any industries with modern technologies.⁶ Industrialization was mainly induced by Foreign Direct Investment (FDI) friendly policy incentives initiated in the early 1980's, that attracted foreign investments.⁷ Bangladesh established the Board of Investment (BOI) in 1989 to attract and facilitate foreign funds.⁸ Bangladesh government allowed policy incentives on capital and profit repatriation and opened up several sectors to foreign investment allowing for 100% foreign ownership. In addition, among various financial and non-financial incentives (such as tax holidays for several years and zero duty rate for capital machinery import) multiple visa and work permit for foreign executives, and hassle free unrestricted entry and exit mode were offered.⁹

The impact of FDI friendly policy initiatives are also reflected in the trend of annual FDI inflows in Bangladesh since 1972. The annual FDI inflow increased from US\$ 0.09 million in 1972 to US\$231.61 million in 1996.¹⁰ It further rose to US\$ 1,086 million in 2008 and almost tripled at US\$ 3613 million in 2018.¹¹

Chart 1: FDI flow to Bangladesh & sectoral distribution of FDI in 2018



Source: FDI Survey 2018, Bangladesh Bank

During the 1980s the major share of FDI was in the banking and manufacturing sector in Bangladesh. Since 1996 Bangladesh started attracting FDI in the energy and power sectors due to the favorable and supportive policies in these sectors. Gradually, it shifted to other sectors. As of 2018, the power sector attracted the highest share of FDI flow which is around 28%, the food sector at 20%, the textile & weaving sector at 11% and the telecommunication sector received 6% of total FDI flows. Thus FDI

⁵Hossain, Mahabub, Binayak Sen, and Yasuyuki Sawada. 2012. 'Jobs, Growth and Development: Making of the 'Other' Bangladesh'. Background Paper for the *World Development Report 2013*. Washington, DC: World Bank; Cited in Mahmud, Minhaj & Otsuka, Keijiro & Sawada, Yasuyuki & Yamada, Eiji. (2018). *Development Transformation in Bangladesh: An Overview*. https://link.springer.com/chapter/10.1007/978-3-319-63838-6_1. Accessed on 22 December 2019.

⁶*Ibid.*

⁷Chow, P. 1987. 'Causality between Export and Industrial Development'. *Journal of development Economics* 26: 55-63. Cited in Faruk, M.O. (2013). 'The Effect of FDI to Accelerate the Economic Growth of Bangladesh and Some Problems & Prospects of FDI'. <https://www.semanticscholar.org/paper/The-Effect-of-FDI-to-Accelerate-the-Economic-Growth-Faruk/b7adcdac3337201cb31f96695b37470be42cc5f0>. Accessed on 22 December 2019.

⁸Islam, K. M. Anwarul, 2014. "Foreign Direct Investment (FDI) in Bangladesh: Prospects and Challenges and Its Impact on Economy," *Asian Business Review*, Asian Business Consortium, vol. 4(1), pages 24-36; <https://abc.us.org/ojs/index.php/abr/article/view/70/143> . Accessed on 22 December 2019.

⁹*Ibid.* Page 29.

¹⁰*Ibid.* Page 24.

¹¹ FDI Survey report, 2108, Bangladesh Bank. <https://www.bb.org.bd/pub/halfyearly/fdisurvey/fdisurveyjuldec2018.pdf>. Accessed on 22 December 2019.

played a vital role in developing the RMG, telecommunication, banking and pharmaceutical industries of Bangladesh, as well as, attracted foreign nationals to work in this sectors.¹²

During the last 40 years, Bangladesh has become a significant player in the international apparel market. The effective beginning of the industry was in 1978 with the creation of Dosh Garments, which received an extensive infusion of tacit knowledge about the production of woven items from the Korean firm Daewoo.¹³ Taking the advantage of the minimal export restrictions, Korean and other East Asian countries set up operations in Bangladesh, resulting in massive technology transfers from abroad.¹⁴ In the early days of industrialization, Bangladesh did not have enough technical expertise to meet the requirement of a booming industry. Consequently, foreign experts had to be involved in the RMG sector in the beginning, as well as in few other sectors like pharmaceutical, leather, power generation, and telecommunication sectors. Hence, foreign skilled workers started to fill up the vacant positions in different sectors since the 1980s.¹⁵ In addition, multi-national companies (MNCs) working in Bangladesh employed expert expatriates to comply with their organizational rules as a process of organizational development by knowledge transfer.¹⁶ MNCs also prefer to employ their own foreign executives in order to protect their business interests and develop operations in consistent with their own organizational styles and objectives.¹⁷

On the contrary, job creation is one of the top development priority for Bangladesh. Labour Force Survey 2016-17 indicates that while the national unemployment rate is steady at 4.2 %, youth unemployment rate is as high as 10.6 %, higher than the regional South Asian average of 9.45%, and it is increasing. The share of youth in total unemployment is 79.6%.¹⁸ Here, the foreign workers create a challenging situation for the employment of local candidates as well.

1.2 Rationale of the study

Different issues regarding expatriates working in Bangladesh and remittance outflow is discussed and published in mass media frequently. Different news published in different mass media suggest that there are 0.5 to 1.2 million expatriates working in Bangladesh and they remit around US\$ 5 to 10 billion every year. However, there are wide variations in these numbers and none has any authentic or institutional source.

Moreover, although the law of the land does not permit foreign nationals to be engaged in any form of work without having prior permission from concerned authority, there are allegations against them for working frequently without having legal documents, which, however, helps them evade tax. Moreover, there are also allegations of remitting foreign currency through illegal channels.

¹²*Ibid.*

¹³Mostafa, Romel & Klepper, Steven. (2017). Industrial Development Through Tacit Knowledge Seeding: Evidence from the Bangladesh Garment Industry. *Management Science*. 64. 10.1287/mnsc.2016.2619. https://www.researchgate.net/publication/312360729_Industrial_Development_Through_Tacit_Knowledge_Seeding_Evidence_from_the_Bangladesh_Garment_Industry. Accessed on 22 December 2019.

¹⁴Sonobe, Tetsushi & Mottaleb, Khondoker & Amin, Md. (2018). The Miraculous Development of the Garment and Pharmaceutical Industries in Bangladesh. 10.1007/978-3-319-63838-6_2. https://www.researchgate.net/publication/321276466_The_Miraculous_Development_of_the_Garment_and_Pharmaceutical_Industries_in_Bangladesh. Accessed on 31 December 2019.

¹⁵Textile Today, 2017. Aspects of foreign employees in Bangladesh textile and RMG industry. <https://www.textiletoday.com.bd/aspects-foreign-employees-bangladesh-textile-rmg-industry>. Accessed on 31 December 2019.

¹⁶Remi S. and Ademola A, 2015. A study of the impact of expatriate managers on local managerial capacity development in emerging markets: The case of Nigeria. *International Journal of Public Administration and Management Research (IJPAMR)*, Vol. 2, No. 5 <http://www.academix.ng/search/paper.html?idd=3300017178>

¹⁷*Ibid.*

¹⁸Khatun, F. & Saadat, S. Y. (2018). The Ignored Generation: Exploring the dynamics of youth employment in Bangladesh. Dhaka: Centre for Policy Dialogue (CPD) and Citizen's Platform for SDGs, Bangladesh. <http://www.fes-bangladesh.org/files/daten/Publications/The-Ignored-Generation-Exploring-the-dynamics-of-youth-employment-in-Bangladesh.pdf>. Accessed on 31 December 2019.

In this context, there are concerns in the public domain on various issues regarding foreign nationals working here, which include (but not limited to) the number of foreign nationals working here both legally or illegally, sectors in which foreign nationals are working, the legal procedure of employment for expatriates, authorities involved in the employment process of foreign nationals, loopholes in the employment process, issues of tax avoidance, the extent of outward remittance both in legal and illegal channels, and the impact of foreigners' employment on local job market.

However, despite concerns expressed by different sections of the society including the government, there is a dearth of in depth and informed knowledge on the issue that highlights the governance challenges of foreign nationals working in Bangladesh. In this context, Transparency International Bangladesh conducted this research to get an in-depth knowledge on the employment of foreign nationals in Bangladesh.

1.3 Objectives

The overall objective of this study is to identify the challenges of good governance in the employment of expatriates in Bangladesh. The major thrust of this study is to find out the policy gap in managing the expatriates working here both legally and illegally. However, in attaining the broad objective, some specific objectives have been identified, which are:

1. To review the legal frameworks and procedures of expatriate employment;
2. To explore the causes and nature of employment of foreign nationals here, in terms of their extent, sectors involved, outward remittance; and
3. To find out the governance challenges both at institutional and implementation levels.

1.4 Scope of Research

This research only includes the foreign nationals with valid visas of any type and who are working here either legally or illegally. However, foreign nationals with visa category of diplomats, missionaries, research, student, employees of UN organizations or international institutions are not included in this research. Again, this study has not dealt with foreign nationals who crossed the border and entered Bangladesh without proper visa, or other types of foreign nationals becoming illegal due to expiry of visa.

This research has covered the overall scenario persuasive to the employment of foreign nationals in Bangladesh. This focused on the causes, nature and extent of the expatriate employment here, sectors expatriates are involved in, formal procedures of employment including visa and work permits, estimation of overall earnings by foreign workers and amount of their outward remittance, responsibilities of the authorities related to expatriate employment and the coordination among them, and other governance challenges in the overall management of expatriate employment in Bangladesh.

1.5 Research Methodology

The empirical basis for this current research paper is drawn from the qualitative research undertaken in Dhaka, Bangladesh. Key informant interviews (KII) and in-depth interviews have been used as the method to collect information. Officials of the Special Branch of Police (SB), National Security Intelligence (NSI), Home Ministry, Bangladesh Investment Development Authority (BIDA), Bangladesh Export Processing Zones Authority (BEPZA), NGO Affairs Bureau, Ministry of Youth and Sports, Department of Immigration and Passports (DIP), National Board of Revenue (NBR), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), officials of different sports club, employees of different buying houses, employees of phone companies, power generation companies, journalists, HR officials of different MNCs and NGOs were interviewed. Besides, policies relating to expatriate employment, laws and rules, research papers, articles, government and private sector information and documents, and news items published in newspapers and other media have also been reviewed.

Information collection, analysis and writing the report was done in the period between April 2018 and December 2019.

Since this research is not based on survey, its findings are not equally relevant to all partners. However, this research strives to depict the scenario of the existing situation regarding expatriate employment in Bangladesh.

Legal and Institutional Framework for Expatriate Employment

2.1 Employment of expatriates: Source country and the sectors involved

Citizens of the countries that have diplomatic relations with Bangladesh can get a visa to enter Bangladesh. Moreover, they can get permission to be employed in Bangladesh, provided that they have proper justification with supporting documents. Hence it is possible for the people from all over the world to get entry into Bangladesh and get employed here. According to the statistics placed by

Table 1: Major country-wise distribution of foreign nationals working in Bangladesh (February, 2018)¹⁹

Serial	Country	Number
1	India	35,386
2	China	13,268
3	Japan	4,093
4	South Korea	3,395
5	Malaysia	3,080
6	Sri Lanka	3,077
7	Thailand	2,284
8	United Kingdom	1,804
9	United States	1,448
10	Germany	1,447
11	Singapore	1,320
12	Turkey	1,134
13	France	907
14	Indonesia	859
15	Philippines	859
16	Others	11,125
	Total	85,486

the Home Minister of Bangladesh in the 10th Parliament on 4 February 2018, people from 44 countries were employed in various types of jobs in Bangladesh with proper documentation. Among them, the majority (41.39%) were Indians, the highest from a single country. Table 1 shows the major country-wise distribution of foreign nationals involved in employment in Bangladesh in February 2018. It shows that foreign nationals involved in employment are mostly from Asian countries, where India and China are in leading position. Besides, there are people from other South Asian countries, Europe and USA as well. However, the above figures are only indicative to the extent that the expatriates are involved in economic activities legally in Bangladesh. On the other hand, there are a significant number

of foreign nationals from these countries working here illegally as well, which will be discussed in the latter part of the report.

Table 2: Major sectors where expatriates are involved in²⁰

Sl no.	Sectors	Sl no.	Sectors
1	Readymade Garments	12	Advertising firms
2	Composite Textile Mills	13	Multinational Oil & Gas Co.
3	Buying House	14	Audit & Accounting firms
4	Multi National Companies (MNCs)	15	Hotel and Restaurants
5	Private Power Plants	16	Engineering Firms
6	IT firms, Software companies	17	Fashion Designers
7	Leather industries	18	Food producer and marketing
8	Hospitals, Medical services	19	Mobile Phone Companies
9	Shipping Companies, Cargo vessels	20	Poultry feed producer companies
10	Freight forwarding companies	21	International Construction firms
11	International NGOs	22	Mega Development Projects

Source: Key Informants, News Media.

The exact number of expatriates working in a certain sector is not available. However, according to Key Informants, the largest concentration of foreign nationals working in Bangladesh are employed in

¹⁹*Daily Inquilab*, 'Among 85 thousand and half legal foreign workers, 68 thousands are businessmen', 5 February 2018. <https://www.dailyinqlab.com/article/115899> (accessed on 20 November 2019)

²⁰*Bangla Tribune*, 'Almost 86 thousands foreigners are working legally in Bangladesh', 28 October 2018. <https://www.banglatribune.com/national/news/379859> (accessed on 20 November 2019)

the readymade garments (RMG) sector, followed by multinational companies, power plants, IT sector, leather sector, INGOs, hospitality industry, medical services and various other industries.²¹

Bangladesh need skilled workers in certain sectors including the RMG sector and high-tech manufacturing. Expatriates mostly work in production management, machineries management, quality control and mid-level management of the organizations. Many expatriates work in merchandising and buying houses. According to a senior official of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, expatriates hold top positions in technical and product manufacturing departments at the factories in export processing zones (EPZs). Some foreign nationals are also appointed as the managing director or a director in various industries. Again, expatriates are often found working in the post of mid-level supervisors and managers, even in some clerical positions, where there is not supposed to be any dearth of Bangladeshi workers. It is also alleged that taking advantage of the lax or no vigilance, a large number of unauthorized expatriates are currently involved in private hospitals and evening elementary schools.

Although there is no formal or institutional database available about the details of the employment of foreign nationals depicting sector-wise number of foreign nationals involved here in Bangladesh, the following table presents a conservative estimation of expatriates working both legally and illegally in few major sectors in Bangladesh (Table 3).

Table 3: Estimated minimum number of expatriates working both legally & illegally in few major sectors²²

Serial	Sector of Employment	Number of Expatriates
1	Readymade Garments, Textiles, Buying House, Accessories	40,000 - 50,000
2	Private Power Plants	6,000 - 7,000
3	IT service	2,000 - 3,000
4	Leather industries & Accessories	1,500 - 2,000
5	Padma Bridge project	1,100 - 1,200
6	Mobile Companies	35 - 45

2.2 Reasons of expatriate employment in Bangladesh

The number of foreign nationals working in Bangladesh is on the rise, and according to different news media, the suggestive number of foreign nationals working here is around 0.5 to 1 million. It is perceived that the foreign nationals are working here as there is a dearth of adequate local manpower with required professional and technical skills, to use the heavy and sophisticated equipment, whereas these industries are expanding and upgrading their technology frequently.

According to different entrepreneurs, RMG sector needs to employ foreign workers as there is a shortage of skilled manpower for top management posts like Chief Executive Officer (CEO), Chief Financial Officer (CFO), head of merchandising, head of production and designs, etc. Besides, the local human resource is believed to be weak in managerial communication, especially for export oriented industries. In the RMG sector, the latest machinery and technology is frequently introduced, and to operate this technology this sector needs highly-skilled foreign technical experts to keep up with the latest fashion technology and automated machineries.

²¹ *The Daily Star*, 'Foreign workers' tax evasion', 5 October 2017. <https://www.thedailystar.net/business/foreign-employees-the-rise-bangladesh-194584> (accessed on 20 November 2019); *Dhaka Tribune*, 'Illegal foreign workers and tax evasion hurting the Bangladesh economy', 4 April, 2018. <https://www.dhakatribune.com/opinion/special/2018/04/04/illegal-foreign-workers-tax-evasion-hurting-bangladesh-economy> (accessed on 20 November 2019).

²² Key Informants of various sectors.

Another reason for expatriate employment in the industrial sector is the reluctance of local candidates, to work at the factory level or in production plant, rather they like to be involved in desk job at office premises with more comfort. Again, some employers argue that workers often feel comfortable working under a foreign employee more than a local supervisor.

Multinational companies and some international NGOs often hire foreign nationals, as it is required by their human resource management policy. In some cases, the local owner has unnecessary bias towards foreign workers. Few local employers prefer foreign staff believing they have a lower chance of getting involved in corruption.

However, there is no review of sector specific strategic and technical needs of public or private sector employers. Accordingly, there is lack of sector wise need basis professional training initiatives to train the local manpower up to the global standard that can replace foreign nationals working here.

2.3 Legal framework of expatriate employment in Bangladesh

The entry of expatriates in any country is subject to prior approval of the government, guided by various immigration rules and policies. Consequently, employment of foreign nationals is also controlled by different laws, rules and policies. Entry and employment of foreign nationals in Bangladesh is regulated mainly by the following policy, laws and rules:

1. Bangladesh Visa Policy (Amendment), 2016
2. The Foreigners Act, 1939
3. The Registration of Foreigners Rules, 1966
4. The Income Tax Ordinance, 1984
5. The Foreign Exchange Regulation Act, 1947 (Vide Foreign Exchange Regulation (Amendment) Ordinance, 1976)
6. Bureau of Investment (BOI) Guideline, 2011.

According to the Bangladesh Visa Policy (Amendment), 2016, citizens of most countries require a valid visa to enter Bangladesh. Diplomatic missions of Bangladesh located throughout the world usually issue 33 types of visas for foreign nationals. Besides, there are provisions for getting Visa on Arrival (VOA)/ Landing Permit (LA) from all the international airports and land ports in Bangladesh. Among the 33 types of visas, 19 types of visas (A1, FA2, FA3, B, C, FE, FJ, M, FM, FN, FP, FPI, R, FR, S, FS, T, TF, T1)²³ contains a seal declaring “Employment in Bangladesh paid or unpaid prohibited”. Moreover, foreigners who are willing to work in Bangladesh need to have certain categories of visa (A3, E, E1, N, P, PI)²⁴ that allow them to work here. These visas contain seal in their passport with directives to apply for work permit within 15 days of their first entry in Bangladesh.

The Visa on Arrival (VOA) is for a single entry that limit a stay up to 30 days. Again with T visa one can stay up to 90 days. For an overstay up to 90 days will lead to a fine for foreign nationals, whereas foreign nationals will face lawsuits by the Special Branch of Police, following the Foreigners Act, 1946 for staying more than 90 days.

According to The Registration of Foreigners Rules, 1966 (Amendment, 2007) foreigners from India and Pakistan who are willing to stay for more than 90 days, need to register themselves within 7 days of their first entry to the Special Branch of Police. Citizens of other countries are exempted from this registration.

In order to be employed, a foreign national need to obtain mandatory work permit from the relevant authority of Bangladesh Government by fulfilling the required conditions. Before applying for work permit, foreigners need to have a proper visa from the concerned Bangladesh mission with recommendation of Bangladesh Investment Development Authority (BIDA).

The Bureau of Investment Guideline, 2011 is the comprehensive manual for a foreign employee or employer to obtain the work permit. These guidelines are applicable for granting permission for

²³ See Appendix 1 for details of Visa types.

²⁴ See Appendix 1.

establishing or opening of branches, liaison or representative offices of foreign companies registered abroad to operate in Bangladesh, and for issuing work permits in favor of foreign nationals working in any foreign companies established in Bangladesh, as well as in industrial and commercial offices of private sector, educational institutions, sport associations, government organizations, etc. However, the employment of expatriate personnel will be allowed only in industrial or commercial establishments which are registered by the appropriate authority. A decision of the board of directors of the concerned company for new employment or employment extension is to be furnished in each case.

Award of work permit for foreign nationals is made on the condition of security clearance from the Ministry of Home Affairs.

According to the Bureau of Investment Guideline, 2011, work permits in favor of foreign nationals will be discouraged if they do not have ‘specialized knowledge’ referring to knowledge, skills, training and proven experience in a particular field. Bangladeshi nationals will be given priority over foreign nationals for employment in local enterprises, as well as enterprises established here with the foreign capital. According to this guideline, foreign nationals can only be employed where high technology and skills are required and such expertise are not available in Bangladesh. Employment of an expatriate for more than five years is normally discouraged. Initially employment of any foreign national is considered for a term of two years, which may be extended on the basis of merit of the case for maximum 5 years. Persons below 18 years of age are not eligible for employment.

According to this guideline, employers of foreign nationals need to maintain the prescribed ratios here between local and foreign employees. The number of foreign employees should not exceed 10% during project implementation period in an industrial undertaking, should not exceed 5% in the industrial sector during regular operational period, and should not exceed 20% in commercial sector of the total employees, including top management personnel.

This guideline also provides a minimum salary structure for the foreigners based on economic condition or per capita income of the countries and the hierarchy of the position. However, this indicative salary structure is not updated since 2011. Hence this is often misused to dodge the income tax by not disclosing the actual salary.

According to The Income Tax Ordinance, 1984, foreigners will have to pay 30% income tax as flat rate on their income in Bangladesh. In compliance with the regulations of the Foreign Exchange Regulation Act, 1947, foreigners can remit outward their income or salary, through proper channel.

2.4 Institutions involved in expatriate employment

The entry and employment of foreign nationals in Bangladesh is regulated and controlled by a number of ministries and government agencies under them. Table 4 provides the list of the ministries and their agencies that are directly involved in expatriate entry and employment in Bangladesh.

A foreign national aspiring to get employed in Bangladesh needs a valid visa and work permit to work legally. The Ministry of Home Affairs, with the help of few other government agencies, mainly regulates and control their entry, security clearance, stay and return. Diplomatic missions of Bangladesh situated throughout the world mainly issue visas. The Immigration Police is responsible for authorizing the entry of expatriates, and the Department of Immigration and Passport (DIP) is responsible for issuing and extending visa or changing the visa types.

The Special Branch of Bangladesh Police (SB) and the National Security Intelligence (NSI) is responsible to provide the security clearance for the expatriate. This security clearance is a prerequisite for getting the “Work Permit”.

BIDA, BEPZA, and NGOAB are three different government institutions, that are mainly in charge for issuing work permits for expatriates willing to work in Bangladesh. BIDA issues work permits for the employee of commercial and industrial enterprises that are situated outside of the Export Processing Zones (EPZ). The employment of expatriates in the EPZs, which include investment opportunities, proposals and reports, are handled by BEPZA. The NGOAB issues work permit for the expatriates

willing to work in any international or national non-governmental organization (NGOs) in Bangladesh.

Table 4: Ministries and agencies involved in employment of expatriates

Serial	Name of the Authority	Responsibilities
1	Ministry of Home Affairs	Entrance/ employment/return/ regulation & control
2	Department of Immigration & Passport (DIP)	Visa issue/ extension
3	Special Branch, Bangladesh Police (SB)	Security clearance
4	National Security Intelligence (NSI)	
5	Bangladesh Investment Development Authority (BIDA)	Visa recommendation letter/ work permit issue/ extension
6	Bangladesh Export Processing Zones Authority (BEPZA)	
7	NGO Affairs Bureau (NGOAB)	
8	Ministry of Youth and Sports	Clearance/ NOC
9	Ministry of Cultural Affairs	
10	National Board of Revenue (NBR)	Income tax / tax certificate
11	Employers	Provide job /employment

The Ministry of Youth and Sports and the Ministry of Cultural Affairs provide “No Objection Certificate” to the foreign players and cultural activists. The National Board of Revenue (NBR) collects income tax from the expatriates working here and provide tax certificates to them.

Procedure of Expatriate Employment

3.1 Formal Process of Expatriate Employment

The work permit for an expatriate is a precondition for employment in Bangladesh. The private sector enterprises desiring to employ expatriates are required to apply in advance for the work permit of their expatriate employee. Citizens of the countries that have diplomatic relations with Bangladesh can be considered for employment in Bangladesh, and only the industrial or commercial establishments that are registered by the appropriate authority can employ expatriates.

Any company willing to employ foreign nationals need to search for a Bangladeshi national first for the particular position. In the process, the employer is required to publish the job circular in renowned newspapers or online job portals for the recruitment. After failing to find a suitable candidate through the local recruitment process, the company may start the recruiting process of a foreign national. A board resolution with the decision of the board of directors of the concerned company is required for the new employment or employment extension of an expatriate.

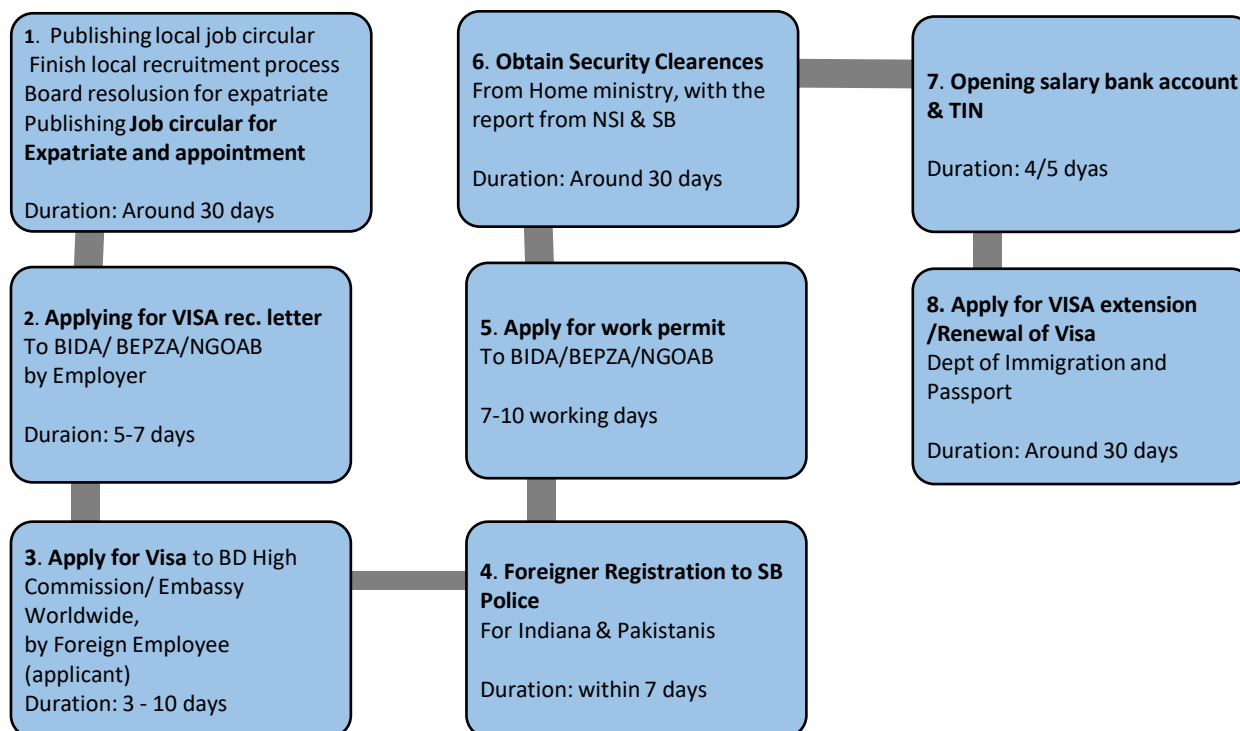
After getting a suitable expatriate for the position required, the host company will apply for a visa recommendation letter for the candidate to the concerned authority. Mainly three authorities – BIDA, BEPZA and NGOAB are responsible to provide the ‘Visa Recommendation Letter’. Usually it takes 5-7 days to get the letter, if all the required documents submitted are found correct.

After getting the ‘Visa Recommendation Letter’, the newly recruited expatriate has to apply for the visa with all required supporting documents at the diplomatic mission of Bangladesh or Embassy located in his own country. Usually an expatriate gets a visa for a short period of time – a maximum of six months. Therefore, after entering Bangladesh one needs to apply immediately for work permit, which is required to extend the visa.

During the process of providing work permit, the concerned authority (BIDA/ BEPZA / NGOAB) sends all the documents to the Home ministry for the security clearance, which is usually processed by two separate agencies, Special Branch of Police (SB) and National Security Intelligence (NSI). It takes almost one month to get the security clearance. After getting the security clearance from the Home Ministry, the concerned authority provide the work permit in favor of the expatriate to the employer. Then with this work permit, the expatriate needs to collect a tax identification number (TIN) and open a bank account before applying for the visa extension. With the work permit and other required documents, the expatriate employee needs to apply for visa extension to the DIP.

The following flow chart depicts the whole process of expatriate employment in Bangladesh in brief.

Flow Chart 1: The process of expatriate employment



3.2 Anomalies in the process of expatriate employment

There are allegations of different kinds of anomalies at different stages of the employment process of expatriates in Bangladesh. There are also allegations of illegal transactions to expedite the process of employment. Such anomalies have been described below.

Appointment of expatriate employee

In the process of employing an expatriate, an employer need to search for a local candidate first, instead of searching for a foreign nationals for that position. To complete this local recruitment process, the organization needs to publish the job circular properly in prominent news media and job portals. The organization then needs to take interviews of local potential candidates. Thus after completing the local recruitment process, if it fails to find a competent local candidate, the employer can start searching for a qualified foreign national for the post. However, it is alleged that usually employers follow a tailor-made local recruitment process only to comply with the rules on paper regarding this, but not to find a potential local candidate in real sense. In most cases, the employers have their candidate chosen to offer the job through a premeditated decision. Sometimes the employer selects the candidate through its own arrangements by head hunting and appoints him/ her. Thus the potential local candidates are ignored and deprived of a job, which is a violation of BOI Guideline, 2011.

Collecting 'Visa Recommendation Letter' and 'Work Permit'

After appointing an expatriate the employer needs to collect the 'Visa Recommendation Letter' for the employee from the concerned authority (BIDA/ BEPZA/ NGOAB). The application and other required documents can be submitted through online or manually to collect this letter. The online process is supposedly easy and fast in terms of consuming time. However, it is alleged that this online process is deliberately delayed when it is submitted without managing the concerned officials. Rather the manual submission is easier and faster in terms of duration as the concerned officials can demand some speed money. Similar allegations are there with regard to the process of collecting work permits.

Besides, authorities usually collect all the required documents during the process of issuing visa recommendation letter and work permits. However, the concerned authority never visits the employer's office for verification and monitoring purpose. The verification process is only completed through checking documents.

Applying for visa

An expatriate willing to work in Bangladesh needs to apply for the visa at the diplomatic mission of Bangladesh in the country of origin. A visa recommendation letter is a prerequisite for getting visa of certain types that allow the expatriate work here. It is alleged that from certain diplomatic missions expatriates, in exchange of illegal transactions, can manage 'Employment' (E) or 'NGO' (N) visa without producing any visa recommendation letter. It is also reported that expatriates often collect tourist visa frequently from the diplomatic missions of Bangladesh with the help of some speed money.

Security clearance

An expatriate with any type of work visa needs to apply for a work permit within seven days after entering Bangladesh. As a prerequisite of work permit, security clearance of the expatriate is needed. The Ministry of Home Affairs provides this clearance through two different government agencies – the Special Branch of Police (SB) and National Security Intelligence (NSI). In course of providing security clearance, SB and NSI officials visit both the employer and employee. However, there are allegations of demanding illegal speed money against both SB and NSI officials for providing positive reports within a short period of time, usually by 30 days.

Extension of Visa

Expatriates coming with work visas usually have a temporary visa for a period of maximum three months. Some also come with a 'visa on arrival' which has a validity of maximum one month. Hence, they need to renew their visa immediately after getting the security clearance and work permit. They need to apply for the renewal of their visa to extend the timelines or to change the visa type to the Department of Immigration and Passports (DIP). It is alleged that money is extorted from the expatriates for renewing visa.

Employment of an expatriate is a lengthy process and several government agencies are involved. Since the primary visa expires within very short period of time, there are allegations that almost in every stage of this expatriate employment some unscrupulous officials of these agencies claim extra payment illegally to speed up the process. Table 5 provides the minimum range of illegal transactions in different stages of expatriate employment.

Table 5: Illegal transactions in different stages of expatriate employment

SI	Steps of Illegal payment	Amount (BDT)
1	Visa recommendation letter(BIDA/BEPZA/NGOAB)	5,000 – 7,000
2	Visa (diplomatic missions of Bangladesh)	4,250 – 8,500
3	Registration after arrival	2,000 – 3,000
4	Work permit (BIDA/BEPZA/NGOAB)	5,000 – 7,000
5	Security clearance from SB	5,000 – 7,000
6	Security clearance from NSI	3,000 – 5,000
7	Security clearance (Home Ministry)	2,000 – 3,000
8	Visa extension(DIP)	3,000 – 5,000
*Total		23000 - 34000

* Expenses for visa collection & Registration are not included.

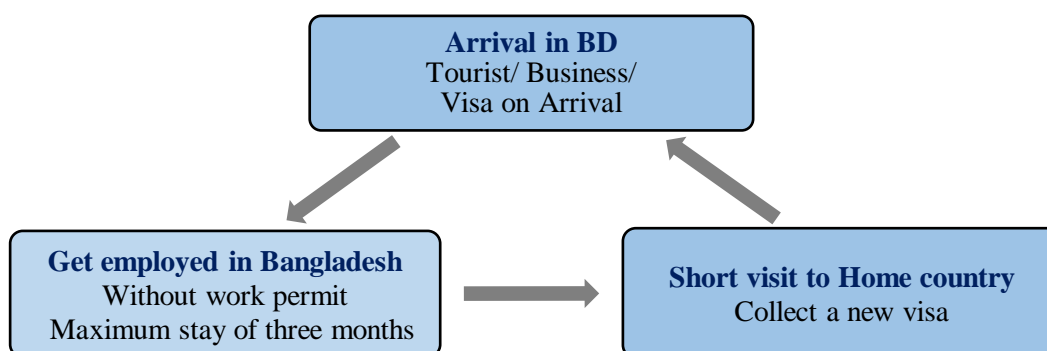
3.3 Informal process of expatriate employment

A significant number of foreign nationals by-passes all the systematic procedures to get employed illegally with the help of the employer. Though the law states that every foreign national, appointed to work in any commercial, industrial, multi-national companies, or even in any nonprofit organization(NGO), must have prior permission from concerned authorities and proper category of visa, the reality is quite different. Foreign nationals get employed frequently without any legal documents or permissions to work, even in the positions of mid-level supervisors and managers. In such cases, most employers bring in foreign nationals on ‘Tourist’ (T) visa or ‘Visa on Arrival’ (VOA). The employers are the main facilitators in the process of illegal employment of expatriates, as it helps them employ competent foreign workers with a relatively lower remuneration package, since the employee avoid paying taxes. Thus, expatriates working without proper visa and work permits, as well as the employer of such illegal workers are violating several laws and rules of the land.

Employers often find this illegal employment process of expatriates easy and less time-consuming. Both the employer and the employee bypass all the stages of formal employment, such as, publishing job circular, getting permission from concerned authorities, collecting visa recommendation letter and work permits, renewing visa to extend timelines, paying taxes through a valid TIN and transferring salary through a bank account. Instead, an expatriate usually gets entry into Bangladesh with a T visa or visa on arrival. Some of them also come to Bangladesh with Business (B) visa, and get involved in employment, which is prohibited, and thus illegal.

Expatriates who work here without having proper category of visas and work permits, usually return to their home country instead of overstaying, get a new visa and come back to Bangladesh with a fresh visa to join their previous job here. Hence, with T visa they just need to return to their home country after every three months as it expires in 90 days.

Flow Chart 2: Cycle of illegal expat employment



These expatriates usually manage to get tourist visa frequently with regular interval following natural procedure. However, often they need to get this visa by virtue of the illegal payment to some unscrupulous officials in diplomatic missions of Bangladesh as well. Even there are accusations of issuing ‘Employment’ (E) visa or ‘NGO’ (N) visa without any visa recommendation letter from the concerned authority in Bangladesh.

Again, at the entry point in Bangladesh, Immigration Police usually do not prevent them from entering the country frequently with a very minimal interval on tourist visa instead of having special power to bar them. However, according to immigration police, they do not have the right to bar those expatriates as long as they have the valid visa.

3.4 Tax evasion by expatriates

According to the law of the land, foreign nationals must pay 30 per cent of their income as income tax while working in Bangladesh. However, there are allegations of evading tax against expatriates working in Bangladesh. Expatriates, who are working illegally without having any legal documents or work permits are understandably evading tax, as they do not have any TIN or bank account. However,

it is a matter of concern that those who work here legally also are evading taxes by showing lower than their real income.

In most of the cases, expatriates who work here legally evade taxes in collusion with their employers. The BOI Guideline 2011 provides a minimum salary structure for the foreign nationals, which is not updated since 2011, and allegedly match to one-third of the average actual salary of the expatriate workers. The unscrupulous employers and expatriate employees abuse this minimum structure as a means to show a salary lower than the actual salary. Thus they avoid paying a major portion of the tax. In such cases the employers need to maintain two different accounts for the expatriate employees. The salary amount that is shown in tax file is transferred to the bank account. Rest of the amounts are paid in cash.

It has allegedly become a standard practice in many sectors. Even MNCs and foreign investment or joint venture companies do not disclose the actual amount of salary of foreign nationals working in their business ventures. Usually these expatriates are paid a fraction of their due salaries in local currency through bank accounts. Rest of their salaries are deposited in bank accounts in either their home country or any offshore account of their choice, by their mother organization or through illegal channels, and thus they evade paying tax. This suits both the employer and the employee, and the national exchequer loses out on precious tax revenue.

According to Tax Zone-11, in the fiscal year 2018-2019, a number of 9,500 foreign employees submitted their tax returns, which is much lower even from the number of expatriates working legally with work permits (Table 6). The estimated monthly salary, which is extremely lower than the actual scenario, proves that expatriates working here legally are showing lower incomes intentionally to evade taxes, as data found in this study indicates that the lowest monthly salary of expatriate workers on average is actually not less than US\$ 1,500 (BDT 127,500).

Table 6: Tax paid by expatriates in Tax Zone 11 (2018-19)

Number of expatriates submitting tax	9500 person
Amount of tax	BDT 181,00,00,000
Average monthly salary (estimated)	BDT 50,000 / USD 600

Source: Tax Zone 11, NBR (2019).

Table 7 presents an estimated comparison between the step wise actual salary range and the salary range shown by the expatriates working in the RMG sector.

Table 7: Comparison of salary range actual versus shown, by the expatriates in RMG sector

Sl	Designation	Monthly salary range (actual) (in thousand USD)	Monthly salary range (disclosed) (in thousand USD)
1	CEO	10 - 12	3 - 3.6
2	CFO	08 - 10	2.5 - 3
3	Compliance / Social Auditor (Buying house)	9.5 - 11	3 - 3.5
4	General Manager (Operational Head)	6 - 8	1.8 - 2.5
5	Head of Dyeing/ Washing	5 - 7	1.5 - 2
6	Compliance / Social Auditor (Garments)	4.5 - 7	1.5 - 2
7	Senior Manager	4 - 6	1.25 - 1.75
8	Head of Quality Assurance	3.5 - 5	1 - 1.5
9	Production / Merchandiser Manager	3.5 - 5	1 - 1.5
10	Industrial Engineer (IE)	3 - 6	1 - 1.75

Source: Interviews with officials at different levels of RMG factories.

Moreover, Bangladeshi employers mostly help these expatriates working without work permit or any legal documents, although the employment of expatriates without legal documents is grossly illegal

and punishable under law. Employers often deliberately hire foreign experts without following due legal process in order to evade taxes and employ them with lower salaries. Hence, both the employer and employee in collusion avoid paying taxes. Usually the employer does not keep any records of the expatriate worker in any official documents or salary sheet. They are paid in cash. Employer often provide them with accommodation and transport services.

Expatriate Employment: Number and Remittances Sent

4.1 Expatriates in Bangladesh: Debates on numbers

The data on the total number of expatriates working in Bangladesh published in different sources varies widely. According to *The Daily Observer*, the total number of expatriates working in Bangladesh is around 12.6 lacs.²⁵ In contrast, another news published in *The Daily Star* claimed the number is around two lacs.²⁶ Again in 2018, *The Financial Express* claimed this total number as five lacs.²⁷ However, most recently *Bangladesh Protidin* in a report stated this number as ten lacs.²⁸ Apart from these, the former minister of Expatriates' Welfare and Overseas Employment stated that this total number of expatriates working here both legally and illegally was two lacs in October 2017,²⁹ and the Home Minister informed in the question-answer session at the parliament in February 2018 that there are 85,486 foreigners working in Bangladesh legally.³⁰

Table 8: Number of expatriates working in Bangladesh (different sources)

Source	Total number of Expatriates	Comments
Different mass media	Min. 2 lacs - Max. 12.6 lacs	Both legally & illegally
Former minister of Expatriates' Welfare and Overseas Employment (October 2017)	2 lacs	Both legally & illegally
Home minister at National Parliament (February 2018)	0.85 lacs	Working legally

It may be concluded that no formal or authentic data is available from any government agency or institutions on the total number of expatriates, as a result of which many perception-based assumptions and questionable data prevail in the public domain. This study has attempted to collect and analyze all the available data regarding expatriates to produce a conservative estimation of the total number of the expatriates working here both legally and illegally.

Foreign nationals aspiring to get into Bangladesh, firstly need to apply for a valid visa describing their objective of entrance here. On the basis of their application, diplomatic missions of Bangladesh situated all over the world issue different types of visa. There are 33 types of visa which can be obtained by expatriates, all of which require different documentation and evidence.

Table 9 shows the number of different types of visas in working category, issued by the Department of Passport and Immigration (DIP), Dhaka in 2018.

²⁵*The Daily Observer*, '12.60 lakh foreigners stay illegally in Bangladesh', 16 April 2016.

<https://www.observerbd.com/2016/04/16/146878.php> (accessed on 20 November 2019).

²⁶*The Daily Star*, 'Foreign employees on the rise in Bangladesh', 31 December 2015.

<https://www.thedailystar.net/business/foreign-employees-the-rise-bangladesh-194584> (accessed on 20 November 2019).

²⁷*The Financial Express*, 'Need for authentic data on foreign workers', 26 June 2018.

<https://thefinancialexpress.com.bd/views/need-for-authentic-data-on-foreign-workers-1530029764> (accessed on 20 November 2019).

²⁸*Bangladesh Protidin*, '10 lacs illegal foreigners in Bangladesh', 29 September 2019. <https://www.bd-pratidin.com/first-page/2019/09/29/461172> (accessed on 20 November 2019).

²⁹*The Financial Express*, 'Foreign managers rule corporate sector as locals lack skills', 8 October 2017. <https://thefinancialexpress.com.bd/trade/foreign-managers-rule-corporate-sector-as-locals-lack-skills-1507436693> (accessed on 20 November 2019).

³⁰*The Daily Star*, '85,486 foreigners working legally', 05 February, 2018.

<https://www.thedailystar.net/city/85486-foreigners-working-legally-1529971> (accessed on 30 November 2019).

Table 9: Number of visa issued by the DIP for working in Bangladesh

Sl no	Types of Visa	Number of Visa 2016	Number of Visa 2017	Number of Visa 2018
1	A3 (Experts/Advisers/Officials - bilateral/multilateral agreement between GoB& DP)	3,976	4,515	3,578
2	E (Employment- Experts/Advisers/Employees - appointed by government/autonomous/ projects/ industrial/ commercial organizations)	11,291	12,099	18,028
3	E1 (Individuals visiting for supply/ installation/ maintenance of Equipment/ software)	630	540	695
4	N (Individuals appointed in NGOs registered in Bangladesh)	465	448	544
5	P (Player/ Organizer)	27	39	55
6	PI (Private Investor)	570	710	649
	Total	16,959	18,351	23,549

Source: DIP, 2019.

According to DIP, a number of 23,549 visas were issued in working categories during 2018. Foreign nationals willing to work in Bangladesh must have valid work permit along with visa among the categories stated above. Hence, all of these visa holders are supposed to collect valid work permits to work legally in Bangladesh. Therefore, the number of visa issued and renewed in a particular year should match to the total number of work permits issued and renewed by the concerned authorities in that year.

Among the three government agencies that are in charge of issuing work permits for expatriates in Bangladesh, BIDA issues the maximum number of work permits in a year. According to BIDA, it has issued 4,541 new work permits, in addition of 4,604 extensions, which was in total 9,145 work permits in 2018.

Table 10: Number of work permits issued by BIDA (2014-2018)

Type	2014	2015	2016	2017	2018
New (Industrial)	1,418	1,610	1,976	1,960	2,046
New (Commercial)	993	982	1,079	1,309	2,495
Total New (A)	2,411	2,592	3,055	3,269	4,541
Extension (Industrial)	2,053	2,175	2,491	2,755	3,031
Extension (Commercial)	1,458	1,272	1,331	1,358	1,573
Total Extension (B)	3,511	3,447	3,822	4,113	4,604
Total (A+B)	5,922	6,039	6,877	7,382	9,145

Source: BIDA, 2019.

Apart from BIDA, BEPZA and NGOAB issue work permits to the expatriates working in EPZ areas and NGOs respectively. Table 11 depicts the total number of work permits issued and renewed by these two authorities.

Table 11: Number of work permits issued by BEPZA and NGOAB (2014-2018)

		2014	2015	2016	2017	2018
BEPZA	New	567	708	712	731	619
	Extension	986	738	922	1013	1120
	Total	1553	1446	1634	1744	1739
NGO Affairs Bureau	New	87	79	104	109	104
	Extension	130	137	198	254	192
	Total	217	216	302	363	296

Source: BEPZA & NGOAB, 2019.

According to the table above, total number of work permit issued by the NGOAB in 2017 was 363, slightly higher than the previous year, which was decreased to 296 in 2018. However, according to the informants of this study, after the Rohingya crisis in 2017, there was an influx of foreign nationals in different NGOs working in Cox's Bazar, which was not reflected in the number of work permits issued by the NGOAB. According to different local NGO workers, around 1,200 foreign nationals were involved with different international and local NGOs during 2017 and 2018, whereas the total work permit issued by NGOAB is merely around one fourth of the said number.

Table 12 shows the total number of work permits issued by these three authorities in last five years (2014 - 2018) .

Table 12: Number of work permits issued by different authorities (2014-2018)

Sl No	Issuing Authority	2014	2015	2016	2017	2018
1	BIDA	5,922	6,039	6,877	7,382	9,146
2	BEPZA	1,553	1,446	1,634	1,744	1,739
3	NGOAB	217	216	302	363	296
	Total	7,692	7,701	8,813	9,489	11,181

From Table12 a relatively upward trend of total numbers of work permits issued by these authorities can be observed. The total number of work permits issued and renewed in 2018 by all these three authorities is 11,181. In contrast, the DIP issued a total number of 23,549 visas in the same year in working category, which is almost double of the total work permits issued in the same year (2018).Almost a similar scenario was there in 2016 and 2017 as there were 9,489 work permits issued against 18,351 work visas in 2017, and 8,813 work permits issued against 16,959 working visa in 2016.

Again, according to the statistics placed by the Home Minister of Bangladesh in the 10th Parliament on 4 February 2018, some 85,486 foreign nationals of 44 countries were staying and working here legally in 2018.

Table 13: Number of expats working in different professions (2018)

Serial	Type of professions	Number
1	Businessmen	67,853
2	Experts	8,300
3	Officials	3,682
4	Players and sports organizers	2,105
5	Capital investors	922
6	Personal staff	804
7	Technical professionals	727
8	NGO workers	561

Serial	Type of professions	Number
9	Research or training staff	400
10	House assistants	132
	Total (including businessmen)	85,486
	Total (excluding businessmen)	17,633

Source: Home Minister of Bangladesh in the 10th Parliament on 4 February 2018, published in *The Dhaka Tribune*, 23 January 2019.

Moreover, among 85,486 expatriates, 67,853 were businessmen and rest (17,633) were employed in various professions which was much greater in number than the work permits issued in that year.

However, all these data are about the number of total expatriates working here legally, provided by different government institutions. Yet data from these sources did not match with each other about the total number of expatriates working here legally. In 2018, DIP issued total 23,549 visas in different work categories, whereas the total work permit issued in 2018 by different agencies is 11,181 only. Again, according to Home Minister, around 17,633 foreign nationals are working here legally, apart from 67,853 businessmen. This indicates about the lack of coordination among different government agencies in keeping records of foreign nationals working in Bangladesh.

Besides, according to informants, a significant number of expatriates are involved in different types of employment here without any documents or legal papers violating laws and regulations. According to various informants, these expatriates enter Bangladesh mostly with Tourist (T) visas. Apart from T visas, some come with Business (B) visa and some with a visa on arrival (VOA). According to the visa policy, working with this type of visa is prohibited in Bangladesh, and there is also a seal notifying “Working is prohibited” on these types of visa. Yet a number of expatriates get involved in various types of job here with such types of visa, which make their employment illegal.

Table 14: Number of tourist visa issued³¹

Year	Number of tourist visa (in Lacs)
2008	4.67
2009	4.80
2010	5.30
2011	5.93
2012	5.88
2013	Not available
2014	Not available
2015	6.43
2016	NA
2017	7.50
2018	8.00 (estimated)

No institutional data about the total number of such expatriates working here illegally is available. However, according to the information found in this study, more than half (50%) of the entrants with tourist visa usually come here to get involved in employment illegally. All of these expatriates come to Bangladesh with valid visas, but they do not come with right category of visa, and get employed without work permits. As the tourist visa expires in three months, expatriates working here with tourist visa need to return to their home country or any neighboring country in every three months, and come back here with a tourist visa again. Hence, to remain employed here for one year, one need

³¹ Bangladesh Parjatan Corporation, Annual Reports (2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18).

to get entry here with a tourist visa for a minimum of four times with three months validity for each entry. However, some might have to come thrice, twice or once a year for a short time employment. Again, some might get more than four times of entries with lesser period of stay each time as well. To have a conservative estimation about the probable minimum total number of expatriates working here illegally in 2018, the half of the total 'T' visa number has been divided by the minimum average number of entry by an expatriate. Thus the probable minimum total number of expatriates who were involved in illegal employment in 2018 is estimated around 1.6 lacs. Besides, there are another 0.85 lacs of expatriates working legally according to the Home Minister. Hence, the total probable minimum number of expatriates working here in Bangladesh, both legally and illegally, is estimated to be around 2.5 lacs.

4.2 Outflow of remittances through legal and illegal channels

There is a dearth of institutional data on the total amount of remittance outflow from Bangladesh through both legal and illegal channels. This creates scopes for many assumptions and questionable figures, which are dominating in different published news reports in mass media. However, these figures also widely vary.

According to *The Daily Star* around US\$ 3.7 billion were remitted to India only from Bangladesh in 2013.³² Later, in another report in the same year, *The Daily Star* asserted that the total amount of outward remittance from Bangladesh were around US\$ 5 billion.³³ Nevertheless, the highest figure on the outward remittance from Bangladesh – around US\$ 10 billion per year was published in 2016.³⁴ Again, in 2017 the then Minister of Expatriates' Welfare and Overseas Employment stated that this amount is around US\$ 6 billion³⁵ per year, and according to the then Finance Minister in 2018, the total amount of remittance outflow was around US\$ 5 billion per year³⁶.

However, the Bilateral Remittance Matrix 2017 by the World Bank asserts this amount as US\$ 2.11 billion in 2017, whereas Bangladesh Bank stated that the total amount of wage remittance from Bangladesh in 2017-18 was around US\$ 0.046 billion only, remitted through legal channels. Table 15 summarizes the available data in brief from different sources published about the total remittance outflow from Bangladesh.

³²*The Daily Star*, 'Controlling remittance outflow to India', 8 January 2015; <https://www.thedailystar.net/controlling-remittance-outflow-to-india-58831> (accessed on 20 November 2019).

³³*The Daily Star*, 'Foreign employees on the rise in Bangladesh', 31 December 2015; <https://www.thedailystar.net/business/foreign-employees-the-rise-bangladesh-194584> (accessed on 20 November 2019).

³⁴*The Daily Observer*, '12.60 lakh foreigners stay illegally in Bangladesh', 16 April 2016; <https://www.observerbd.com/2016/04/16/146878.php> (accessed on 20 November 2019).

³⁵*The Financial Express*, 'Foreign managers rule corporate sector as locals lack skills', 8 October 2017. <https://thefinancialexpress.com.bd/trade/foreign-managers-rule-corporate-sector-as-locals-lack-skills-1507436693> (accessed on 20 November 2019).

³⁶*The Daily Star*, '\$5b flies out as remittance annually', 13 May 2018. <https://www.thedailystar.net/business/5b-flies-out-remittance-annually-muhith-1575619> (accessed on 20 November 2019).

Table 15: Perception about the total amount of remittance outflow from Bangladesh

Source	Total amount of outward remittance	Comments
Different mass media	Min. 3.7 billion - Max. 10 billion (US\$)	Both legally & illegally
Former minister of Expatriates' Welfare and Overseas Employment (2017)	US\$ 6 billion (BDT 51,000 crore)	Both legally & illegally
Former Finance Minister (2018)	US\$ 5 billion (BDT 42,500 crore)	Both legally & illegally
World Bank (2017) ³⁷	US\$ 2.11 billion (BDT 18,000 crore)	Both legally & illegally
Bangladesh Bank (2017-18) ³⁸	US\$ 46 million (BDT 391 Crore)	Wage remittance in legal way

In absence of any authentic statistics, it is difficult to accept or reject such estimates. In this context, this study attempts to collect and analyze all the available data regarding remittance outflow from Bangladesh to produce a conservative estimation of the total outflow of remittance from here both legally and illegally.

Lack of authentic institutional data about the extent of expatriates employed illegally makes it difficult to estimate the total amount of remittance outflow from Bangladesh. However, according to the estimation made through analyzing data collected in this study, the estimated number of expatriates working here both legally and illegally is around 2.5 lacs. The average of minimum monthly salary for expatriates working here is US\$ 1,500, which makes the total amount minimum yearly earnings by all the expatriates working here, around US\$ 4.5 billion. According to the key informants, it is assumed that expatriates working here consume around 30% of their income locally and remit rest of the amount.

Table 16: Yearly outward remittance form Bangladesh and the amount of revenue loss (estimated)

Expatriates working in Bangladesh	2.5 lacs
Average minimum monthly salary	US\$1,500
Total of minimum yearly income by expatriates	US\$4.5 billion
Total of minimum yearly outward remittance	Total US\$ 3.15 billion (US\$ 0.046 billion legally + US\$ 3.1 Billion illegally) (BDT 26,384 crore)
Minimum amount of yearly revenue loss (by tax avoidance)	1.35 billion US\$ (BDT 12000 crore)

Accordingly, the total estimated amount of remittance outflow from Bangladesh stands at US\$ 3.15 billion per year. Here only US\$ 46 million is remitted legally through the banking channel, while rest of the amount is remitted through illegal channels. Moreover, the potential revenue loss from tax avoidance by the expatriates is estimated around US\$ 1.35 billion per year, as the income tax rate is flat 30% for the expatriates. Table 16 shows the details of the estimation of the total amount of yearly remittance outflow and tax avoidance from Bangladesh, by the expatriates working here illegally.

³⁷ The World Bank, *Bilateral Remittance Matrix 2017*; <https://www.worldbank.org/en/topic/migrationremittances/diasporaissues/brief/migration-remittances-data> (accessed on 20 November 2019).

³⁸ Collected from Bangladesh Bank, 2018; The World Bank, *Bilateral Remittance Matrix 2018*, <https://www.worldbank.org/en/topic/migrationremittances/diasporaissues/brief/migration-remittances-data> (accessed on 20 November 2019).

Conclusion and Recommendations

5.1 Conclusion

The extent of foreign nationals working in Bangladesh both legally and illegally, and the amount of remittances outflow through both legal and illegal channels is a matter of grave concern. It reflects that the Government of Bangladesh does not have a comprehensive strategic policy or a strict labor policy to control and monitor employment of expatriates efficiently. Controlling illegal expatriates is a hard task in a country where administration is weak with allegedly high level of corruption. Moreover, no specific authority is responsible to control expatriate workers. In addition, the absence of effective coordination among the government agencies involved in the procedure of employment for expatriate workers makes it more difficult to control illegal foreign workers. Moreover, there is no authentic and formal data about the number of total foreign nationals working in Bangladesh, and about the total amount of outward remittances.

Nevertheless, according to the estimation of current study, the probable minimum number of foreign nationals working in Bangladesh both legally and illegally is not less than 0.25 million. Consequently, the minimum amount of outward remittances is not less than US\$ 3.25 billion per year. Moreover, tax evasion by the foreign nationals working in Bangladesh at the flat rate of 30% of income tax accounts for another US\$ 1.4 billion potential revenue loss for Bangladesh.

Corruption in the expatriate employment process has been virtually institutionalized due to extraction of money illegally by the officials involved at different stages. Consequently, concerned government authorities have no efficient or effective initiatives to verify or monitor the foreign workers at field level.

Expatriates, mostly Indians, employed in Bangladesh, are not engaged in specialized jobs. Instead they are involved in ordinary administrative works, for which there should not be any dearth of Bangladeshi candidates. Such unnecessary employment of expatriates results into a huge loss of foreign currency for paying remunerations for them. Again, this expatriate employment creates unfair competition for the local candidates.

It should have been mandatory for a company to employ at least two employees against each expatriate employee, that will successfully transfer the tacit knowledge from the foreigner to a local employee, and ultimately reduce the dependency on foreign workers. However, although according to the current policy an expatriate can work maximum for five years in a company, s/he can work for unlimited times by changing the organizations periodically. The employment policy for the expatriate in Bangladesh should be more conservative with clear instructions about the terms and condition on maximum period for an expatriate worker in Bangladesh, on the selective sectors expatriate can be employed with clear planning of knowledge transfer.

At present different agencies working under different ministries are keeping data about the expatriates on their own as per their need only. Although every agency maintains its own database using the digital technology, there has not been any initiatives to coordinate the databases that they have about the expats here in Bangladesh. As the SB of Police is providing the immigration services, they should have all the data about the expats incoming and outgoing both along with their visa status and the tour purpose. Thus it can be possible to have a clear picture about the number of total expatriates residing in Bangladesh legally or illegally. Again, with the data getting from all the agencies involved in providing work permit and visa extension, SB will be able to differentiate expats with legal and illegal status.

5.2 Recommendations

The government may consider the following recommendations to oversee the employment of expatriates and movements of foreign nationals staying in Bangladesh:

1. A comprehensive strategic policy should be formulated to ensure the participation of all relevant authorities in the employment process of foreign workers in Bangladesh.
2. In order to preserve and effective use of all the information about the foreign nationals staying in Bangladesh, an integrated data management system should be developed at all entry and exit points, and where all the relevant authorities should have access.
 - a) All Bangladesh missions abroad will have to send monthly visa statement (category-wise) to the Ministry of Home Affairs.
 - b) Immigration offices situated at different ports of entry, like airports and land ports, have to send monthly statement of arrivals and departures of all foreigners to the Ministry of Home Affairs.
 - c) The concerned department of the Ministry of Home Affairs has to prepare and update a comprehensive list of all foreigners visiting Bangladesh, with the help of the statements sent by our missions abroad and immigration offices located at the ports of entry in Bangladesh, to accommodate the ‘visa on arrival’ numbers.
3. A ‘one stop service’ should be established to provide services regarding visa recommendation letters, security clearances, work permits and visa extension to foreign workers.
4. The indicative minimum salary structure for the foreign nationals working in Bangladesh at the BOI Guideline should be updated.
5. Irregularities in providing visas in the Bangladeshi missions abroad have to be stopped. Visa seals should be banned for all forms of visas except the Machine Readable Visa (MRV).
6. A joint task force comprised of officials from NBR, SB police, NSI, BIDA, BEPZA, NGOAB has to be mobilized in search of illegal expatriate workers in various offices and factories.
7. A need-based review of sector-wise foreign experts should be done. All pre-conditions and compliances should be ensured effectively in recruiting foreign nationals.
8. Local employment opportunities should be ensured to take proper advantages of the booming industrial sector in Bangladesh.
9. Policy initiatives should be undertaken to develop the skill and efficiency of local manpower keeping in mind the present and future need.

Appendix 1

Bangladesh Visa Policy (Amendment), 2016

Sl. No.	Visa Category	All who are eligible	Purpose of visit/travel	Indicative list of required documents
1	A	Head of State / Head of Government / Ministers / State Ministers / Deputy Ministers /Member of Parliament / Provincial Assembly Members / Mayors / or persons with equivalent status and their entourage, accompanying spouse and dependant members of their family	Official visit	Note Verbale from the Ministry of Foreign Affairs of the sending government.
2	A1	Officials of government / semi-government / autonomous bodies / members of government delegation and entourage, accompanying spouse and dependant children	Official tour / duty	Note Verbale from the sending government department/ Ministry
3	A2	Officials and staff members of UN and its affiliated organizations, international / regional organizations / bodies	Employment / official duty	Letter of request / recommendation of the relevant international organization
4	FA2	Spouse and other dependant family members of the Principal traveling on A2 category visa	Accompanying / joining the Principal	Letter of request / recommendation of the relevant international organization
5	A3	Experts / advisers / officials / staff members / labors working in any project under the bilateral / multilateral agreement between Bangladesh government and development partner agencies	Employment / Official duty	Recommendation of the concerned Ministry / ERD of the Ministry of Finance / relevant government agency of Bangladesh
6	FA3	Spouse and other dependent members of the Principal visiting with A3 category visa	Accompanying / joining the Principal	Letter of recommendation of the relevant agency / organization
7	B	Businessmen / Business Representatives	Trade and Commerce	Recommendation from recognized chambers of commerce OR recommendation of the local sponsor in Bangladesh and statement of good standing / business credentials.
8	C	Crew members of airlines / ships / vessels / other transports in international route	Professional duty	Recommendation of the appointing authority
9	D	Ambassadors / diplomats / consular officers and officers of equivalent status and their spouses and their dependant family members	Official duty (and accompanying /joining principal)	Note Verbale from the sending government
10	ND	Personal staff of Principal visiting with A, A2 and D category visa and Non-diplomatic staff members and their spouses and dependent members of their family	Accompanying/ joining the Principal (and official duty)	Note Verbale from the sending government
11	DA	Domestic aide of Principal traveling on A, A2 and D category visas	Accompanying / joining the	Note Verbale from the sending government

Sl. No.	Visa Category	All who are eligible	Purpose of visit/travel	Indicative list of required documents
			Principal	
12	E	a) Experts / advisers / employees / Individuals appointed in government / semi-government/ autonomous bodies / projects and equivalent organizations b) Individuals employed in local/ foreign government / semi-government/ liaison / Industrial / commercial organizations or other equivalent organizations c) Individuals appointed under local / foreign government / semi-government contractor ship and in equivalent organizations	Employment /service	Letter of Appointment and Letter of recommendation from the concerned Ministry in Bangladesh / Bangladesh Board of Investment (BOI) / Bangladesh Export Processing Zones Authority (BEPZA)
13	FE	Spouse and other dependent members of the Principal traveling on E category visa	Accompanying / joining the Principal	Relevant documents e.g. birth/ marriage certificates / letter from recommending authority
14	E1	Individuals visiting for supply / installation / maintenance of equipment and software / supervision of project etc.	supply/ Installation / maintenance / training / supervision / project visit etc.	Invitation from local sponsor, copy of agreement , recommendation of Bangladesh Board of Investment (BOI) / Bangladesh Export Processing Zones Authority (BEPZA) / relevant Ministry / department / agency
15	J	Journalists of newspapers / magazines / TV or radio networks / news agencies / representatives of print, electronic or satellite media / freelance journalists etc.	Professional duty	For issuance of J category visa, a clearance from External Publicity Wing of the Ministry of Foreign Affairs, Dhaka is required. This usually takes 21 days to process after submission of application. The applicant also has to submit duly filled in FF-I and FF-II forms along with the visa application form
16	FJ	Spouse and dependant members of the family of the Principal traveling on J category visa	Accompanying / joining the Principal	Relevant documents e.g. birth / marriage certificate or letter from recommending authority
17	M	Missionaries / Priests	Social service	Recommendation/ appointment letter from concerned Missionary /organization and a letter of concurrence from the Ministry of Religious Affairs, Government of Bangladesh
18	FM	Spouse and other dependant members of the family of the Principal visiting on M category visa	Accompanying/ joining the Principal	Relevant documents e.g. birth / marriage certificate / letter from recommending

Sl. No.	Visa Category	All who are eligible	Purpose of visit/travel	Indicative list of required documents
				authority
19	N	Individuals appointed in NGOs registered in Bangladesh	Employment / Service	Letter of appointment and certificate / letter of recommendation from the NGO Affairs Bureau of Bangladesh.
20	FN	Spouse and other dependant members of the family of the Principal traveling on N category visa	Accompanying/ joining the Principal	Relevant documents e.g. birth / marriage certificate / letter from recommending authority
21	P	Sports organizers / players /coaches /members of cultural troupe/ artists / writers and individuals of equal status	Professional duty / Employment	Recommendation of the concerned organization and concurrence of the concerned Ministry in Bangladesh
22	FP	Spouse and dependant members of the family of the Principal traveling on P category visa	Accompanying/ joining the Principal	Relevant documents e.g. birth / marriage certificate / letter from recommending authority
23	PI	Investors in existing / new/ under construction/ upcoming industrial / commercial entity in the private sector under joint venture or 100% foreign owned company	Investment / management of established business / commercial organization	Certificate / Letter of BOI / BEPZA (if applicable) certifying that the applicant is a genuine investor
24	FPI	Spouse and dependent members of the Principal traveling on PI category visa	Accompanying / joining the Principal	Relevant documents e.g. birth/ marriage certificate / letter from recommending authority
25	R	Individual participating in research/ training / Internship program in any government approved agency / organization	Research / training / Internship etc.	Recommendation of the concerned agency/ organization and concurrence of the relevant Ministry in Bangladesh
26	FR	Spouse and dependent members of the Principal traveling on R category visa	Accompanying / joining the Principal	Relevant documents e.g. birth / marriage certificate / letter from recommending authority
27	S	Regular students / students seeking admission / researchers in any government-approved educational institution	Study / research	Proof of admission / approval of admission in a government-approved educational institution, sponsorship and bank guarantee
28	FS	Spouse and dependent members of the Principal traveling on S category visa	Accompanying / joining the Principal	Relevant documents e.g. birth / marriage certificate / letter from recommending authority
29	T	a) Citizen of any country having diplomatic relations with Bangladesh b) Individual attending seminar / symposium / study tour	Travel / tourism / visiting relatives / religious purpose/ unofficial seminar / workshops /	Letter of invitation / flight itinerary

Sl. No.	Visa Category	All who are eligible	Purpose of visit/travel	Indicative list of required documents
			symposium/ study tour etc.	
30	T1	Individual participating in Tablig Jamaat	Religious purpose	Recommendation letter from concerned Tablig Markaz / Tablig Jamaat of the sending country
31	TF	a) Spouse and children of Bangladesh citizens b) Spouse and children of Foreign nationals of Bangladesh origin	Travel and stay in Bangladesh	Proof of Bangladesh citizenship Affidavit confirming relationship as spouse/ children Birth / marriage certificate
32	TR	Individuals transiting through Bangladesh on way to a third country on appointment.	Transit	Recommendation of the appointing authority certifying the appointment in the third country and confirmed ticket (Transit visa is restricted to 72 hours for each entry)
33	W	Individual traveling under “Work and Holiday” Agreement, Development & Volunteers program and under bilateral / multilateral agreements; their spouses and children	As per the Agreement with the Bangladesh Government	Recommendation/request from concerned authority