

NON-PRODUCTIVE INVESTMENTS OF WAGE EARNERS' REMITTANCES IN SEMI-URBAN AND RURAL BANGLADESH

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This study explored the pattern of expansion of overseas market for wage earners, inflow of wage earners' remittances, its disposal pattern and extent of non-productive investments. It analyzed behavioral differences of remittance recipient households between semi-urban and rural areas using primary data of 78 samples from Comilla district. The members of semi-urban families were early expatriates, who remitted larger amount than rural ones. One regression model was used to identify the effect of a few identical factors on remittance amounts in semi-urban and rural areas. Schooling and overseas experiences had larger marginal effects in rural area compared to semi-urban one. However, aging and overseas labor freedom influenced negatively elsewhere. Rural households were more cautious in spending who had lower remittance elasticity than that of semi-urban ones except of capital items. Household assets in either area were concentrated into lands, home appliances and gold ornaments, the rate of return of which were one-tenth of market interest rate. The non-productive investment was concentrated the most to land for rural households and to ornaments for semi-urban ones. However, education and healthcare appeared as necessary components of livelihoods, for which households might move toward human resource oriented investment schemes. This research measured the sensitivity for spending of remittances and the causes of not moving into productive schemes through the process of urbanization.

Keywords: Overseas labor market, Remittance inflow, Capital expenses, Socializing expense, Remittance elasticity of spending, Return to asset

INTRODUCTION

Bangladesh was the seventh remittance recipient country in the world in 2015 (World Bank 2015). Its wage earners' remittances grew at an exponential rate of 16% since the mid 1990s. The country gained economic strength with huge foreign exchange reserves of over 20% of national savings in 2014. This amount was sufficient to meet foreign currency demand, to ease aid dependency and to stabilize foreign currency market (Akanda 2013). However, it was built with hard earning of semi-skilled and unskilled migrants, who could not take their families abroad, rather sent larger amount of remittances to home than skilled ones (Islam and Nasrin 2015). The remittances, at micro level, provided an improved life style, an improved educational standard for children and a new income generating scope for recipients. However, a major portion was spent into a few non-productive schemes (Barai 2012). Accordingly, effective utilization of surplus reserves was recognized as a new dimension in political economy of Bangladesh (Akanda 2014).

The wage earners of either unskilled or semi-skilled ones migrated mostly to the Middle East accounting for three-quarters of total expatriates from Bangladesh (MOF 2015). However, they were far behind of expatriates from other countries in term of technical and language skills. Meanwhile,

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Bangladesh government understood the importance of remittances for economic growth and also realized the necessity of skills development for potential expatriates (MEOE 2015). The country did not experience any remittance-led GDP growth in the short run but could maintain a long-run positive remittance-output relationship (Barajas et al. 2009). However, the micro level impact of remittances was an increased savings though its major part was invested in land acquisition and house construction (Mahmood 1991). There was improvement in socio-economic conditions of recipients and methods of remitting over time. However, not much variation was observed in disposal pattern of remittance receipts (Murshid et al. 2002).

It was more than a decade ago when Siddiqui (2004) included expenditures on nutritious food, healthcare and education into productive investment. Yet land purchasing and housing were identified as major schemes of investment. In a subsequent research, Ullah (2011) identified the inefficiency with disposal of remittances to enhancing household capacities using data from 126 emigrants staying in Hong Kong and Malaysia. Moreover, a recent study evaluated the cost of remitting, channels used, development gains and well-being from remittances (Barkat et al. 2014). The researchers here used almost secondary data and prioritized focus group discussion for collecting primary data. However, they neither identified the factors influencing the amount of remittances nor the impact of remittances on disposal behavior using household level data. While national savings instruments were found unable to change the pattern of investment, a research question remained on what might bring them out of non-productive investment schemes.

There was a scope of micro level investigation into disposal of remittances with its intensity of and responses to non-productive investments. How was the disposal behavior differed in the process of urbanization would appear as an additional issue. Accordingly, this study aimed to explore the pattern of expatriating, remitting, disposing and investing of remittances along with sensitivity of rural and urban recipients. Specific objectives of this comparative study were (i) to identify the pattern of expansion of overseas market for wage earners, (ii) to measure the remittance inflows and factors influencing inflow amount, (iii) to examine the sensitivity in income disposal pattern for remittances and (iv) to determine the extent of non-productive investment of semi-urban and rural households.

This study would evaluate rural-urban behavioral differences in entering overseas labor market, remittance inflow, disposing incomes and extent of non-productive investment. The expatriates from either semi-urban or rural area used to enter discretely into different countries, which provided a pattern of developing overseas market for wage earners. It was easy to weigh up competitiveness from expatriating cost and complication with entry and re-entry. The amount of individual remittances was calculated as the sum of his remitted amount via different channels over the year. It was usual to have more than one expatriate in some households also with dissimilarities in incomes from other sources. Accordingly, household income appeared as an important statistics as the expenses was not identical to remittance per wage earner, rather was dependent on household income. It was also an important issue of determining the factors influencing amount of remittances. To give an identity of investment schemes into disposal patterns, household expenses were divided into a few items including capital item. It was assumed that the rate of return on assets might provide a clear idea of how investment was concentrated to low productive items. The analyses considered internal links and variations between semi-urban and rural areas in the process of expansion of overseas market for wage earners, remittance inflow, disposal pattern and investment of remittances.

This paper was organized into four sections including introduction. Section 2 described the methodology. The results and discussions were presented in section 3 under a few sub-sections of developing overseas market for wage earners, inflow of remittances and factors influencing it, influences of remittances on household expenses and extent of non-productive investment among remittance recipients. The conclusion along with future direction for research was stated in section 4.

METHODOLOGY

This research was based on primary data collected from a remittance prone district among 64 districts in Bangladesh. The field survey was conducted in Rampur and Salmanpur, respectively the semi-urban and rural areas, located at Sadar South sub-district in Comilla district. Data were collected randomly from 78 remittance recipient households who were distributed equally in both areas to organize the study as a comparative one. It consumed more than two months to complete survey for repeating attempts needed in getting financial data. There was no returnee expatriates incorporated into samples for discontinuing their remittance inflows. However, a few returnees were included into discussion sessions for both study areas. The group discussion was designed to figure out socio-economic condition and financial behavior of remittance recipient families. In addition, a large number of books, journal articles and statistical reports were reviewed.

The data of semi-urban and rural households was analyzed separately using arithmetic tools. Moreover, a regression model was fitted to identify the factors influencing remittances (Gujarati et al. 2009) as specified below.

$$\ln(Yr) = \alpha + \beta_1 Agexp + \beta_2 Edexp + \beta_3 Exprab + \beta_4 \ln(GNIpcab) + \beta_5 LFIab + u$$

Where, Yr = Yearly remittance receipts in US\$ α = constant, u = random disturbance term and β_1 , β_2 , β_3 , β_4 and β_5 are respectively regression coefficients for the explanatory variables of the age of expatriates (Agexp), schooling years of expatriates (Edexp), years of overseas experiences (Exprab), GNI in US\$ per capita for 2015 in abroad (GNIpcab) and labor freedom index 2015 in abroad (LFIab). This labor freedom index (LFI) was a progressive better index comprised of six indicators. Any higher values of the LFI within its scale of zero to 100 indicated greater ability of an individual to work as much as wherever he wanted (Miller and Kim 2015).

Regression coefficients of log-linear and log-log models were interpreted as of their partial derivatives with respect to explanatory variables. It would express a marginal change for log-linear relation form first order condition like $[(1/Yr) \cdot \Delta Yr = \beta_1 \Delta Agexp]$ to $[\Delta Yr / \Delta Agexp = \beta_1 \cdot Yr]$ and then to $[\Delta Yr / \Delta Agexp = \beta_1 \cdot \bar{Yr}]$ by replacing Yr with its arithmetic mean. However, it would explain as percentage changes for both dependent and explanatory variables for log-log relation. Here, statistical accuracy was justified with the least value of standard errors and the higher value of F-statistics for both models of semi-urban and rural households.

Moreover, remittance elasticity of spending was calculated as a ratio of the percentage cut in household expenses to any percentage fall in remittances. It was based on the ‘willingness to cut spending’ data in case of households receiving half of remittances. The higher would be the value of elasticity, the higher would be the cut of expenses for any probable fall in remittances. In addition, the rate of return for different asset items was calculated to oversee rationality with allocating investment into different schemes.

RESULTS AND DISCUSSION

Developing Overseas Market for Wage Earners

The overseas market was open to the wage earners of semi-urban households in the late 1980s and later to rural ones in the mid 1990s, as the reported by the participants in group discussion. Of the 78 sample remittance recipient households in 2014, only 28 households had expatriating members in 2000. However, there was no female expatriate found in either study area. Members of sample households were expatriated into the middle-east countries of Saudi Arabia, United Arab Emirates (UAE), Oman, Qatar, Kuwait and Bahrain and into a few others like Malaysia, Singapore South Africa, Brazil, Greece and Italy. Figure 1 presents the pattern of expansion of overseas market for wage earners during 1992-2014. This market of the middle-east countries was opened earlier to semi-urban emigrants. They entered later into less developed Malaysia since mid 2000s for saturating that market. However, late expatriates from rural area entered mostly into Malaysia and Singapore.

Figure 1 : Wage Earner Emigrants among Households by Countries, 1992-2014

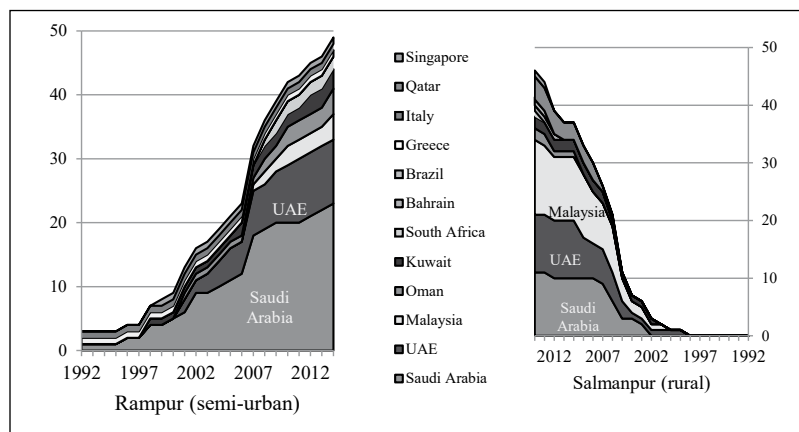
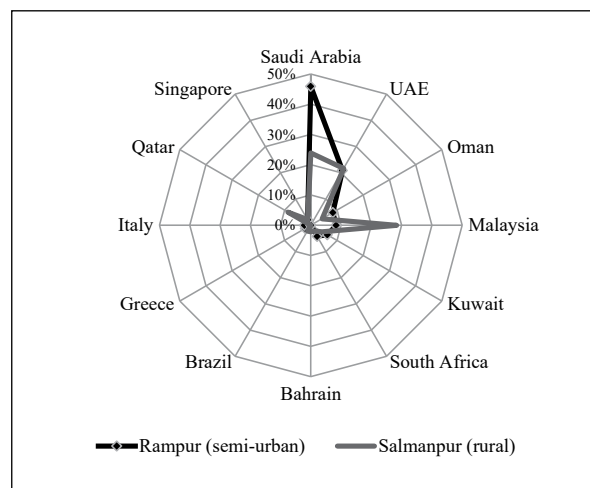


Figure 2. Share of Expatriates in Different Countries in 2014



There were 1.26 wage earners per household of semi-urban area with an average schooling of 10.8 years, which were respectively 1.15 and 8.1 for rural ones. However, technical education was not reported as an important entry factor for any destination countries and informal know-how was not likely accounted. The distribution of expatriates among countries in 2014 is presented in Figure 2. It was found that Saudi Arabia was the key destination for 45.9% expatriates, which was followed by the UAE, Oman and Malaysia for semi-urban area. On the other hand, Malaysia was the key destination for 28.3% of wage earners from rural households, which was followed by Saudi Arabia, the UAE and Oman. The overseas market for sample wage earners was concentrated into a few Middle-east countries and Malaysia similar to national statistics of expatriating.

The wage earners were migrated with the help of overseas recruitment agents and senior expatriates. A few expatriates could save up to 20% of expatriating costs for receiving informal help from senior expatriates. However, participants in group discussion argued for agency contracts better than personal channel because of degrading inter-personal trust and social bondage. Individual cost for expatriating was not much varied between rural and urban emigrants but varied much among countries. The changes costs for expatriating and for visiting home during 1995-2014 are presented by countries in Table 1. Sample expatriates incurred higher cost over time for all destinations except Oman and Malaysia, which was due to receiving more help from early expatriates. The highest per capita cost for expatriating during 2009-2014 was 930 thousand taka for South Africa, which was followed by Singapore, Saudi Arabia, Bahrain, Brazil and the UAE.

Table 1 : Costs for Expatriating and Visiting Home by Countries during 1995-2014

Country	Cost for expatriating (×10 ³ Tk. per person)				Cost for visiting home (×10 ³ Tk. per person)			
	1995 - 1999	2000 - 2004	2005 - 2009	2009 - 2014	1995 - 1999	2000 - 2004	2005 - 2009	2009 - 2014
Saudi Arabia	154	214	305	550	49	50	34	-
UAE	150	135	265	300	50	41	31	34
Malaysia	-	185	272	250	-	24	26	-
Oman	-	350	300	228	-	60	60	35
Kuwait	150	250	218	-	60	60	25	-
South Africa	-	-	550	930	-	-	30	-
Bahrain	NA	NA	NA	420	NA	NA	NA	-
Brazil	NA	NA	NA	400	NA	NA	NA	40
Greece	125	NA	NA	NA	25	NA	NA	NA
Italy	200	NA	NA	NA	50	NA	NA	NA
Qatar	NA	NA	233	250	NA	NA	29	NA
Singapore	330	NA	NA	700	40	NA	NA	25

Note: Taka, in short Tk., is the currency unit of Bangladesh which was exchanged for US\$ at an average rate of Tk. 43.45, Tk. 56.15, Tk. 66.98 and Tk. 75.42 for the periods of 1995-1999, 2000-2004, 2005-2009 and 2010-2014, respectively.

Sources: Field survey 2015 and MOF 2015

On the other hand, cost for visiting home was fallen might be due to easier route developing over time. It was noted that average travel related costs for expatriates in Oman was decreased from 60 thousand taka during 2000-2004 to 35 thousand taka during 2009-2014. However, home-visit was not related to cheaper flights, rather was dependent on willingness of employers. The complexity with leave permits for legal and illegal expatriates from either semi-urban or rural area let them incapable of visiting home even once in a year.

Factors Influencing Inflow of Remittances

The inflow of remittances was naturally varied with expatriates and expatriating countries. Yearly remittances from wage earners and their shares in household incomes are presented in Table 2. Wage earners from semi-urban area were found to remit an average amount of 300 thousand taka in 2014, which was 259 thousand taka for rural ones. This inflow was the highest from South Africa followed by Kuwait, Italy, Saudi Arabia and the UAE. The contribution of remittances to household income was 70.3% for semi-urban and 67.5% for rural households. The variability in both remittances per wage earner and household income was appraised with coefficient of variation (CV), where any greater values of CVs indicated higher level of dispersion around the mean (Gujarati et al. 2009). The results indicated higher variability in both remittances per wage earner and household incomes with their respective values of 0.59 and 0.74 for semi-urban households, which were higher than 0.56 and 0.70 for rural ones.

Table 2 : Remittances from Wage Earners and its Share in Household Incomes in 2014

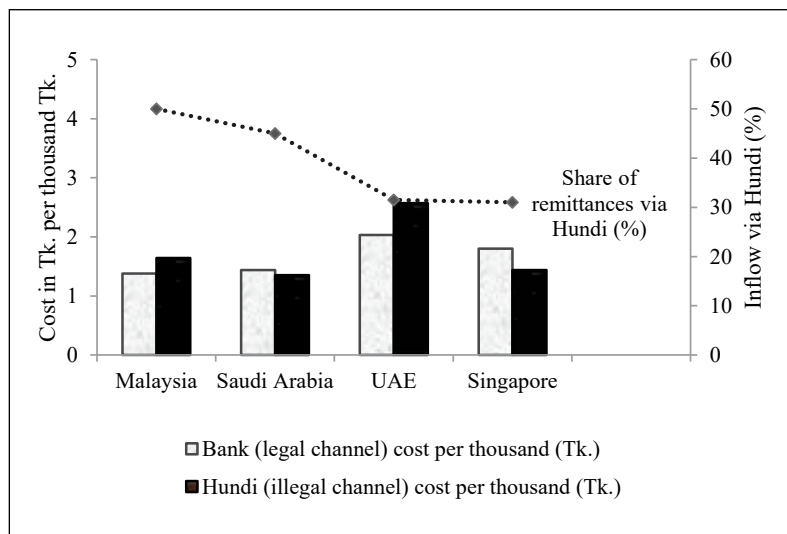
Country	Rampur (semi-urban)			Salmanpur (rural)		
	Remittance / wage earner	Remittance / household	Household income	Remittance / wage earner	Remittance / household	Household income
	(×10 ³ Tk.)	(×10 ³ Tk.)	(%)	(×10 ³ Tk.)	(×10 ³ Tk.)	(%)
Saudi Arabia	304	368	73.4	202	222	59.1
UAE	239	299	64.2	234	293	81.8
Malaysia	225	450	99.3	229	274	77.7
Oman	175	350	95.2	170	170	85.4
Kuwait	510	510	75.3	585	585	64.7
South Africa	763	763	78.2	600	600	41.4
Bahrain	NA	NA	NA	180	180	47.4
Brazil	NA	NA	NA	625	625	52.3
Greece	200	200	90.9	NA	NA	NA
Italy	460	460	29.3	NA	NA	NA
Qatar	NA	NA	NA	280	373	73.9
Singapore	150	150	62.5	350	350	85.0
All	300	377	70.3	259	299	67.5

Note: Remittance per household was calculated as the remittance per wage earner multiplied by number of wage earners per household, which could be converted at an exchange rate of Tk. 79 per US\$ in 2014.

Source: Field survey 2015

The wage earner used to remit money via banking (legal) and *Hundi* (illegal) channels. However, legal channel was dominant with its share of 76 % and 74% to total remittances for semi-urban and rural households, respectively. Moreover, remitting cost was not much differed among expatriates from either area for almost similar access to information. The remitting cost and unlawful remittances from a few *Hundi*-prone countries are presented in Figure 3. The *Hundi* accounted for 50% of remittance inflows from Malaysia which was 45% for Saudi Arabia and 31% each for the UAE and Singapore. This illegal channel was even costlier for the UAE and Malaysia but many expatriates had to use it for their illegal staying there.

Figure 3. Cost of Remittances and Its Unlawful Flow via Hundi



The factors influencing the amount of remittances were explained separately for semi-urban and rural households with same regression model. Likely, regression coefficients with their interpretations are presented in Table 3. Here, explanatory variables were age of expatriate, education of expatriate, overseas experience, per capita income of expatriating countries and labor freedom index in abroad. The remittance receipt was found negatively influenced by the age of expatriates and overseas labor freedom with greater coefficients for semi-urban households. However, other variables had positive influences with greater values of coefficients for rural households.

It was also found that expatriates' schooling and overseas experience had marginal positive effects of \$282 (22.3 thousand taka) and \$834 (65.9 thousand taka) to remittances for rural households, which were higher than that of semi-urban ones. However, one year aging and one unit LFI abroad cut remittances by \$1,122 (88.6 thousand taka) and \$1,459 (115.3 thousand taka) for semi-urban and \$875 (69.1 thousand taka) and \$1,051 (83.0 thousand taka) for rural households, respectively. This marginal influence of LFI was negative might be due to expatriates availing less opportunities in countries with higher freedom for domestic laborers. In addition, a single percent rise in the per capita income of expatriating countries raised remittances by 0.12% for rural and 0.05% for semi-urban households indicating smaller impact of the national income in more developed countries. However, expatriates with equal age and qualification remitted unequal amounts due to their differential working environment.

Table 3 : Factors Influencing the Amount of Remittances to Sample Households in 2014

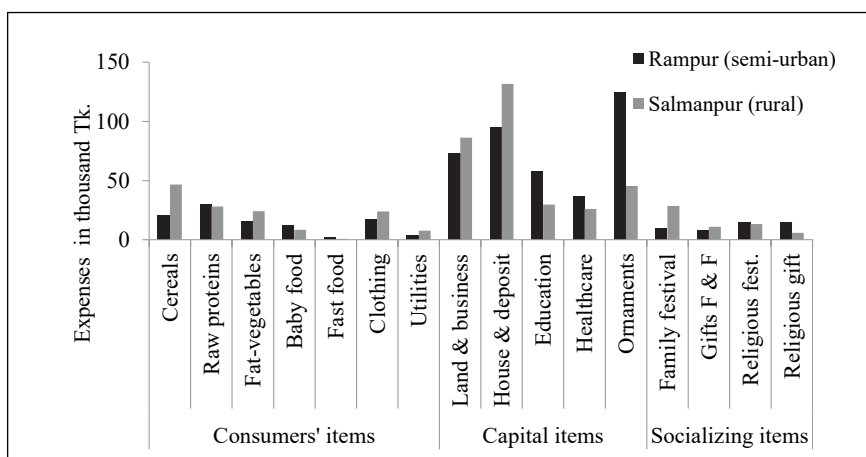
Model		Rampur (semi-urban)			Salmanpur (rural)		
Variables with forms	Unit	Mean	Regression coefficient	Δ Yr for Δ Independent	Mean	Regression coefficient	Δ Yr for Δ Independent
ln (Yr)	US\$	4,762 (Tk 377,035)	Dependent	NA	3,787 (Tk 299,188)	Dependent	NA
Agexp	Year	37.9	(-) 0.24*	(-) 1,122	34.5	(-) 0.23**	(-) 875
Edexp	Year	10.7	(+) 0.04*	(+) 193	8.0	(+) 0.08*	(+) 282
Exprab	Year	11.6	(+) 0.07*	(+) 327	7.9	(+) 0.22*	(+) 834
ln (GNIpcab)	US\$	30,122	(+) 0.05**	(+) 0.05% (for 1%)	31,338	(+) 0.12*	(+) 0.12% (for 1%)
LFlab	Index	73.7	(-) 0.31*	(-) 1,459	76.2	(-) 0.27*	(-) 1,051

Note: F statistics fit the models at 1% level and * indicated for 1% and ** for 5% level of significance.

Sources: World Bank 2015; Miller and Kim 2015 and Field survey 2015

Influences of Remittances on Household Expenses

Sample households used to dispose their incomes into consumers', capital and socializing items. The consumers' items included cereals, raw proteins, fat-vegetables, baby foods, fast foods, clothes and home utilities. Land including farmland, business, house, deposit, education, healthcare and ornament were incorporated into capital items. There were family festivals, gifts to FnF (friends and family), religious festivals and religious gifts in socializing items. Semi-urban and rural households were found to dispose 536 and 517 thousand taka, which came to 92.4 and 85.5 thousand taka per capita, respectively in 2014. It is to mention here that semi-urban households had 36% migrant families from rural area. The expenses for consumer, capital and socializing items were respectively 19.1%, 72.0% and 8.9% for semi-urban households, which were 27.0%, 61.7% and 11.3% for rural ones. The disposal of household incomes among different items is presented in Figure 4.

Figure 4. Disposal of Incomes among Different Items in 2014

Rural households spent more for land and business than that of sub-urban ones. The land was kept together with business for land being purchased even for sales profit. There were one-third of rural households bought land in urban and semi-urban areas. Moreover, houses and deposits are kept together into one item because of a trade-off tendency between interest and rent. It was noted that semi-urban households spent thrice of rural ones for gold ornaments. They also spent more on education and healthcare. On the other hand, rural households spent double of semi-urban ones for festivals and for gifts to FnF might be for existing stronger social and family bondages. There was a competitive expenditure habit for *Mahafil* (public meeting for advocating religious code of life), which could be related to good social standings and economic solvencies. It was noted that a mosque was being constructed at only 20 meters far of existing one in semi-urban area.

Annexure Table 1 : Bargaining and Cautiousness in Spending among Sample Households in 2014

Items	Rampur (semi-urban)				Salmanpur (rural)			
	Buyers changed outlets (%)			Bargaining cut prices	Buyers changed outlets (%)			Bargaining cut prices
	One	Two	Three +	(%)	One	Two	Three +	(%)
Consumers' items								
Cereals	7.9	18.4	28.9	1.0	17.5	42.5	32.5	8.6
Raw proteins	0.0	5.3	81.5	3.9	2.5	50.0	40.0	8.4
Fat-vegetables	2.6	15.8	57.9	2.5	12.5	47.5	32.5	5.5
Baby food	2.6	7.9	5.3	0.1	2.5	2.5	0.0	0.0
Clothing	0.0	2.6	94.7	43.0	0.0	35.0	62.5	18.6
Utilities	0.0	2.6	0.0	0.0	0.0	2.5	0.0	0.1
Capital items								
Land	0.0	2.6	5.3	0.9	0.0	32.5	22.5	7.8
House building	10.5	2.6	0.0	0.0	5.0	25.0	0.0	3.0
Healthcare	0.0	5.3	5.3	0.0	2.5	5.0	0.0	0.0
Ornaments	0.0	21.1	26.3	3.7	0.0	32.5	25.0	8.6
Socializing items								
Gifts to FnF	0.0	21.1	71.1	21.9	5.0	40.0	52.5	20.8

Source: Field survey, 2015

Household response to spending was identified with a question of how much expenses would anyone reduce in case of receiving half of remittances. This data was used to calculate remittance elasticity of spending as an indicator of responses to any fall in remittances and is presented in Table 4. Semi-urban and rural households wanted to cut 31.1% and 18.1% of expenses on consumers' items, respectively for any 50% fall in remittance inflow, which was likely 45.0% and 54.5% for fast foods, 47.6% and 33.2% for clothing and 38.4% and 21.0% for raw protein. Their elasticity was ordered descending to 0.95 for cloths, 0.90 for fast foods and 0.77 for raw proteins for semi-urban households. Though remittances stimulated consumption elsewhere, rural households were less sensitive to all consumers' items except of fast foods. The remittance elasticity for fast food was 1.09 among rural households indicating a higher rate of cutting consumption than of falling remittances.

Table 4. Influence of Remittances on Household Expenses for Different Items in 2014

Major items	Item details	If Inflow of remittance falls	Rampur (semi-urban)		Salmanpur (rural)	
			Possible cut in spending	Remittance elasticity of spending	Possible cut in spending	Remittance elasticity of spending
		(%)	(%)		(%)	
Consumers'	Cereals	50%	31.10%	0.62	14.90%	0.30
	Raw proteins	50%	38.40%	0.77	21.00%	0.42
	Fat-vegetables	50%	23.70%	0.47	16.40%	0.33
	Baby food	50%	2.30%	0.05	0.00%	0.00
	Fast food	50%	45.00%	0.90	54.50%	1.09
	Clothing	50%	47.60%	0.95	33.20%	0.66
	Utilities	50%	8.90%	0.18	0.30%	0.01
	Sub-total	50%	31.10%	0.62	18.10%	0.36
Capital	Land & business	50%	48.60%	0.97	52.20%	1.04
	House & deposit	50%	39.90%	0.80	45.80%	0.92
	Education	50%	14.10%	0.28	0.50%	0.01
	Healthcare	50%	1.10%	0.02	0.90%	0.02
	Ornaments	50%	52.80%	1.06	60.40%	1.21
	Sub-total	50%	38.20%	0.76	41.70%	0.83
Socializing	Family festival	50%	56.30%	1.13	33.80%	0.68
	Gifts to FnF	50%	55.30%	1.11	43.70%	0.87
	Religious festival	50%	32.60%	0.65	45.00%	0.90
	Religious gift	50%	50.80%	1.02	46.90%	0.94
	Sub-total	50%	47.10%	0.94	39.60%	0.79
All		50%	37.60%	0.75	35.09%	0.70

Source: Field Survey 2015

Rural households showed higher willingness to cut capital expenses than that of semi-urban ones for any fall in remittances. The remittance elasticity of spending for house building, land and ornaments were ascending as 0.92, 1.04 and 1.21 for rural households, which were 0.80, 0.97 and 1.06 for semi-urban ones, respectively. However, rural respondents were almost non-sensitive in cutting expenses for education and healthcare representing those as necessary items, which was a behavioral change over decades as reported in the group discussion, too. However, semi-urban households had higher willingness to cut expenses for religious gifts, gifts to FnF and family festivals. Moreover, the remittance elasticity of socializing expenses was near to elastic for rural households which presented them more sensitive in spending for remittance receipts.

The cautiousness and bargaining tendency in spending for both semi-urban and rural households is presented in annexure table 1. Rural households were found to change outlets and to bargain more over semi-urban ones. In the process of bargaining, they were able to cut down prices up to 9% which was 4% for semi-urban ones. However, semi-urban households were more cautious in spending on clothing and gift items. Overall bargaining tendency indicated that rural remittance recipients were more cautious in spending.

Extent of Non-Productive Investment Among Remittance Recipients

Remittance recipients invested their moneys on lands, businesses, houses, savings schemes, insurance policies, savings schemes of local cooperatives and MLM (multilevel marketing) firms. However, gold ornament was not initially included into investment for its prestigious accrual. Major investment items along with changes over a few years are presented in Table 5. Semi-urban and rural households were found to invest 157 and 151 thousand taka, respectively in 2014, of which they invested the highest in business enterprises. However, none in the sample were familiar to the Wage Earners Bonds (ICB) and any other public schemes for wage earners. The investment by rural households was distributed descending to business (38%), bank savings (28%), land (16%), house building (9%), cooperatives (6%) and insurance (2%). However, semi-urban households invested 18% in house building, which was higher than that of rural ones consistent to its larger demand there.

The MLM firms and local cooperatives even collected deposits paying more than 25% interest. It was reported in the group discussion that they used to pay from paper earning through land transactions. Buyers were not ultimate consumers for which bubbled market was stagnated. No one in either study area received any public guidance on risk with MLM firms. There was no new investment in MLM firms in 2014 because of their uninviting exit after misappropriation. However, semi-urban households lost about three times of rural ones investing in cooperatives and MLM firms. Most of the local cooperatives became too insolvent to repay. The semi-urban households, who were located close to offices, were looser more from savings with MLM firms and cooperatives.

Table 5 : Major Investments by Sample Households and their Changes Over Last Three Year

Investment	Rampur (semi-urban)			Salmanpur (rural)		
sectors	Amount in 2014	Share	Change over three years	Amount in 2014	Share	Change over three years
	($\times 10^3$ Tk.)	(%)	(%)	($\times 10^3$ Tk.)	(%)	(%)
Lands	23	15	(-) 12	25	16	(-) 16
Businesses	55	35	(-) 23	57	38	(+) 72
House building	29	18	(+) 52	14	9	(-) 34
Saving schemes	25	16	(+) 56	42	28	(+) 70
Insurance	5	3	(+) 7	3	2	(+) 0
Cooperatives	19	12	(-) 26	9	6	(+) 1
MLM firms	0	0	(-) all	0	0	(-) all
Total	157	100	(-) 6	151	100	(+) 14

Source: Field survey 2015

Meanwhile, investment for land decreased in both semi-urban and rural areas might be due to stagnated market since 2012. Moreover, rural households reduced house building investment by 34%, which was increased 52% by semi-urban ones during 2012-2014. However, business investment in semi-urban area was decreased by 23% over three years. In addition, an exit of branches of MLM firms let the households of either area to mobilize deposit into banks. Even after losing investment with local cooperatives, a few households continued scheme for interpersonal relation. Overall investment of semi-urban households was decreased by 6%, which was increased by 14% for rural ones during 2012-2014. However, rural asset was amazingly concentrated into farmland, houses and homestead, which accounted for 85% of total assets with semi-urban households.

Naturally, investment and inventories were accumulated into assets, which were presented along with their earnings and rates of return in Table 6. The asset was categorized into homesteads (included household items and homestead land but not houses), livestock, lands including farmlands, businesses, houses, bank savings, informal savings, ornaments, savings with cooperative societies and savings with MLM firms. Thought MLM firms flew away a few years ago, a portion of deposits was listed into assets as a few depositors had quasi rational expectation of getting their principal amount back. Semi-urban households had assets amounting to 10.7 million taka, which was distributed as 47.4% into homesteads, 28.5% into lands, 9.1% into houses, 4.7% into ornaments and 4.5% into businesses. The pattern of gold accumulation was somehow different as the expatriates used to bring ornaments during home visits. Semi-urban households had an outrageous competitive accumulation of ornaments. Moreover, homestead items constituted major part of semi-urban assets for using luxurious items. There were 78.0% semi-urban and 57.8% rural households using hi-tech televisions and mobiles which were reported five times expensive than usual ones. However, assets of rural households were amounted to 10.2 million taka of which 47.9% was distributed into land.

Table 6 : Assets, their Earnings and Rates of Return (RR) for Sample Households in 2014

Items	Rampur (semi-urban)				Salmanpur (rural)			
	Asset	Share	Earning	RR	Asset	Share	Earning	RR
	($\times 10^3$ Tk.)	(%)	($\times 10^3$ Tk.)	(%)	($\times 10^3$ Tk.)	(%)	($\times 10^3$ Tk.)	(%)
Homesteads	5048	47.4	52	1.0	3980	38.8	25	0.6
Livestock	23	0.2	4	16.2	43	0.4	7	16.0
Lands	3040	28.5	40	1.3	4912	47.9	35	0.7
Businesses	482	4.5	19	3.9	270	2.6	21	7.9
Houses	971	9.1	9	0.9	515	5.0	4	0.8
Bank savings	262	2.5	22	8.3	236	2.3	20	8.6
Informal savings	108	1.0	6	5.7	49	0.5	2	4.1
Gold ornaments	495	4.7	0	0.0	151	1.5	0	0.0
Savings cooperative	96	0.9	8	8.8	41	0.4	4	9.3
Savings with MLM	131	1.2	0	0.0	52	0.5	0	0.0
All	10656	100.0	152	1.4	10248	100.0	114	1.1

Source: Field survey 2015

The asset accumulation was, however, not dependent on its respective rate of return (RR). Livestock had insignificant share in total assets even with an RR of 16% due to difficulties with large scale farming at home and high dependency on commercial fodders. Next to the livestock, the RR on deposits with banks and cooperatives was above 8% in either area. On the other hand, semi-urban businesses earned lower (3.9%) than that of rural ones (7.9%) might be due to saturating urban areas with shop keeping like enterprises. Accordingly, assets were concentrated into non-productive items like lands, houses and ornaments even at an RR below single percent. This land was the most credible item within rural assets even with its one-tenth price of semi-urban one. It was in the 1930s when rural people had nothing to trade-off for land, which was the expressive element in the society (Tagore 1952). However, respondents in the study areas seemed to choose good health and education as a means of expressions. Rigidity in continuing education and healthcare was a positive social dynamism reflected from inelastic remittance elasticity of their spending. Any public incentives might be able to shift investment from non-productive to human resource related schemes.

It was observed that neither rural nor semi-urban households moved to productive enterprises over the last three years. No one would come out of traditional pattern unless any schemes could offer higher return than market interest rate. Moreover, sample households were not in a position to receive any advices from public authorities. Many respondents alleged for absence of any government initiatives while MLM firms were taking their deposits away. It was desired to have options of investing into public schemes. If they would not get scope for productive investments, rural households might be engaged in extravagant consumptions related to social relation and semi-urban to prestigious gold ornaments. A few elite people showed their worries on whether any new MLM like firms would appear again to misappropriate local surpluses in near future.

CONCLUSION

Bangladesh receives a huge amount of wage earners remittances, which was reported to be disposed into non-productive schemes. This research examined micro-level disposal pattern with rural-urban behavioral differences using primary data collected from semi-urban and rural remittance recipients in a remittance prone region. Overseas market for wage earners was opened earlier to semi-urban households into middle-east countries. However, Malaysia was the key destination for late expatriates from rural area. It was understood necessary to strengthen government handouts in skill development to get entry into European countries. The cost for expatriating was found increasing though new expatriates could save one-fifth of their costs while receiving informal help from early expatriates. However, respondents argued for choosing formal channels under weakening state of interpersonal trusts in the society.

Remittances contributed more than two-third to household incomes whereas semi-urban households received larger amount than that of rural ones. However, many of the wage earners had to choose illegal *Hundi* even at higher costs for their illegal staying abroad. The amount of remittance was influenced by the expatriate's age and education, overseas experiences, overseas labor freedom and per capita income of expatriating countries. Schooling and overseas experiences had marginal effects of \$282 and \$834 (taka 22.3 and 65.9 in thousand figures) for rural households, which was lower for semi-urban ones. However, age of expatriates and overseas labor freedom affected semi-urban households the most. Whatever might be the reasons behind any disparities with inflows, it was expected to minimize divergence with working environment abroad.

Household incomes were used to dispose into consumers, capital and socializing items. Semi-urban households disposed about three quarters of incomes into capital items, which was higher than that of rural ones. Though they spent triple of rural ones for gold ornaments, they also had competitive spending in religious affairs for their relative solvencies and better social standing. However, remittance elasticity of spending was lower for almost all items among rural households. Of the consumers' items, sample households of either area could cut more of expenses for clothing and fast foods for any possible fall in remittances. The elasticity could be ordered ascending to houses, lands and ornaments with larger responses for rural households. On the other hand, healthcare and education appeared as necessary items with very low elasticity, largely to rural households. However, socializing expenses for religious gifts, family festivals and gifts for friends and family were elastic to remittances which contributed for moving towards new living of urban societies.

Land purchase, business, house building, bank savings, insurance policy, local cooperative and MLM firm were the major investment items for sample households. The investment in business was the highest but was decreased by one quarter in semi-urban area during 2012-2014. However, semi-urban households invested more on house building might be due to higher demand for houses there. They were also looser more from stagnated land market while investing into cooperatives and MLM firms. Moreover, rural assets were concentrated to farmlands. However, around two-third of semi-urban assets were distributed into ornament, homestead and household items, the rate of returns of which were as low as zero to single percent. Semi-urban households even with higher amount of assets than of rural ones were not in a position to invest into productive schemes. Meanwhile, social dynamism reached in a position to rigidity in continuing education and healthcare. Public advocacy relating utilization of human resources might encourage investment into productive schemes.

This research considered remittances as a basic factor for life style of remittance recipient households but did not account losses in happiness from absentee members. Some expatriates did not visit home even in three years for which their families used to suffer from loneliness and decision dilemma. On the other hand, returnee expatriates used to gain new knowledge, ideas and skills in developed countries, utilization of which was not covered in this piece of work. How was the brain gain of returnee expatriates being utilized under changed economic structure of the country would be a research question. Future research might be carried out on happiness loss from absentee members of remittance recipients and utilization of brain gain by returnee expatriates.

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