

Understanding Exploitation: Indian and Bangladeshi Labor Migration to GCC Countries

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Overseas labor migration plays an important role in the economies of many developing countries. Unskilled or low-skilled workers often lack sufficient local options for employment. By migrating to countries that have shortages in lower-skilled labor, these workers can earn higher incomes and savings. While such migration offers tremendous opportunities, both for individual migrants and for entire economies, it also exposes many migrants to exploitation and modern slavery. An estimated **one fourth** of the victims of forced labor are international migrant workers (IOM, 2019).

High-level observations regarding the rates of forced labor among overseas migrant workers from India and Bangladesh in Gulf Cooperation Council (GCC) countries led GFEMS to identify and fund sustainable, scalable solutions for forced labor among Bangladeshi and Indian overseas workers. To gain insights into the most promising opportunities for intervention, GFEMS commissioned a collection of scoping studies that have informed the design of the Fund's programming strategy in these geographies.

Background

For job-seeking low-skilled migrant workers from India and Bangladesh (source countries), GCC countries (destination countries) have long been a top destination. Based on official migration figures, in 2017, 8.9 million Indians and 3.1 million Bangladeshis were living in the six GCC countries (IOM, 2017). Within GCC countries, 95% of the workers active in the domestic and construction sectors are migrant workers (ILO, 2017), the majority of which are unskilled or semi-skilled (BMET, 2018 and ILO, 2018).

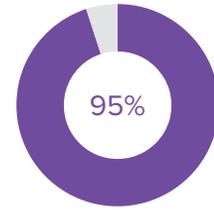
Annual documented migration flows to the GCC range in the hundreds of thousands for both countries. In 2017 alone, nearly 800,000 Bangladeshis migrated to the GCC (BMET, 2018). Figures that include undocumented migrants are likely to be much higher.

Historically, low-skilled international labor migration from India and Bangladesh to the GCC has been facilitated by a largely informal and underregulated recruitment industry. Migrants rely on channels that hinge on middlemen and personal contacts at source and destination. Recruitment is often “unfree.” Many migrants arrive at their destination with high levels of debt bondage. Across the region, sponsorship systems often tie the migrants to a single sponsor who is legally determined to control immigration status, job mobility, and freedom of movement. Workers are subject to high levels of restrictions and are at significant risk of involuntary work and forced labor. (See the infographic on page 6: “Bangladesh to GCC Countries: Migrant Labor Recruitment Market Structure”.)

Scoping Research

GFEMS has identified overseas labor migration as a sector with a high potential for scalable and sustainable impact due to its estimated high rate of prevalence across geographies. To gain insight into the most promising areas for intervention within the sector, GFEMS commissioned a collection of scoping studies in India and Bangladesh to:

- Better understand the drivers of forced or bonded labor among overseas migrant workers (political, economic, social, cultural, legal, technological, environmental, etc.)
- Gain insights into the vulnerability of victims, potential victims, and survivors of forced and bonded labor
- Receive input from survivors and those vulnerable to forced or bonded labor into the Fund’s intervention strategy
- Better understand the overseas labor recruitment industry in Bangladesh from a commercial standpoint and provide insights on its size, structure, competitive dynamics, and other significant features.



Percentage of domestic and construction sector workers within GCC countries that are migrant workers.

Migrants rely on channels that hinge on middlemen and personal contacts at source and destination. Recruitment is often “unfree.” Many migrants arrive to their destination with high levels of debt bondage.

“I used to work so hard but, they would not let me eat. I told them to give me a few grains of rice so I could cook and eat it, but they wouldn’t. They said I would get fat if I ate rice. When I asked for food, they slapped me. After that, I stopped eating for three days.”

– FEMALE MIGRANT IN DUBAI, AGE 40

In India, GFEMS partnered with the Association for Stimulating Know-how (ASK India) to carry out an assessment in the states of Uttar Pradesh (UP) and Bihar, two large sources of migrant labor to the GCC where little research has been done to date. This study identified evidence of widespread and acute vulnerability among target groups and highlighted that relatively few efforts are underway to address international migration issues in UP and Bihar. This suggests an opportunity for significant impact.

In Bangladesh, GFEMS partnered with BRAC Institute for Governance and Development (BIGD). BIGD's assessment reaffirmed existing knowledge about the extensive vulnerability of Bangladeshi labor migrants and the perception of greater abuse faced by female migrants.

Both assessments reinforced the notion that major interventions are needed to end the prevailing system of overseas labor recruitment and establish safe, ethical migration channels. Given the complexity of the system, interventions at all levels—government, private businesses, villages, and individuals—are needed to create an ecosystem that enables migrants to thrive. These assessments, in addition to other research, have guided the Fund's strategy in India and Bangladesh under its DFID program.

GFEMS aims to shift the source-country recruitment industry towards ethical practices, addressing direct beneficiary service gaps in Bangladesh, and establishing an ecosystem of fundamental migration services, such as awareness, skilling, and reintegration in UP and Bihar. Differences in scope for each geography reflect the state of existing programs, with Bangladesh exhibiting far more evidence of interventions already underway. GFEMS will fund both tested interventions and new innovations to achieve the necessary systems change in the overseas labor recruitment sector.

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GFEMS aims to shift the source-country recruitment industry towards ethical practices.

“Sometimes middlemen in the destination country create a ring of small middlemen in Bangladesh. They take some men from Bangladesh with visas. Then they make contracts with different companies and sell the men to them. Those men are then bound to work for them. Sometimes they are not even paid.”

— MALE MIGRANT IN DUBAI, AGE 30

INDIA CASE EXAMPLE:

A migrant worker from Deoria, Uttar Pradesh migrated to Saudi Arabia through an unregistered agent based in Bombay on a tourist visa. He paid a recruitment fee of INR. 55,000 (USD 775) to fund his migration to Saudi Arabia and was given the assurance that his visa would get converted to a work visa upon arrival.

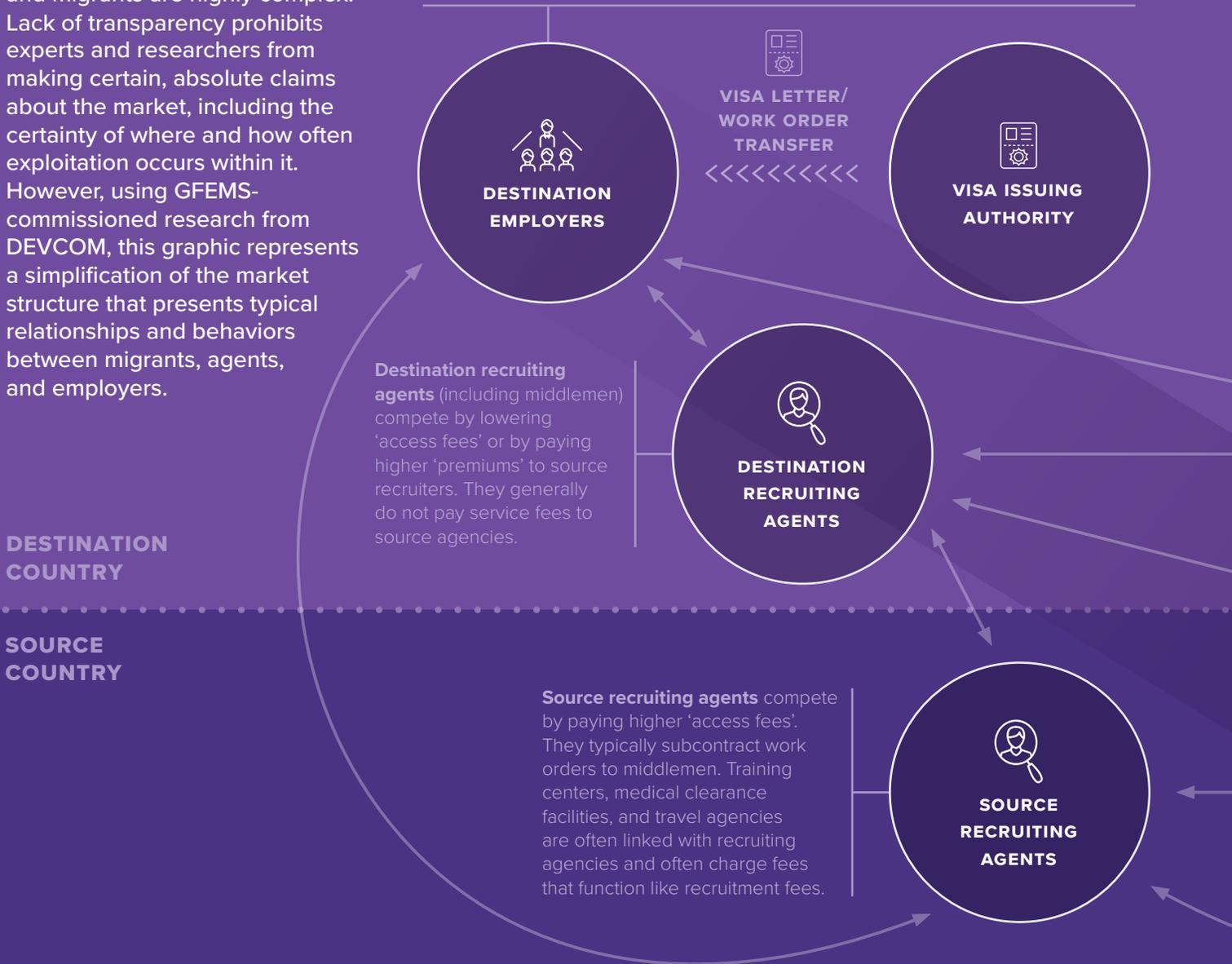
Upon reaching his destination, the worker did not find the designated person at the airport to receive him. He was forcefully picked up by a stranger and taken to a location where other migrant workers were held captive. His captors took away his phone and passport and left him with no means to make contact with his home or family. The worker was kept in a small room with six other workers from Pakistan, who had been held in captivity and bondage for the past 24 months. These workers were laborers on a construction site and were given a food allowance in lieu of payment.

The migrant worker from Deoria was forced to work as a livestock grazer and later taken to another location. Again, he was kept in captivity and forced to work for over a month; he was only provided food once or twice a day, and received no payment. Eventually, he was dropped off at the airport. The police apprehended him because he did not possess any identity documents and he was held in a local jail for a week. He pleaded with them to return to India and was given an emergency exit passport by the Indian Embassy and deported.

BANGLADESH TO GCC COUNTRIES: MIGRANT LABOR RECRUITMENT MARKET STRUCTURE

The migrant labor recruitment market and the dynamics between recruiters, employers, and migrants are highly complex. Lack of transparency prohibits experts and researchers from making certain, absolute claims about the market, including the certainty of where and how often exploitation occurs within it. However, using GFEMS-commissioned research from DEVCOM, this graphic represents a simplification of the market structure that presents typical relationships and behaviors between migrants, agents, and employers.

Destination employers (including kafeels, end employers, and subcontracted local firms) engage **recruiters** to fill job openings. Employers often receive a ‘premium’ from agencies on a competitive basis. Employers also often provide a certain amount of migrant salaries to the agency every month.



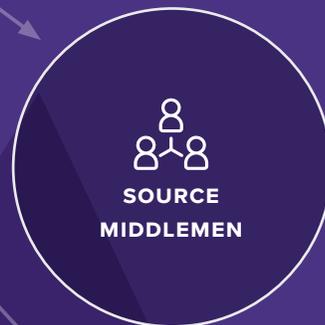
“We were constructing a building in the middle of the desert. The temperature was 49 or 50 degrees celsius. We used to have nosebleeds from the heat. But we lived in rooms built of plywood in the middle of the desert with no air-cooling system.”

LEGEND:

↔ **FINANCIAL TRANSACTIONS AND
NON-FINANCIAL BENEFITS**

“I couldn’t go out anywhere on my own. Because both my passport and my work permit were with my employer.”

– FEMALE MIGRANT TO SAUDI ARABIA, AGE 24



Source middlemen (including regional and local middlemen networks and dalals) compete by paying ‘security deposits’ for work orders from agencies. Syndicates of regional, district, and village middlemen are believed to be the norm. Local middlemen and dalals compete by paying premiums to become part of middlemen syndicates. The lowest level sub-agent charges the direct fee to the migrant.

COSTS FLOW DOWN TO MIGRANTS

Migrant workers (including potential and aspiring migrant workers) compete with others by paying more or in faster installments. They take out loans to do so. They appear to bear all the costs which cascade down from employers.



What We Learned

KEY FINDINGS IN INDIA

The discussions on Indian migration to GCC countries has often focused on southern states such as Kerala. However, a combination of findings—the size of migration flows, the signs of widespread vulnerability identified in the study, and few current interventions—suggest both a dramatic deficiency of, and need for, targeted interventions in the states of UP and Bihar. A deeper understanding and foundational programs addressing prevalence of forced labor are urgently needed.

ADDITIONAL FINDINGS

Other lessons from the ASK assessment in India, many of which may reaffirm what is already suspected by practitioners, include:

- **Drivers:** Migrants from UP and Bihar to the GCC countries are overwhelmingly male, 90% of whom were between the ages of 18 and 40. Migrants from UP and Bihar typically belong to disadvantaged social groups, have limited education, limited hard and soft skills, few economic resources, and are motivated to migrate due to the lack of local opportunities and the perception of better earning potential in the GCC countries.
- **Informal recruitment channels:** Unregistered recruitment agents serving as the main migration channel pose the predominant issue at source geographies. Risks related to using these agents, who are viewed as a necessity by migrants, include exorbitant fees and deception.
- **High fees and high-interest loans:** Migrants reported paying between USD 870 and USD 2,200 to migrate. Local recruitment channels and lower skills appear correlated with higher fees. These costs are generally financed by high-interest loans from non-institutional sources, often requiring mortgaging of assets.
- **Poor working conditions:** In destination countries, construction, manufacturing, and domestic work are predominant industries for migrants. Commonly reported issues include excessive overtime; lack of awareness; lack of access to basic amenities (e.g., water, sanitation, safety); threat of job termination; job and salary deductions; non-payment and late payment of wages; and poor living conditions.

A key insight for GFEMS was the size of the opportunity in UP and Bihar.

TOP GULF SENDING STATES FROM INDIA
2016-2018

	1. UTTAR PRADESH	2. BIHAR
2016	141,482	75,480
2017	86,173	68,322
2018	82,902	57,256



KEY FINDINGS IN BANGLADESH

In Bangladesh, findings of the study reinforce the commonly held view that Bangladeshi overseas migrants are highly vulnerable to forced labor and face dire conditions in destination countries. Due to lower education and skill levels, migrants lack important information regarding overseas migration. Only 39% of migrants surveyed reported ever seeing an employment contract. Many migrants in this assessment, and from BRAC's other program, reported they had experienced various types of abuse, including physical and psychological. Female migrants were perceived to experience sexual abuse, as well as physical and psychological harm, especially when working as domestic help.

ADDITIONAL FINDINGS

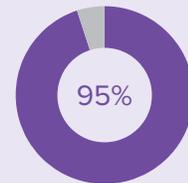
Other observations were similar to what was seen in the India study, with some variation:

- **Increase in female migrants:** Migrants reported high rates of poverty, limited education and skills, and limited local livelihood options. Unlike what was seen in UP and Bihar, Bangladesh has a sizable and growing population of female migrants.
- **Informal recruitment channels:** As in India, informal recruitment channels dominate, with around 95% of migrants reporting the use of them. The informal recruitment channels appear closely tied to source-side issues of extremely high recruitment fees and deception. In the survey, 44% reported deception by middlemen and 24% reported deception by end employers.
- **High fees and high-interest loans:** Male migrants reported paying between USD 2,100 and USD 3,600 to migrate. Female migrants reportedly paid less, apparently due to higher demand for female migrants at destination. Migrants sold land, assets, jewelry, interest-bearing loans, and loans from relatives to amass the necessary amount for migration.

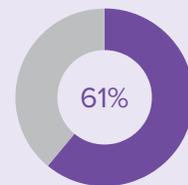
These findings led GFEMS to prioritize investment in interventions that shift the recruitment industry towards ethical recruitment; support recovery, reintegration, and restitution for victims in source communities; and test tools that digitize documentation and awareness of the migration process in Bangladesh.

Many migrants in this assessment, and from BRAC's other program, reported they had experienced various types of abuse, including physical and psychological.

INFORMAL RECRUITMENT PROCESSES MAKE MIGRANTS HIGHLY VULNERABLE



used informal channels



never saw a contract



reported deception
by middlemen

Conclusion

GFEMS recognizes the need for improved engagement across recruitment industry stakeholders — from multinational corporate recruiters to informal agents — and provision of direct services to vulnerable populations and survivors. GFEMS used key insights from these scoping studies to understand these needs, informing program design and strategy within the DFID portfolio. The Fund aims to reduce the vulnerabilities identified in overseas labor recruitment in India and Bangladesh by funding projects focused on (1) business engagement — shifting the industry towards ethical recruitment practices, establishing a pilot ethical recruitment agency, and testing financial health services tools, and (2) sustained freedom for survivors — supporting recovery, reintegration, and restitution, and testing tools that digitize documentation and awareness of the migration process. These projects are the first step in a long-term effort for sustained transformation of the recruitment sectors in India and Bangladesh.

“

I wasn't paid a salary for ten months. Then I said if you are not going to pay me, then what is the point of my staying here? I have come from Bangladesh out of poverty to earn some money. When I asked my employer for money, she said, 'What money? I have bought you. I have bought you from Bangladesh for four lakh takas.' Who could I turn to? I didn't know anyone in that country. So, I spoke to the recruitment agency in that country, and they confirmed that my employer had bought me.”

— FEMALE MIGRANT IN JORDAN, AGE 18

METHODOLOGY

ASK used a mixed methods approach leveraging both qualitative and quantitative tools to collect data from study participants, including returnee or aspiring migrants, families of migrants, and other stakeholders relevant to the migration process. ASK carried out an initial desk research to narrow down the top districts in UP and Bihar which were sending labor migrants to GCC countries. Structured and semi-structured interview tools were developed and pre-tested in select districts. Snowball sampling was used to identify participants for interviews and focus group discussions. A total of 227 respondents were interviewed across four districts (covering 38 villages) of UP and Bihar.

BIGD's approach also utilized qualitative and quantitative research methods. After an initial desk review of literature, secondary datasets, and case studies on potential migrants, including from BRAC/ BIGDs own past program databases, participants were selected. For qualitative data, four focus group discussions were conducted with eight to ten males and eight to ten female migrants in each FGD in two districts. Further follow up was sought via in-depth interviews with selected participants of these FGDs. For the quantitative survey, 170 migrants to gulf countries were interviewed. Data was collected using SurveyCT software over phone/ skype. BIGD also conducted a multi-stakeholder FGD with representatives of recruitment agencies, migrant workers' rights organization, and other key informants central to the migration process.

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