



India Becomes the Highest Recipient of Remittances

Why in News

According to the [World Bank's Migration and Development Brief](#), India has become the world's largest recipient of [Remittances](#), receiving USD 87 billion (a gain of 4.6 % from previous year) in 2021.

- India is followed by **China, Mexico, the Philippines, and Egypt.**
- **The United States being the biggest source**, accounting for over 20% of all Remittances.

Key Points

▪ Factors for Remittance Growth:

- **Migrants'** determination to support their families in times of need, aided by economic recovery in Europe and the United States which in turn was supported by the [Fiscal Stimulus](#) and employment support programs.
- In the [Gulf Cooperation Council \(GCC\)](#) countries and Russia, the recovery of outward remittances was also facilitated by stronger oil prices and the resulting pickup in economic activity.
- The severity of [Covid-19](#) caseloads and deaths during the second quarter (well above the global average) played a prominent role **in drawing substantial flows** (including for the purchase of oxygen tanks) to the country.
- Flows from migrants **have greatly complemented government [cash transfer programs](#)** to support families suffering economic hardships during the Covid-19 crisis.

▪ Projection for 2022:

- Remittances are projected **to grow 3% in 2022 to USD 89.6 billion**, because of a **drop in overall migrant stock**, as a large proportion of returnees from the Arab countries await return.

▪ Other Countries:

- Remittances registered **strong growth in most regions.**
 - **Latin America and Caribbean** (21.6 %), Middle East and North Africa (9.7 %), South Asia (8 %), Sub-Saharan Africa (6.2 %), Europe and Central Asia (5.3 %).
- In **East Asia and the Pacific, remittances fell by 4 %** - though excluding China, remittances **registered a gain of 1.4 %** in the region.
- **Factors:** In Latin America and the Caribbean, growth **was exceptionally strong due to economic recovery in the United States** and additional factors, including **migrants' responses to [natural disasters](#) in their countries of origin** and remittances sent from home countries to migrants in transit.

▪ Suggestions:

- To keep remittances flowing, especially through digital channels, providing access to **bank accounts for migrants and remittance service providers remains a key requirement.**
- Policy responses also must continue to be **inclusive of migrants especially in the**

areas of access to vaccines and protection from underpayment.

World Bank's Migration and Development Brief

- This is prepared by the Migration and Remittances Unit, Development Economics (DEC)- the premier research and data arm of the World Bank. .
- The brief aims to provide an update on key developments in the area of **migration** and remittance flows and related policies over the past six months.
- It also provides medium-term projections of remittance flows to developing countries..
- The brief is produced **twice a year**.

Remittances

- Remittances are usually understood as financial or in-kind transfers made by migrants to friends and relatives back in communities of origin.
- These are basically sum of **two main components** - Personal Transfers in cash or in kind between resident and non-resident households and Compensation of Employees, which refers to the income of workers who work in another country for a limited period of time.
- Remittances help in stimulating economic development in recipient countries, but this can also make such countries over-reliant on them.

Source: IE

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