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Impact of Covid-19 on Remittance: WB

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Why in News

Recently, the **World Bank** released a report on the **impact of Covid-19 on migration and remittances**.

Key Points

- According to the report, **India's remittances** are projected to fall by **about 23%** in 2020.
- **Globally remittances** are projected to decline by about **20%** in 2020.
- The projected **fall is largely due to a fall in the wages and employment of migrant workers** due to the recession caused by the Covid-19 pandemic.
The migrant workers are vulnerable to loss of employment and wages during an economic crisis in a host country.
- The **sharp decline in crude prices will also hurt remittances from oil-producing countries** such as Saudi Arabia and the United Arab Emirates.
- This will lead to **loss of income for expatriate Indians working** in the Gulf and elsewhere across the world.

Remittance

- A remittance is **money sent to another party, usually one in another country**.
- The sender is typically an immigrant and the recipient a relative back home.
- Remittances represent one of the **largest sources of income for people in low-income and developing nations**. It often exceeds the amount of direct investment and official development assistance.
- Remittances **help families afford food, healthcare, and basic needs**.
- **India is the world's biggest recipient of remittances**. Remittances bolsters **India's foreign exchange reserves** and helps fund its **current account deficit**.

World Bank

- **The Bretton Woods Conference held** in 1944, created the **International Bank for Reconstruction and Development (IBRD)** along with the **International Monetary Fund (IMF)**.
- The **IBRD** later became the **World Bank**.
- The World Bank Group is a unique global partnership of five institutions working for **sustainable solutions** that **reduce poverty** and build shared prosperity in **developing countries**.
- It has 189 member countries.
- Few **important reports** released by the World Bank are:
- The five development institutions of the World Bank are.
 - **International Bank for Reconstruction and Development (IBRD)**: provides loans, credits, and grants.
 - **International Development Association (IDA)**: provides low- or no-interest loans to low-income countries.
 - **International Finance Corporation (IFC)**: provides investment, advice, and asset management to companies and governments.
 - **Multilateral Guarantee Agency (MIGA)**: insures lenders and investors against political risk such as war.
 - **International Centre for the Settlement of Investment Disputes (ICSID)**: settles investment-disputes between investors and countries.

Source: IE