



Report On Global Remittances: World Bank

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Why in News

According to the latest edition of the **World Bank's Migration and Development Brief**, despite **Covid-19**, **remittance flows** remained **resilient in 2020**, registering a smaller decline than previously projected.

Key Points

- **Remittance Inflow of India:**
 - India being at **top**, received over **USD 83 billion** in remittances in **2020**, a drop of **just 0.2 per cent** from the **previous year**, despite a pandemic that devastated the world economy.
 - India's remittances **fell by just 0.2% in 2020**, with much of the decline due to a **17% drop in remittances from the United Arab Emirates**, which offset resilient flows from the United States and other host countries.
 - In **2019**, India had received **USD 83.3 billion** in remittances.
- **Global Remittances**
 - **China** is **second** in terms of global remittances in **2020**.
China received **USD 59.5 billion** in remittances in **2020**.
 - **India and China** are followed by **Mexico, the Philippines, Egypt, Pakistan, France and Bangladesh**.
- **Remittance outflow :**
 - Remittance outflow** was the maximum from the **United States (USD 68 billion)**, followed by **UAE, Saudi Arabia, Switzerland, Germany, and China**.
- **Reason for the Steady Flow of Remittances:**
 - **Fiscal stimulus** that resulted in **better-than-expected economic conditions** in host countries.
 - Shift in flows from **cash to digital** and from informal to formal channels.
 - **Cyclical movements in oil prices and currency exchange rates**.

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

- **About**
 - **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.
- **Members:**
 - It has **189 member countries**.
 - **India** is also a **member country**.
- **Its Five development institutions:**
 - **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.

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**.

Source: IE