

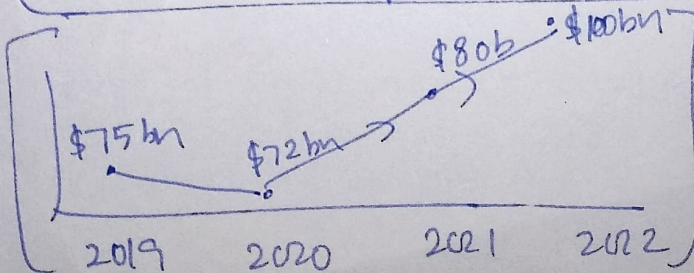
3. The Gulf regions dip in remittances has larger consequences for the country. Explain

World Bank Migration and development
brief report - highlighted - India - at top
of remittance bearing countries - to reach \$100bn
(2022)

Importance of Remittances

Enough Remittances - will be highly beneficial to
cover the deficits - balance of payment
problems
(eg: current Account deficit widening due to trade deficits)
especially in times of geopolitical tensions,
global demand reduction, recessionary trends.

Performance of Remittance - India



⇒ shows resilience of remittances after posing decline, during pandemic

Effect of pandemic on Shift in source of Remittance

Reserve bank of India - made survey on the source of remittances

Survey → results.

2012-13 → Gulf countries dominated - 36% share in

Private transfers followed by US → 34%.

Inward remittances

2016-17 → Gulf countries boomed ⇒ 53% > US → 23%

UK (3%)

After pandemic ⇒

steep decline

2020-21 ⇒ Gulf - 28% > US - 26%
etc.,

Reason → 1. Short-term, migrant labour in Gulf.

countries lost jobs and returned home - hence there has steep decline

2. other hand - high skilled, software based business sustained - leading to US, UK etc. to contribute more towards remittances

Implications

unstable source of remittance in Gulf - due to volatility. - big impact on India, which mainly depends on remittances to cover up its balance of payments. This needs adequate attention

Way forward

Also, phasing out of fossil fuel - will further reduce the boom in Gulf countries, from (previous boom which India benefited). Hence, this shift must be adequately addressed.