LOK SABHA

UNSTARRED QUESTION No. 1167

TO BE ANSWERED ON FRIDAY, DECEMBER 22, 2017 / Pausha 01, 1939 (Saka)

World Bank Report On Remittances

QUESTION

1167. DR. K. GOPAL:

Will the Minister of FINANCE be pleased to state:

(a) whether according to World Bank report India retained the top spot among remittances receiving nations in 2016, if so, the details thereof;
(b) whether the remittance inflows into India amounted to US $ 62.7 billion last year, a decrease of 8.9 per cent over US $ 68.9 billion in 2015, if so, the details thereof;
(c) whether this decline was due to the drop in oil prices and fiscal tightening in the oil producing countries in the Middle East has a significant Indian migrant population accounting for a large chunk of remittances; and
(d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. RADHAKRISHNAN)

(a): Yes Sir. As per the World Bank report, it is estimated that in 2016, the top five remittance recipients worldwide were India, China, Philippines, Mexico and Pakistan.

(b), (c) & (d): Yes Sir. Remittance inflow into India declined in 2016 due to cyclical and structural factors, including lower oil prices and fiscal tightening in the Gulf Cooperation Council (GCC) countries.

According to the Migration and Development Brief 27 of the World Bank, remittance flows were impacted by weak economic growth in Europe, the Russian Federation, and the Gulf Cooperation Council (GCC) countries (cyclical factors), and exchange controls, burdensome regulations, and anti-migrant policies in many countries (structural factors).

Remittance flows, especially to South Asia and Central Asia, were affected by low oil prices and weak economic growth in Russia and the GCC countries. The weakening of the euro, the British pound and the ruble against the U.S. dollar further accentuated the decline in remittances in U.S. dollar terms.

In addition, structural constraints, such as de-risking - when international correspondent banks close the bank accounts of money transfer operators, to avoid the risks of money laundering and financial crime - continues to raise regulatory burdens on money transfer operators, especially smaller and newer players.

The labor market "nationalization" policies in the GCC countries and anti-immigration sentiments in many high-income nations discourage the hiring of foreign workers, and seem to have dampened remittance flows, especially through formal channels.

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