

India to remain top remittance recipient: World Bank report

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WASHINGTON: India will retain its position as the world's top recipient of remittances this year with its diaspora sending a whopping US\$80 billion back home, World Bank said in a report Saturday.

India is followed by China (US\$67 billion), Mexico and the Philippines (US\$34 billion each) and Egypt (US\$26 billion), according to the global lender.

With this, India has retained its top spot on remittances, according to the latest edition of the World Bank's Migration and Development Brief. The bank estimates that officially recorded remittances to developing countries will increase by 10.8% to reach US\$528 billion in 2018. This new record level follows a robust growth of 7.8% in 2017.

Global remittances, which include flows to high-income countries, are projected to grow by 10.3% to US\$689 billion, it said.

Over the last three years, India has registered a significant flow of remittances from US\$62.7 billion in 2016 to US\$65.3 billion in 2017. In 2017, remittances constituted 2.7% of India's GDP, it said.

The WB said remittances to South Asia are projected to increase by 13.5% to US\$132 billion in 2018, a stronger pace than the 5.7% growth seen in 2017.

The upsurge is driven by stronger economic conditions in

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advanced economies, particularly the US, and the increase in oil prices having a positive impact on outflows from some GCC countries such as the UAE which reported a 13% growth in outflows for the first half of 2018.

Bangladesh and Pakistan both experienced strong upticks of 17.9% and 6.2% in 2018.

For 2019, it is projected that remittances growth for the region will slow to 4.3% due to a moderation of growth in advanced economies, lower migration to GCC and benefits from oil price spurt dissipating.

The Gulf Cooperation Council (GCC) is a regional intergovernmental political and economic bloc of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

As global growth is projected to moderate, future remittances to low- and middle-income countries are expected to grow moderately by 4% to reach USD 549 billion in 2019. Global remittances are expected to grow 3.7% to

US\$715 billion in 2019.

The Brief notes that the global average cost of sending US\$200 remains high at 6.9% in the third quarter of 2018. Reducing remittance flows to three per cent by 2030 is a global target under sustainable development goal 10.7.

Increasing the volume of remittances is also a global goal under the proposals for raising financing for the SDGs, it said.

"Even with technological advances, remittances fees remain too high, double the SDG target of 3%. Opening up markets to competition and promoting the use of low-cost technologies will ease the burden on poorer customers," said Mahmoud Mohieldin, senior vice-president for the 2030 Development Agenda, United Nations Relations, and Partnerships at WB.

The average cost of remitting in South Asia was the lowest at 5.4%, while Sub-Saharan Africa continued to have the highest at 9%. No solutions are yet in sight for practices that drive up costs, such as de-risking action of banks, which lead to closure of bank accounts of remittance service providers.

Another factor that keeps fees high is the exclusive partnership between national post office systems and any single money transfer operator, as it allows the operator to charge higher fees to poorer customers dependent on post offices, WB said.