Article

Migration Development Nexus: South Asian Perspective

Introduction

Migration is one of the defining global issues of the early twenty-first century. Approximately 175 million people, including 10.4 million refugees reside outside their home country, or put another way, one out of every 35 persons in the world is a migrant (IOM 2003). There is not a single country or Society claim to be untouched by human mobility. The reasons behind this increase in population mobility are numerous, but globalization is most convenient (although not necessarily satisfactory) explanation. Many factors such as development of cheap and accessible transnational means of transport, the creation of real-time networks of electronic communication, the redefinition of individual and family identities across continents, and the income differences between developed and developing countries foster the migration.

South Asian Countries have experienced a sharp increase in remittance during the past three decades. In 2014, South Asia has received a $116 billion of remittances, second only after East Asia (World Bank, 2015). Transfer of remittance to South Asian Region has seen a 4.5 percent rise in 2014 compare to 2.5 percent in 2013. Countries like Pakistan has seen an increase of 16 percent followed by Sri Lanka (9.6 percent) and Bangladesh (8 percent). For India (0.7 percent), probably because of falling value of rupees hampered the remittance investment, but continuous flow of remittances from Middle East and Southeast helped to be a top receiving country in the world. In 2013 only, India received $71 billion of remittances followed by China, Philippines and Mexico (World Bank, 2013). The amount received by India is nearly 4% of its GDP, and provides a major boost on micro as well as macro level of society.

Country	Remittances in 2013 (Million)	Remittances as % of GDP 2013
Bangladesh	14,228	12
India	71,000	4
Nepal	5,210	25
Pakistan	14,990	6
Sri Lanka	6,690	10

Source: Migration and Development Brief, 2015

Migration and Development

Migration remittance is one off most significant link between migration and development. It plays an effective role in reducing poverty, decrease in everyday risk from external socks, betterment of life prospects, and many other positive aspects, which provide convenient angle for approaching the complex migration agenda. In real sense, remittances are personal flow of money from migrants to friends and families, which need to be better utilized for multiplier effect. The Human Development Report 2009, Overcoming Barriers: Human mobility and development has noted that 'financial remittances are vital in improving the livelihoods of millions of people in developing countries (UNDP 2009: 71) . Many empirical studies have confirmed the positive contribution of international remittances to household welfare, nutrition, food, health and living conditions in places of origin.

Remittance Transfer in South Asia

Among the regions, South Asia is the second largest remittance recipient in 2013 following the East Asia and Pacific. Remittance one of the direct outcomes of international migration is the most beneficial private transactions in the global economy. This often stems from relatively developed economies and goes to the migrant households located in the developed economies. The south Asian region draws nearly one-fourth of the global remittance volume that contributes on average to over ten per cent of GDP of South Asian Countries (Rahman at el. 2014). The formal remittances inflows to South Asia have been increasing from $16.13 billion in 2000 to $111 billion in 2013 and suppose to reach $136 billion in 2016 (World Bank, 2013). Total remittance transfer from South Asia reached $111 billion in 2013, where India alone contributed $71 billion.

Among the South Asian countries, India, Pakistan, and Bangladesh ranks first, seventh and eighth in the world, respectively in terms of volume of remittances received in 2013. As a share of gross domestic product, Nepal receives the largest formal remittance inflows (25%) among the South Asian countries and ranks third in the world, followed by Bangladesh (12%), and Sri Lanka (10%). Remittances are also the most important external funding source for the countries in South Asia (World Bank, 2014). In 2009, remittances in South Asia were three times larger than foreign direct investments and more than ten times larger than official development assistance. In terms of origins of remittances to South Asia, the Middle East countries are the largest recipient of South Asian migrant workers and correspondingly, the amount of remittances originated from the three countries, UAE, Saudi Arabia, and Qatar are account over 60% of the total remittance (estimated) inflow to South Asia. India is a significant country both as a remittance sending and receiving (Ozaki, 2012). The total remittances inflow to India amounted $49.5 billion in 2009, while the remittance outflow was $2.8 billion.

The Human Development Report 2009, 'Overcoming Barriers: Human mobility and development' has noted that 'financial remittances are vital in improving the livelihoods of millions of people in developing countries (UNDP 2009: 71). Many empirical studies have confirmed the positive contribution of international remittances to household welfare, nutrition, food, health, and living conditions in places of origin. A World Bank review of remittances to South Asia in 2005 remarked: "The increase in remittance volumes has renewed academic and public policy interest in their potential to reduce poverty and economic vulnerability, improve family welfare, and stimulate local economic development in the face of much lower, and sometimes temperamental FDI flows"(Maimbo, Adams et al. 2005). Global Economic Perspective Report (2006) notes that remittance inflow has made it possible for Bangladesh to cut poverty by 6 per cent. In Nepal, a study done by the Nepal Living Standard Survey found that the contribution of remittances in reducing poverty between 1996 and 2003 was 11 per cent. Other contributors included the increase in agricultural wages, an increase in nonfarm activities, and some reduction in the dependency ratio. Remittances not only help to reduce poverty, but also reduce the depth and severity of poverty in Nepal and other countries (Khatri, 2007).

Conclusion

In line with the propositions of the New Economics of Labour Migration and Livelihood Approaches, migration and remittance play a very important role in the life of migrants and families left behind (Stark, 2009). Over the time, countries like Bangladesh, Sri Lanka, Nepal, and to some extent India have built their domestic economies around these migrant flows. While the bilateral ties with GCC have helped South Asia to have consistent flows of labour migration and remittance transfer, but over the time, it has increased the dependence on migration-based economies. Most prevalent examples are Nepal and Indian state Kerala. In case of both these migrant homelands, remittances have been gradually becoming a sole medium of GDP, which may leads to acute vulnerability in case of any instability. As migration is a selective process, most international remittances do not tend to flow to the poorest members of communities nor to the poorest countries. However, poor non-migrant families often affected indirectly through the economy-wide effects of remittance expenditure on wages, prices, and employment in migrant sending communities.

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Global Update

Remittance Growth to Slow Sharply in 2015- World Bank

As per the estimate of World Bank, growth in global remittances, especifically to developing countries will slow sharply in 2015 due to weak economic growth in Europe, deterioration of the Russian economy and the depreciation of the Euro and Ruble. Officially, recorded remittances to the developing world are expected to reach $440 billion in 2015, an increase of 0.9 percent over the previous year. Global remittances, including those to high-income countries, are projected to grow by 0.4 percent to $586 billion. The 2015 remittance growth rates are the slowest since the global financial crisis in 2008/09. Nonetheless, the number of international migrants is expected to exceed 250 million in 2015, and their savings and remittances are expected to continue to grow. The slowdown in the growth of remittances this year will affect most developing regions, in particular Europe and Central Asia where flows are expected to decline by 12.7 percent in 2015. The positive impact of an economic recovery in the U.S. will be partially offset by continued weakness in the Euro Area, the impact of lower oil prices on the Russian economy, the strengthening of the US dollar, and tighter immigration controls in many remittance source countries.

In line with the expected global economic recovery next year, the global flows of remittances are expected to accelerate by 4.1 percent in 2016, to reach an estimated $610 billion, rising to $636 billion in 2017. Remittance flows to developing countries are expected to recover in 2016 to reach $459 billion, rising to $479 billion in 2017. The top five migrant destination countries continue to be the United States, Saudi Arabia, Germany, Russia, and the United Arab Emirates (UAE). The top five remittance recipient countries, in terms of value of remittances, continue to be India, China, Philippines, Mexico, and Nigeria.