

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4643  
ANSWERED ON:23.12.2005  
MIGRATION OF WORK FORCE  
Owaisi Shri Asaduddin

**Will the Minister of FINANCE be pleased to state:**

- (a) whether it is fact that India is the biggest beneficiary from the migration of their work force resulting foreign exchange remittance;
- (b) whether according to World Bank Global Economic Prospects (GEP) for 2006, out of the total world wide \$ 232 billion dollar remittance in 2005, India received 10%;
- (c) if so, the remittance from migrated workers has been backbone of Indian economy?
- (d) if so, the steps taken or being taken by Government to send more work force in foreign countries to increase their remittance; and
- (e) the total share of such remittance by workers in the Gross Domestic Product (GDP)?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Private transfers to India, which mainly comprise workers` remittances, amounted to US\$20.5 billion in 2004-05. The Reserve Bank of India (RBI)`s latest annual report (2004-05) mentions that surge in remittances, particularly since the information technology revolution in the 1990s, has placed India as the highest remittance receiving country in the world. Indeed, the `Global Economic Prospects, 2006`, released by the World Bank, also indicates that India was the highest remittance receiving country in 2004. During 2004, India accounted for 9.6 per cent of total global remittances worth US\$225.8 billion. While the report also indicates that total world remittances amounted to US\$232.2 billion in 2005, it does not provide estimates for India for 2005.

(c) & (d): Remittances have been one of the major sources of stable foreign exchange inflows for India, since the latter half of the 1990s. Such flows have augmented due to increasing availability of speedier and cost effective money transfer arrangements through banks and post offices. While the bulk of remittances have been flowing in through banking channels, two schemes, viz. Money Transfer Service Scheme (MTSS) and Rupee Drawing Arrangements (RDA), providing benefits of easier and speedier operations, have played significant roles in expanding the outreach of remittances to remote parts of the country.

(e): The share of India`s private transfers (remittances) to Gross Domestic Product (GDP) was 3.0 per cent in 2004-05.