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VENTURE



FROM INDIA TO THE WORLD **REMITTANCE REVOLUTION**

PREPARED AND PRESENTED BY

INDIA MIGRATION NOW (IMN)



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India was projected to receive USD 125 billion in remittances in 2023.

The bedrock for these remittance is safe and legal migration from India and the overseas recruitment industry existing since the 1970's.

FIMCA is an industry body representing the overseas recruitment and migration sector in India.

India is now the world's largest recipient of Remittances in 2023

The central theme of this report revolves around India's remarkable journey as one of the world's leading remittance recipients over the past decade. This transformation is underscored by a pivotal shift from a predominantly low-skilled migrant workforce in Gulf countries to a dominant share of highly skilled professionals in high-income nations like the USA, UK, and East Asia.

The report highlights that strengthening India's overseas recruitment industry could be an integral part of India's remittance story moving forward.

Remittances and the recruitment industry share a symbiotic relationship, with remittances contributing to the national economy and representing the financial milestones achievable through migration. FIMCA is deeply committed to promoting and strengthening this connection by advocating for responsible recruitment practices, legal labour migration and policies that support remittance flows.

Scope

- 01 Analyse India's remittance profile, quantify remittances, and identify their sources.
- 02 Underline the transformative impact of remittances on India's economic development.
- 03 Explore the migration origins, key sectors, and destinations of Indian workers.
- 04 Emphasise the recruitment industry's role in safeguarding the welfare of Indian workers abroad.

Objectives

This report emphasizes the critical role of remittances in India and underscores the invaluable contribution of the recruitment industry in promoting sustainable emigration. It draws insights from secondary data, literature reviews, and inputs gathered from FIMCA members across various agencies.

Top remittance- sending countries to India

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YEAR	INWARD REMITTANCES(US \$ MILLION)
2017-18	69,129
2018-19	76,396
2019-20	83,125
2020-21	80,185
2021-22	89,127
2022-23	1,11,220
2023-24	1,25,000

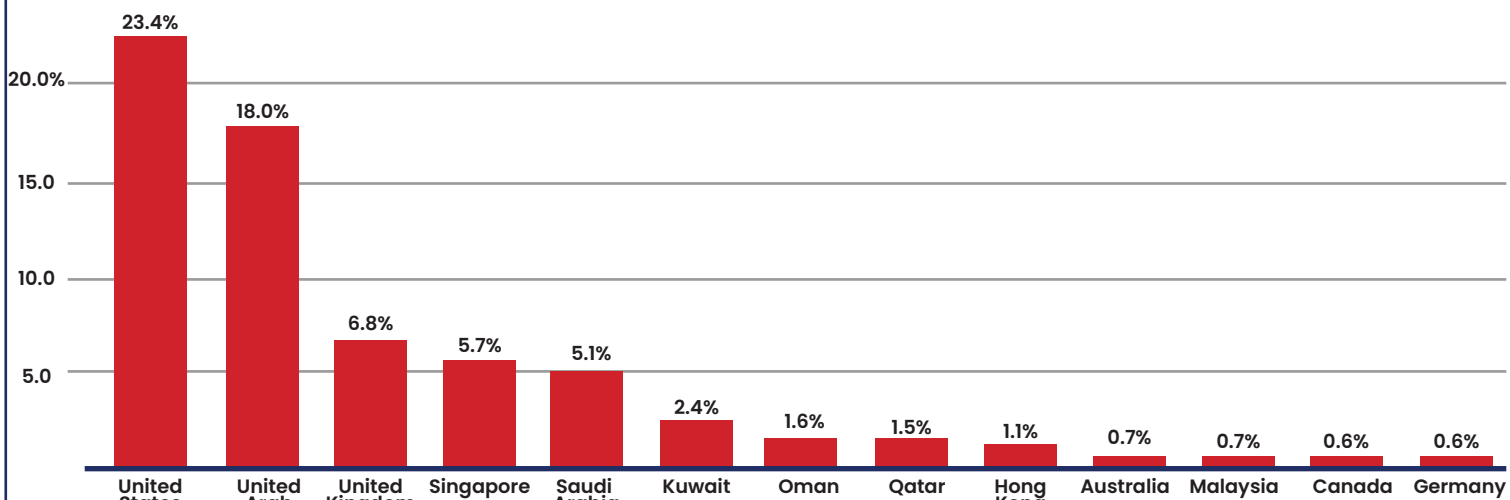


Figure: Top Remittance-sending Countries to India, RBI Remittances Survey 2021

The share of remittances from the GCC region, which has historically accounted for more than 50 percent of India's inward remittances, declined to around 30 percent in 2020-21. Conversely, advanced economies, particularly the United States, the United Kingdom and Singapore, emerged as major sources of remittances, contributing to 36% of the total remittances in 2020-21. The United States surpassed the UAE as the top source country, accounting for 23% of total remittances. The share of remittances from the US, however, is expected to drop in 2024 due to large scale tech layoffs earlier in the year.

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Remittances are the second major source of external financing for low and middle-income countries after foreign direct investment. In 2022, India was the largest global recipient with inflows of \$111 billion. Remittances to India accounted for 60% of the inflows to South Asia and 12% of the global remittances.

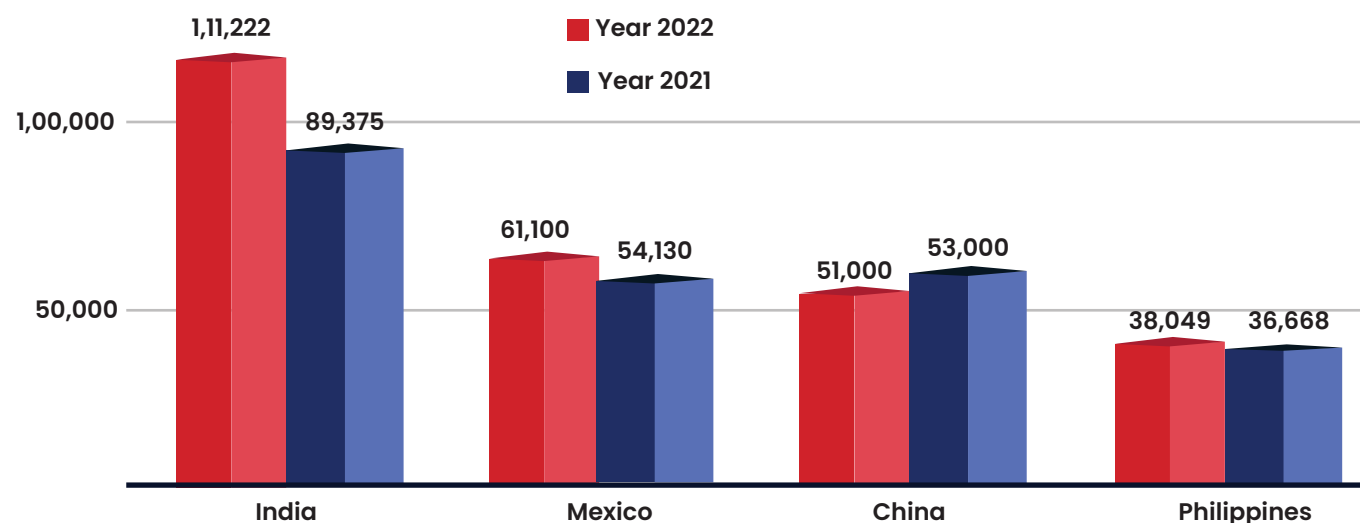


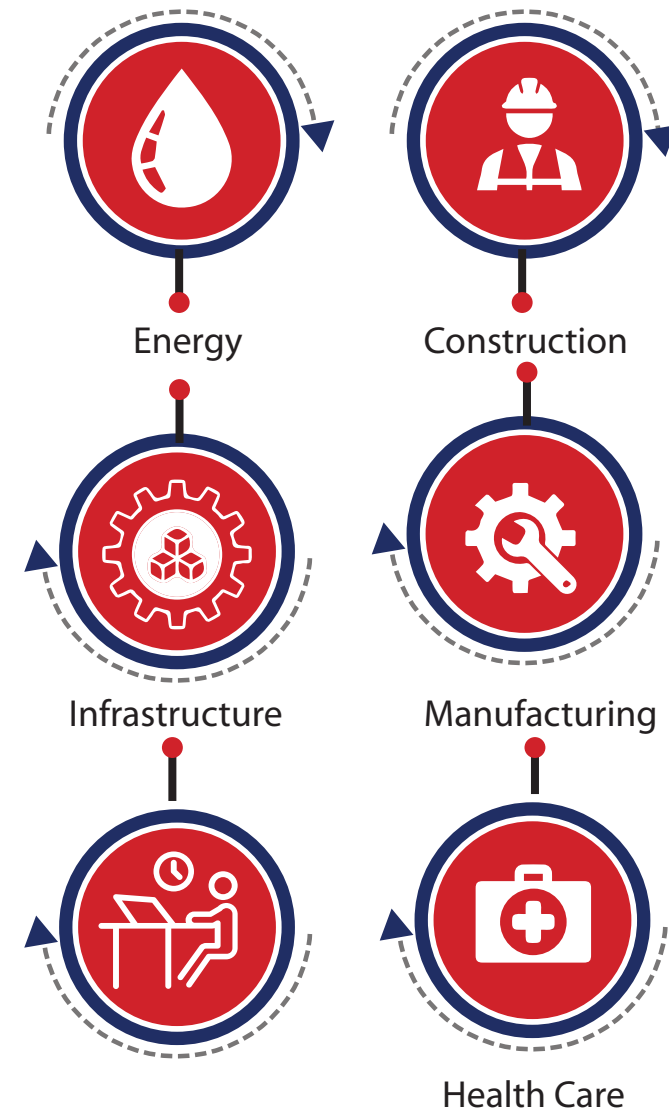
Figure: Top Remittance Recipients Globally, World Bank 2022

Over the last five-year period ending 2021-22, the foreign inward remittances in India have been consistently registering an upward trajectory. Pertinently, despite the challenges posed by the global pandemic in 2020-21, remittances still amounted to a substantial \$80,185 million (marginal decline of 0.2 percent from previous year). This was followed by a leap in remittances to touch \$89,127 million and \$111 billion in the post-pandemic period i.e. 2021-22 and 2022-23.



With Prevailing demographic trends and the growing preference for destinations outside the Gulf, Indians have the opportunity to respond to shortage sectors globally- particularly in healthcare, ICT and engineering. India has been one of the countries at the forefront of skilling and deployment of health professionals (doctors and nurses); during the COVID-19 pandemic, India has been the top origin country for foreign-trained or foreign-born doctors in the OECD area. India was also the second-largest country of origin for foreign-born nurses working in the OECD region, second only to the Philippines. As the most rapidly growing sector in most developed economies, the healthcare and social assistance sector is a key emerging avenue for Indian overseas Human Resources Agencies (HRA) and aspiring migrants.

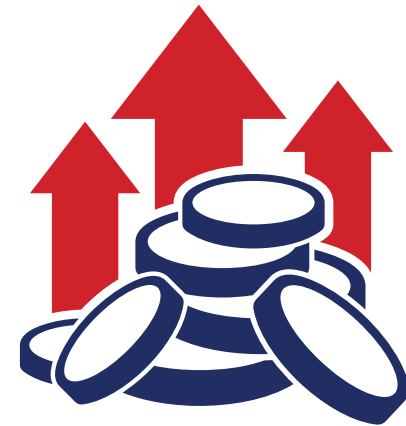
While the demand for IT and software workers in the OECD is expected to grow by 30% between 2020 and 2030, the supply is only expected to grow by 15% during the same period High-skilled migration from India to these sectors is another key opportunity and can open up newer corridors in Australia, Japan, Korea, etc.



The surge in India's remittance levels in 2022 was driven by a combination of factors:

- 1** The substantial contributions (approximately 36% of India's total remittances) of high-skilled migrants from high-income nations
- 2** The favourable economic conditions prevailing in India
- 3** The impact of elevated energy prices benefiting less-skilled Indian migrants in the GCC countries
- 4** Surge in student migration leading to higher skilled jobs & salaries

Remittances are found to have a positive impact on the socio-economic and financial development of developing nations. A study published in 2017 found a substantial long-term positive effect of growing remittance flows on the expansion and strengthening of the financial sector. Long-term results were found to align with the hypothesis that households receiving international remittances are more inclined to engage with formal financial services for their financial transactions and payments, supporting the notion of "INDUCED FINANCIAL LITERACY". Other studies from various countries, including India, agree with these findings.



Recent discussions about Indians who establish themselves in wealth hubs abroad highlight how they can significantly contribute to India's economy. These individuals, often high-net-worth individuals (HNIs), can play a pivotal role in strengthening the Indian economy. In 2023, an estimated 37,000 Indian millionaires are expected to have moved overseas. This relocation can lead to increased investments in Indian equities, financial markets, and startups, benefiting India's economic ecosystem. The most significant advantage is the rise in remittances, which, it is argued, serves to stabilise India's current account deficit and ensures a consistent source of income. Additionally, Indians living in wealth hubs can actively support philanthropic initiatives and development programs in India.

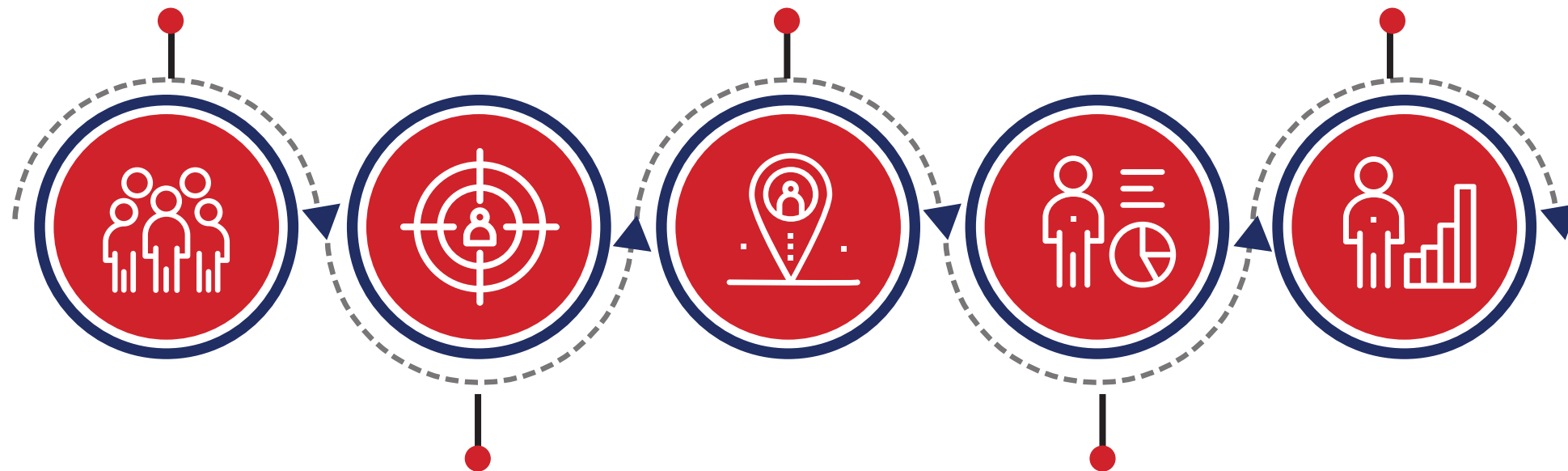
Labour Migration from India directly affects Remittances

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India's migrant profile - With the world's largest emigrant population, states like Kerala, Punjab, Bihar, Tamil Nadu, and Uttar Pradesh lead the way as migrant-sending states in India.

Emerging Destinations & Sectors - The changing nature of emigration from India has unlocked new destinations in Europe, East Asia, and Australia and presents avenues for highly-skilled migration to healthcare and IT sectors in these new destinations.

Growth of India's Remittances - India was the largest global recipient of remittances in 2022. Despite the global pandemic, remittances in India consistently increased, reaching \$111 billion in the post-pandemic period of 2022-2023.



The Importance of recruiters in Overseas Recruitment - The overseas recruitment industry's expansion into new migration corridors and continuous efforts to expand recruitment from India is a contributing factor to India's significant remittance inflows.

The overseas recruitment industry in India is crucial for sustaining India's remittance flows and has the potential to expand emigration to emerging European and East Asian countries. However, the industry faces challenges such as low business development support, regulatory oversight, competition from other source countries, and information gaps.

Profile of Indian Migrants

With the world's largest emigrant population (18 million+), the question of where Indians choose to migrate – for work, study, family reunification, and other reasons – is an important one for governments at both source and destination countries. Even prior to the COVID-19 crisis, emigration from India was undergoing a transformation. Decades-long migration relationships with the countries of the Gulf Cooperation Council were slowly giving way to new corridors and emerging destinations in Europe, Japan, and Australia. At the source level, states such as Kerala, Punjab, and Tamil Nadu are increasingly diversifying away from the traditional Gulf and Southeast Asian corridors as well as from the low-medium skill profiles of earlier years. The increasing importance of the northern states – Uttar Pradesh, Bihar, and Rajasthan, particularly – in the Gulf corridor is also an indicator of the changing nature of emigration. According to the emigration clearance data, Uttar Pradesh has taken the lead since 2011, followed by Bihar, Tamil Nadu and West Bengal.

In the US, Indians dominate the H1-B highly skilled visa programme and have a high labour force participation rate at 72%. By the year 2023, Indian immigrants reported higher educational attainment compared to other foreign-born individuals. About 80% of Indian immigrants aged 25 or above had attained a bachelor's degree, while nearly half of them held graduate or professional degrees. This was in contrast to only 15% of other foreign-born adults and 13% of US-born adults who had attained such advanced degrees.

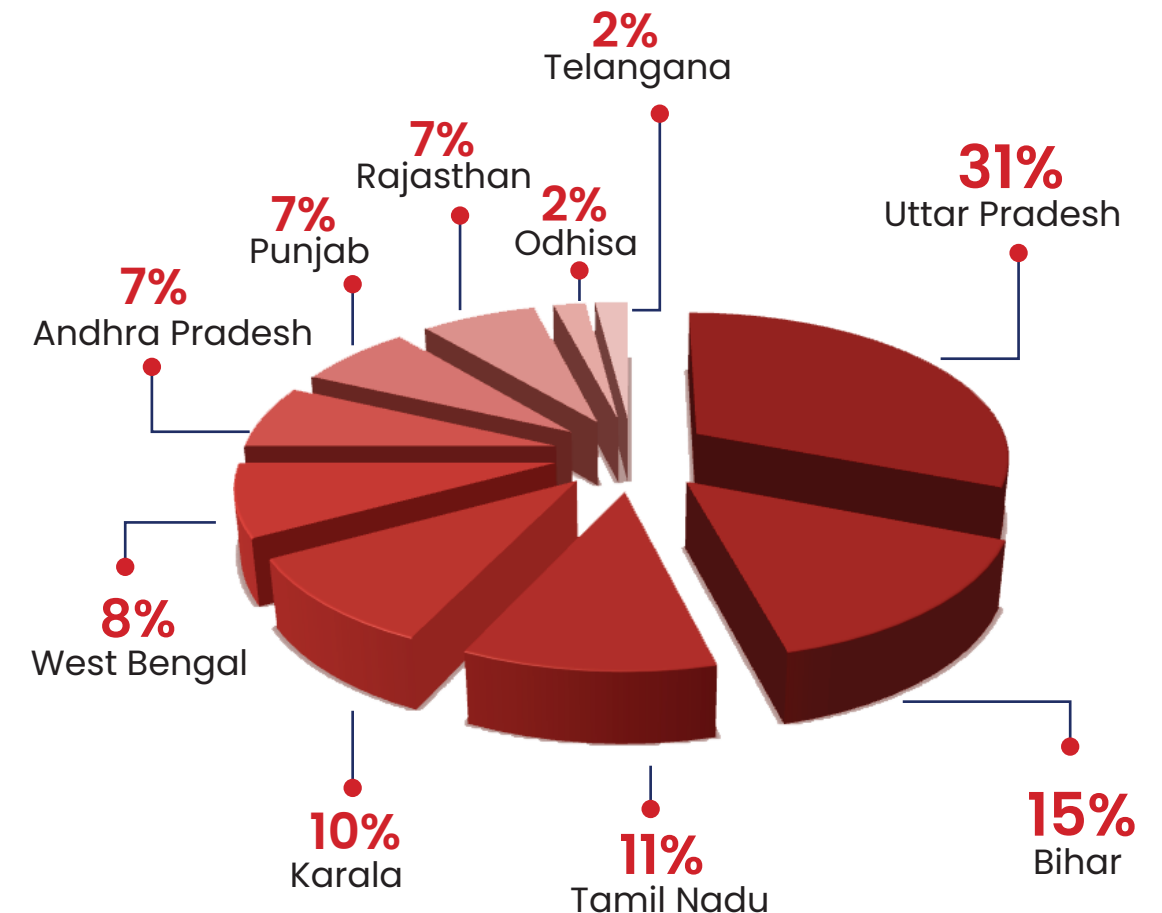
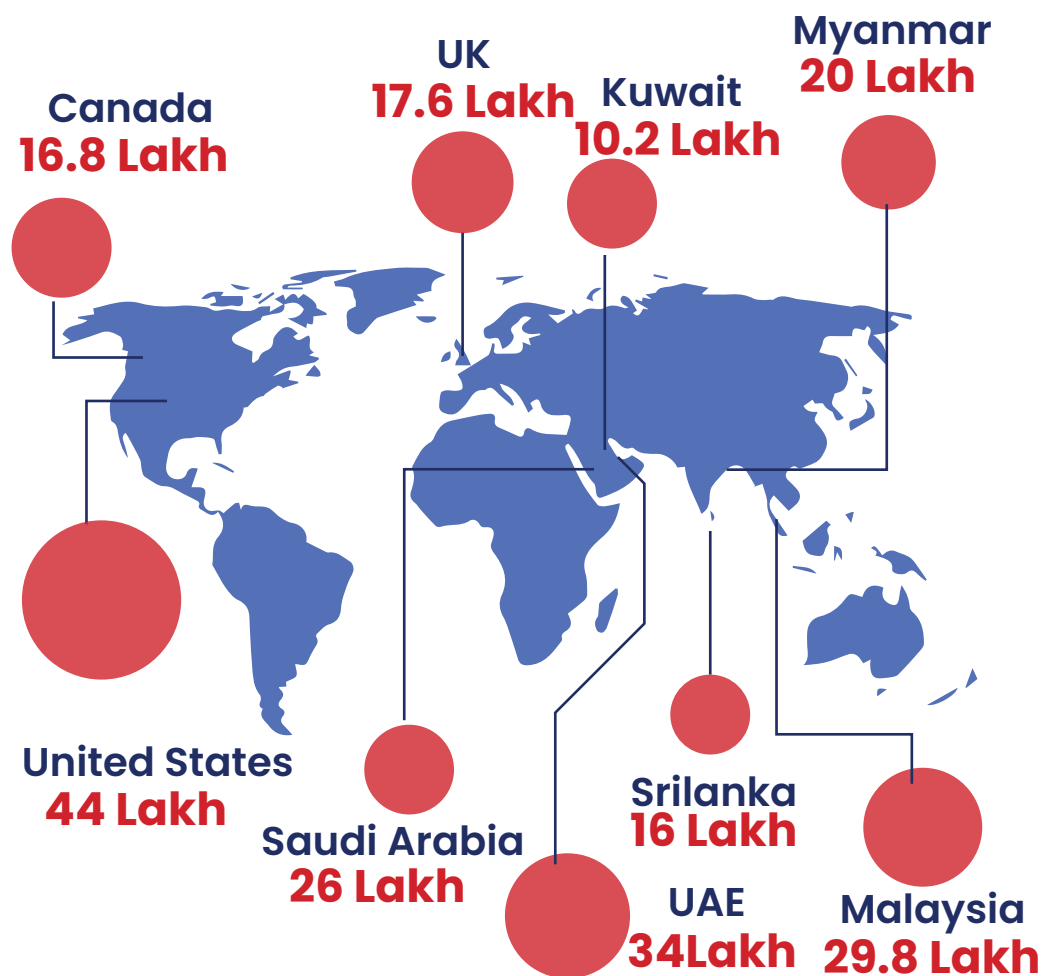


Figure: Emigration Clearances per State 2011-2016

Migration Corridors

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Historical ties and established recruitment pathways make the GCC countries a key pathway, but countries such as the USA, UK, Australia, Canada, Italy, Germany, France, Belgium, Netherlands, and the Scandinavian countries, also serve as prominent destinations for Indians working in various sectors. The USA, UK, and Canada have been the more popular destinations, especially for high-skilled Indians. The United Kingdom, due to India's unique historical relationship with it, has been the primary option but in recent decades, countries such as Germany, France, Netherlands, Italy, Portugal, and Belgium have all emerged as popular destinations.



Migrant Populations in Destination Countries



Over the years, we've observed a shift in the choices of aspiring Indian emigrants. While the Middle East and Gulf regions have been traditional favourites, there's a clear and growing preference for Europe, Eurasia, and even parts of Africa as popular destinations for those seeking work opportunities abroad.

- **AMIT SAXENA, FIMCA**



Remittances (in 2020 in Billions)



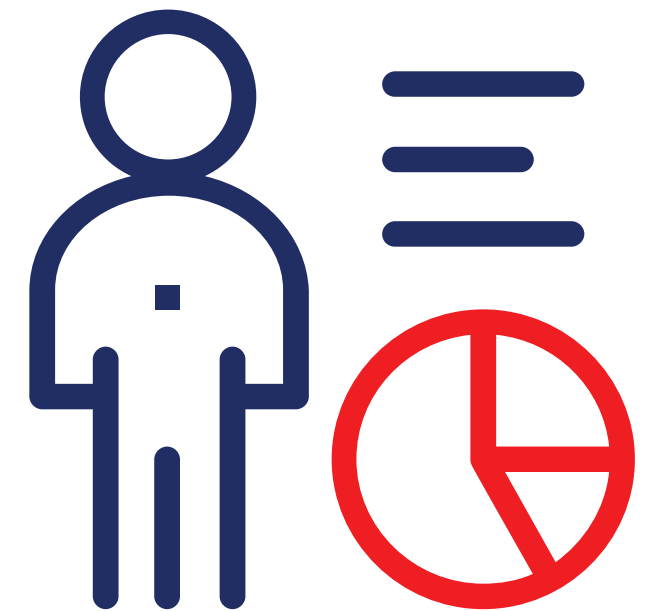
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The Overseas Recruitment Industry powers the largest remittance economy in the world.

DIRECT IMPACT ON

- 1 The Presence of 1.8 million **NRIs** globally
- 2 A **Diaspora** population of over 30 million
- 3 Export **earnings** which is more than double the FDI yearly
- 4 **Providing** safe and legal migration opportunities to 1.5 – 2.5 million Indians yearly



In existence since 1997, FIMCA

- 1 Affected lives of over 13 million migrants.
- 2 Support a strong safe, legal and sustainable recruitment framework.
- 3 Leading industry body committed to supporting its members in the safe and legal migration of 0.5 – 1.2 million Indians yearly.
- 4 Provide actionable insights & advocacy platforms to government departments, foreign governments and ministries etc.



Sustainable recruitment is not just a goal but our guiding principle. We maintain openness and transparency with our clients and recruits, ensuring salaries fall within the government's prescribed range and that all recruits follow the proper channels

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About FIMCA

THE FEDERATION OF INDIAN EMIGRATION MANAGEMENT COUNCILS AND ASSOCIATIONS (FIMCA) is a leading industry body committed to promoting secure, lawful, and sustainable recruitment for Indian emigrants. Our mission is to ensure the well-being and legality of Indian workers and professionals embarking on journeys abroad.

About IMN

INDIA MIGRATION NOW (IMN) is an organisation dedicated to mainstreaming migration through research, advocacy, and interventions by centering multi-locational migrant households. We conduct primary and secondary research, develop solutions and interventions for migrant households, and advocate for better, safer migration opportunities and outcomes.