Government of Pakistan
Planning Commission
Ministry of Planning, Development and Special Initiatives
(International Trade & Finance Section)

Update on Workers Remittances for Jul-Dec FY21 (January-2021)

Pakistan economy has benefited a great deal by the remittances by its overseas nationals contributed by more than 10.13 million Pakistanis abroad. Inflow of remittances grew by around 25 percent during Jul-Dec FY21 in comparison with Jul-Dec FY20 and surpassed total export receipts of the country during the period. Share of remittances from Saudi Arabia, USA, UK and EU countries in total inflows increased whereas this share declined from Malaysia and Germany.

During Jul-Sep FY21, workers' remittances recorded inflows of US$ 14.2 billion against US$ 11.4 billion in the same period last fiscal year, registering an increase of around 25 percent. During December 2020, this inflow witnessed an increase of more than 16 percent, at US$ 2.4 billion compared to US$ 2.1 billion in the corresponding month of FY20.

Table1: Country-Wise Workers Remittances (US$ Million)

Country	December		Percentage Change	Jul-Dec		Percentage Change
	2019	2020		FY20	FY21	
Saudi Arabia	577.1	624.8	8.3	3,174.2	3,955.2	24.6
UAE	504.4	511.6	1.4	2,776.6	2,956.1	6.5
USA	159.2	203.2	27.6	816.8	1,204.5	47.5
U.K.	229.0	326.9	42.8	1,237.4	1,877.1	51.7
EU Countries	150.7	246.0	63.2	896.3	1,269.9	41.7
Others	476.7	524.5	10.0	2,470.8	2,940.3	19.0
Total	**2,097.1**	**2,437.0**	**16.2**	**11,372.2**	**14,203.1**	**24.9**

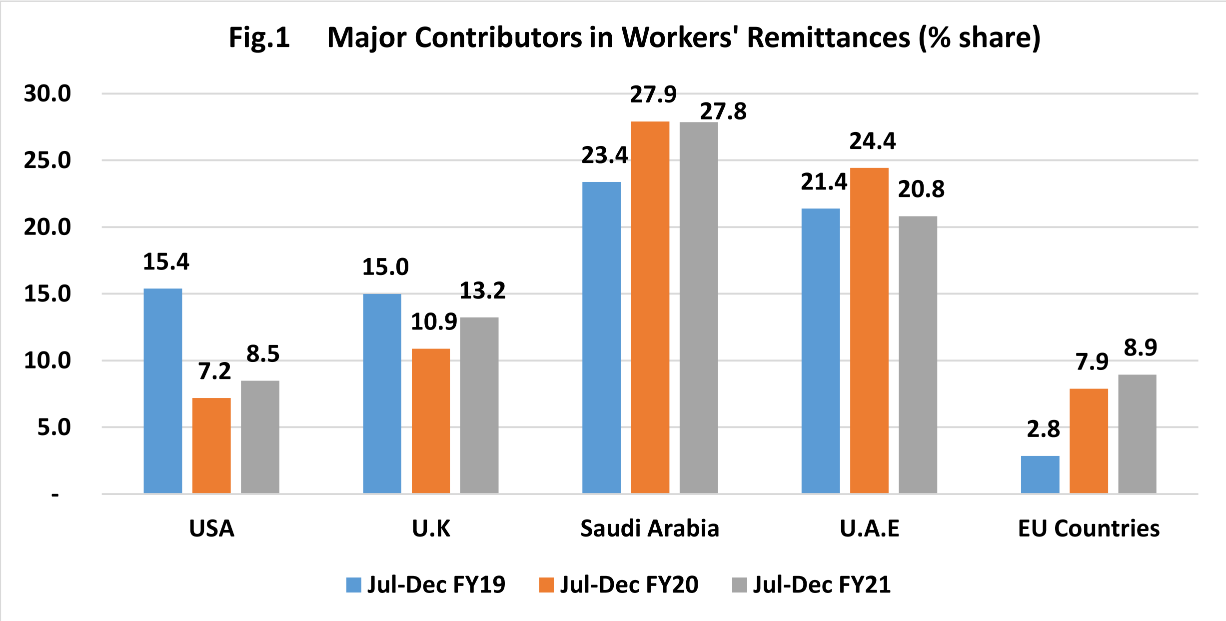
Source: State Bank of Pakistan

Country specific remittances source analysis shows that during Jul-Dec FY21:

- Workers in Saudi Arabia contributed the largest portion worth US$ 3.9 billion, up by 24.6 percent over the receipts from KSA during the same period of FY20. This contribution was 27.8 percent of the total remittances.
- Remittances from UAE, the second largest contribution, remained at US$ 2.9 billion, up by 6.5 percent over the last year. This contribution was around 21 percent of total remittances.

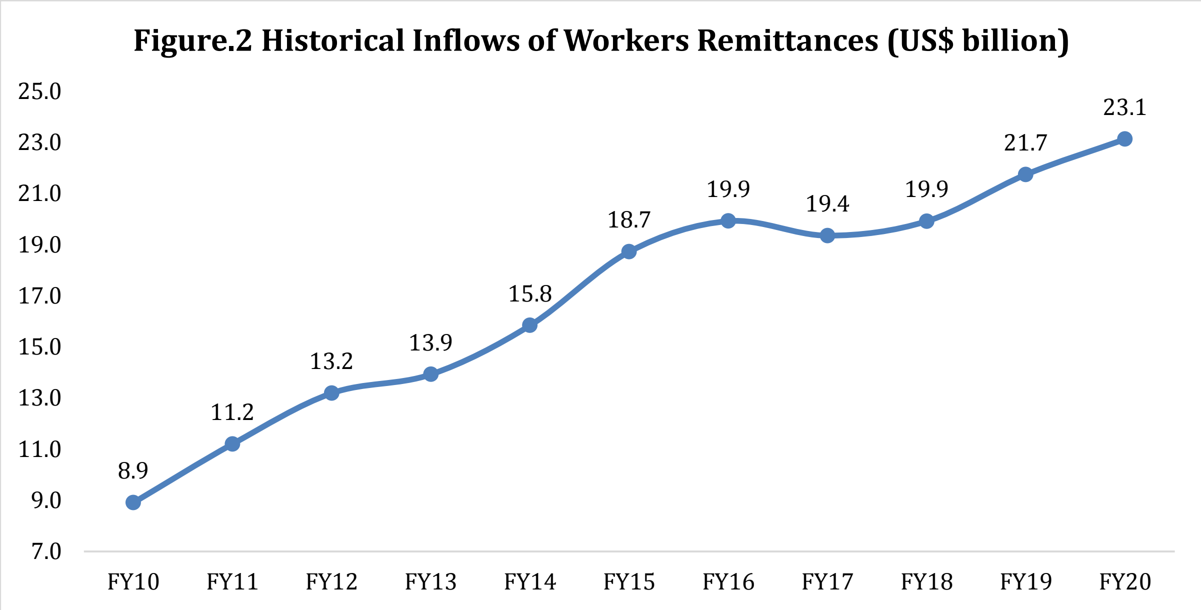
- Remittances from UK, the third largest key contributor with inflows of US$ 1.9 billion, increased by 51.7 percent over last year. UK's share in total inflows remained 13.2 percent.
- Inflows from USA stood at US$ 1.2 billion with a rise of 47.5 percent and share of 8.5 percent in the total remittance's receipts.
- During the period, the inflow of remittances from EU countries registered a growth of 41.7 percent, and stood at US$ 1.3 billion. EU's share in total inflows remained 8.9 percent.

The extensive upsurge in remittance inflows from all major corridors indicate that the increase in remittances is broad based. The percentage share of major contributors in total workers' remittances is reflected in Figure 1.



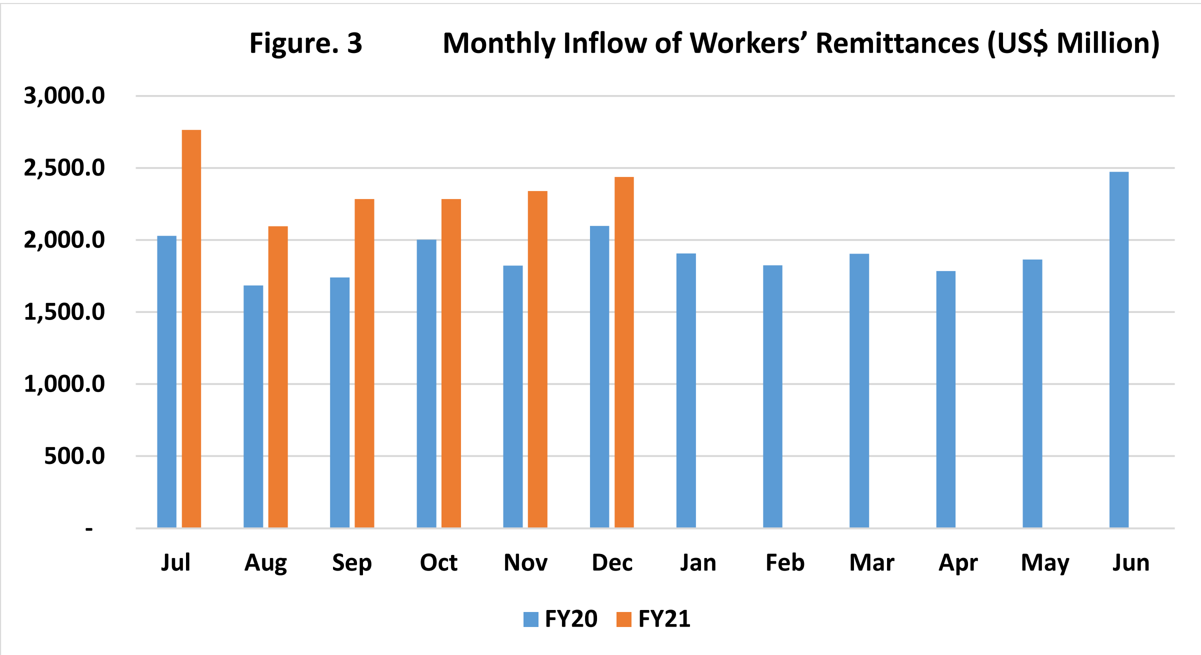
Source: State Bank of Pakistan

The major contributing factors in the increase during Jul-Dec FY21 include supportive policy measures taken by the Government and State Bank of Pakistan under Pakistan Remittance Initiative (PRI). These include reducing the threshold for eligible transactions from US$ 200 to US$ 100 under the Reimbursement of Telegraphic Transfer Charges Scheme, increased push towards adoption of digital channels and targeted marketing campaigns to promote formal channels for sending remittances. Inflow of remittances consistently showed an upward trend during the last decade with the exception of FY17 which registered a marginal decline due to global economic slowdown (Figure 2). Since then, the remittance inflow has rebounded. Factors behind upward trend include diplomatic efforts by the Government, provision of incentives to banks for facilitating inflows through formal channels and increase in the number of workers for overseas employment through Bureau of Emigration & Overseas Employment (BEOE) to Saudi Arabia, UAE, USA, UK etc.



Source: State Bank of Pakistan

Monthly comparative pattern of remittances inflows, depicted in Figure 3, illustrates that monthly inflows of remittances during December FY21 stood significantly above the remittance inflows in December FY20. The highest historical inflows were recorded during the month of July FY21.



Source: State Bank of Pakistan

Conclusion:

During Jul-Dec FY21, workers' remittances recorded considerable inflows. The significant increase in remittances inflows can be attributed to;

- Discouraging informal channels in compliance of FATF action plan have contributed to diversion from informal to formal channels.
- Supportive government policies to promote remittances through regular channels.
- Suspension of international flights due to Covid-19 forcing expatriates to send foreign exchange through banking channels.

For sustaining accelerated growth in workers' remittances, Government is taking steps to explore new markets for Pakistani human resource, incentivize expatriates to send remittances through formal channels, enhance skills of the labor and negotiate better terms with the countries to accommodate the labour.