

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

Update on Workers Remittances for Jul-Mar FY21

(April-2021)

Given the important role that remittances play, a major objective is to ensure that remittances flow through official channels since this would maximize the development benefits to the economy. Inflow of remittances grew by around 26 percent during Jul-Mar FY21 in comparison with Jul-Mar FY20 and exceeded 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 in total remittances declined from Malaysia and Netherland.

During Jul-Mar FY21, workers' remittances recorded inflows of US\$ 21.5 billion against US\$ 17.0 billion in the same period of last fiscal year, registering an increase of around 26 percent. During the month of March 2021, this inflow witnessed an increase of more than 43 percent, at US\$ 2.7 billion compared to US\$ 1.9 billion in the corresponding month of FY20.

Table1: Position of Workers Remittances (US\$ Million)

Country	March		Percentage Change	Jul-Mar		Percentage Change
	2020	2021		FY20	FY21	
Saudi Arabia	556.7	690.4	24.0	4,775.7	5,731.8	20.0
UAE	511.0	589.7	15.4	4,219.1	4,526.3	7.3
USA	142.9	283.3	98.2	1,246.5	1,901.8	52.6
U.K.	180.5	371.2	105.7	1,793.2	2,900.5	61.8
EU Countries	132.6	234.6	76.9	1,303.5	1,941.6	49.0
Others	380.9	555.7	45.9	3,670.7	4,465.7	21.7
Total	1,904.7	2,724.9	43.1	17,008.7	21,467.8	26.2

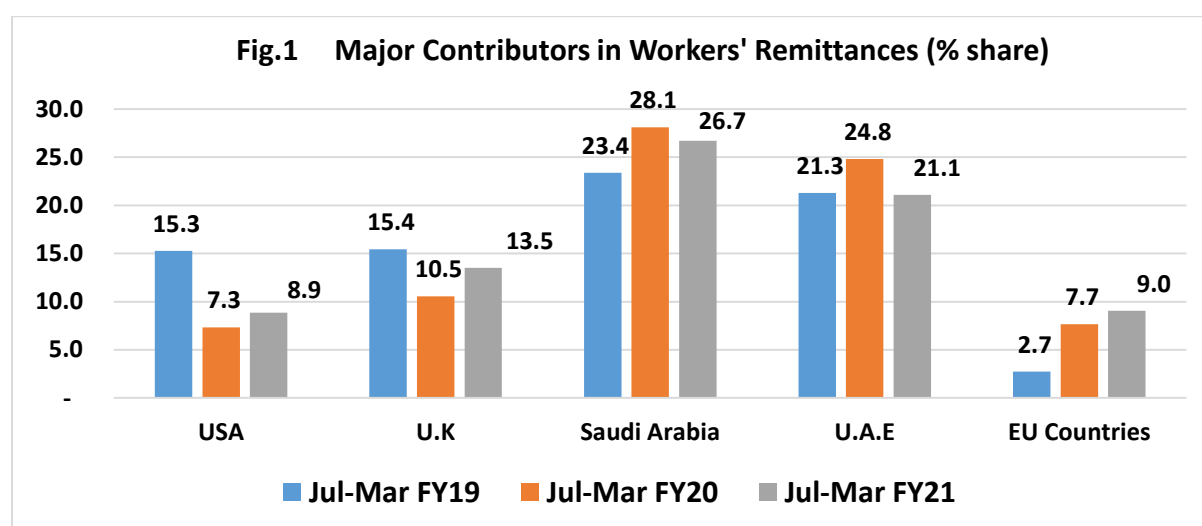
Source: State Bank of Pakistan

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

- Workers in Saudi Arabia contributed the largest portion worth US\$ 5.7 billion, up by 20 percent over the receipts from KSA during the same period of FY20. This contribution was 26.7 percent of the total remittances.
- Remittances from UAE, the second largest contribution, remained at US\$ 4.5 billion, up by 7.3 percent over the last year. This contribution was around 21.1 percent of total remittances.

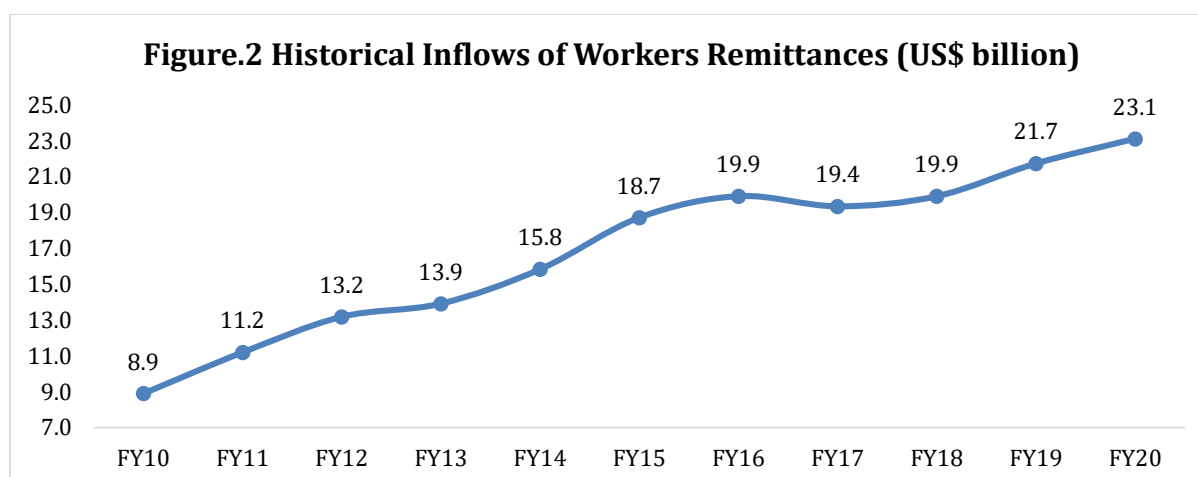
- Remittances from UK, the third largest contributor with inflows of US\$ 2.9 billion, increased by 61.8 percent over last year. UK's share in total inflows remained 13.5 percent.
- Inflows from USA stood at US\$ 1.9 billion with a rise of 52.6 percent and share of 8.9 percent in the total remittance's receipts.
- During the period, the inflow of remittances from EU countries registered a growth of 49 percent, and stood at US\$ 1.9 billion. EU's share in total inflows remained 9 percent.

The extensive increase 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.



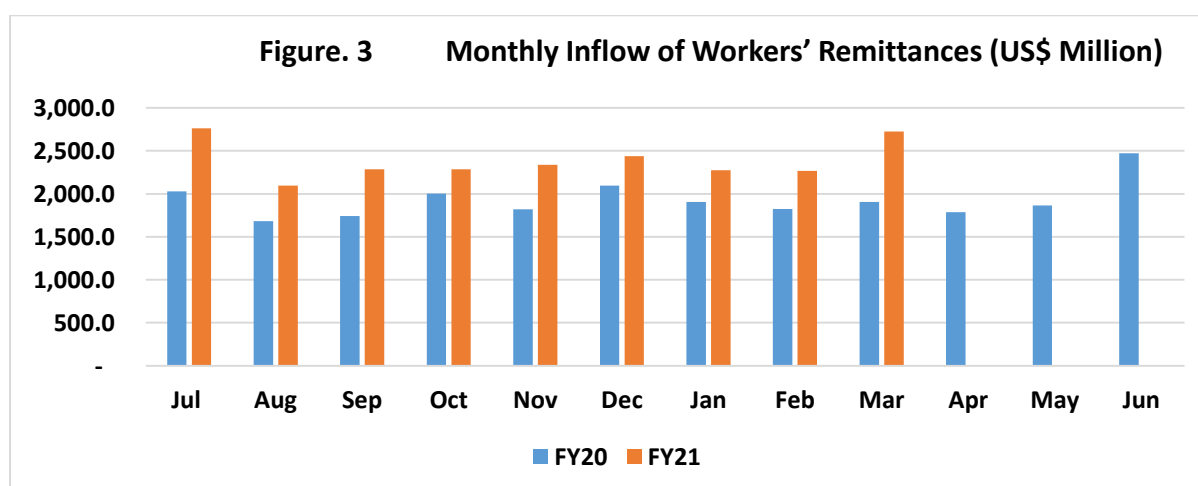
Source: State Bank of Pakistan

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 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 March, FY21 stood significantly above the remittance inflows in March FY20. The highest historical inflows were recorded during the month of July FY21. To accelerate the flow of home remittances through banking channels, the SBP has already launched M-Wallet Scheme and 'Asaan Remittance Account'. Skills in sectors like health services are in high demand in the Middle East, Europe and Pacific region. Concerted efforts are therefore underway for placement and branding of Pakistani skilled workforce at international level. Pakistan Remittance Initiative (PRI) is having its endeavors to ensure that migrants use formal channels to send remittances.



Source: State Bank of Pakistan

Conclusion:

During Jul-Mar 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 transfer of remittances through formal channels.
- Increase in speed and certainty of remittance transactions through banks to encourage more migrants to send their money through official banking channels.
- launch of “Pakistan Post Initiative” for delivery of remittances by overseas Pakistanis through 500 designated post offices in various cities.

For sustaining accelerated growth in workers’ remittances, Government needs to focus on:

- Exploring new markets and new avenues in existing markets for Pakistani human resource using the support of Community Welfare Attaches.
 - Skill-upgradation/ demand driven trainings/ international accreditation of local institutes and negotiate better terms with the countries to accommodate the labour.
 - E-learning/ virtual trainings in internationally demand driven skills through world-renowned accrediting agencies like UKNARIC etc.
 - Death and disability insurance coverage emigrant workers.
 - To provide one-stop solution to all jobseekers, employers and returnees through an online job portal for overseas employment.
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