

WARM UP

- 1** What is the definition of remittance? Quickly read the first paragraph to check.

**MORE ABOUT...**

It is possible for foreign workers to send money to their home country using a draft, International Money Order, bank transfer, an online wallet system such as PayPal, or remittance companies, for example Western Union and MoneyGram. Each of these systems differs in terms of cost, transaction speed and exchange rates offered.

**Foreign remittance**

**India Remains at the Top of Remittances League**

Indians working abroad continue to send more money home than their counterparts from other countries. According to the latest World Bank figures on migration and remittance, in 2012 India was the top of the list with \$70bn of remittance inflows. China was in second place with \$66bn, followed by the Philippines and Mexico (\$24bn each) and Nigeria (\$21bn).

India has actually been the top recipient of remittances in the world for 15 of the past 23 years and for the past five years in a row. What is surprising is how resilient migrant Indian workers are and how they continued to send so much money home despite the global crisis. Dilip Ratha, economist and manager of the World Bank's migrations and remittances unit, explains that there was a small and brief decline in remittance flows to India in 2009 due to the global financial crisis and that it also negatively affected new migration flows from India. However, he says, most of the existing workers stayed put and persevered. They cut their spending, saved on rent and continued to send money home. A large number of Indians working in the construction sector in Gulf countries, for example, moved to retail trade and building maintenance after the downturn there.

The depreciation of the rupee against the US dollar in 2008 and 2009, and in late 2011 also helped. This resulted in a fall in the dollar prices of Indian goods, services and assets like housing, bank deposits and stocks – making them more attractive to migrants and encouraging remittances.

‘Although migrant workers are to a large extent adversely affected by the slow growth in the global economy, remittance volumes have remained remarkably resilient, providing a vital lifeline to poor families and a steady and reliable source of foreign currency in many countries,’ agrees Hans Timmer, director of the World Bank's Development Prospects Group.

More than 200 million people live and work outside their countries, according to the United Nations, and they are predicted to send more money home than ever. Worldwide remittance inflows, according to the World Bank, are expected to grow to \$685bn in 2015. Remittance flows to developing countries are now actually more than three times that of official development assistance. Indian migrant workers, like many of their counterparts from developing countries, must be some of the most resilient workers around.

Source – BBC News – © 2013

ACTIVITIES

READING COMPREHENSION

**2** **BEC** Read the article and choose the correct option.

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| <p><b>1</b> How long has India been the top recipient of remittances?</p> <p><b>A</b> for the last 5 years<br/><b>B</b> for the last 15 years<br/><b>C</b> for the last 23 years</p> <p><b>2</b> What happened in 2009 during the financial crisis?</p> <p><b>A</b> There was an increase in the number of people who migrated from India.<br/><b>B</b> There was an increase in the number of migrant workers who returned home to India.<br/><b>C</b> There was a decrease in the amount of remittances sent to India.</p> | <p><b>3</b> Indian migrant workers managed to continue to send money home because...</p> <p><b>A</b> they worked harder.<br/><b>B</b> they spent less money.<br/><b>C</b> they moved to work in other countries.</p> <p><b>4</b> What effect did the depreciation of the rupee have on remittances?</p> <p><b>A</b> no effect<br/><b>B</b> a negative effect<br/><b>C</b> a positive effect</p> <p><b>5</b> According to the World Bank, what is the forecast for global remittances?</p> <p><b>A</b> They will increase three times by 2015.<br/><b>B</b> They will increase only in developing countries.<br/><b>C</b> They will increase to over \$680 billion by 2015.</p> |
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WRITING

**3** Write a short essay on foreign remittance, using these guidelines.

- What is foreign remittance?
- Which countries have the biggest remittance inflows?
- Why is it important for the economy of these countries?