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## 5. World Bank's Report - Impact of Covid-19 on Remittance

**Prelims Syllabus:** International Organisations – World Bank

**Mains Syllabus:** GS-II Important International institutions, Agencies and fora- Their Structure, Mandate.

### Why in News?

- World Bank has recently released a report on the impact of Covid-19 on migration and remittances.

### Key Points:

- Globally remittances are projected to decline by about 20% in 2020.
- According to the report, India's remittances are projected to fall by about 23% in 2020.
- The migrant workers are vulnerable to loss of employment and wages during an economic crisis in a host country.
- The projected fall is largely due to a fall in the wages and employment of migrant workers due to the recession caused by the Covid-19 pandemic.
- The sharp decline in crude prices will also hurt remittances from oil-producing countries such as Saudi Arabia and the United Arab Emirates.
- This will lead to loss of income for expatriate Indians working in the Gulf and elsewhere across the World.

### What is meant by Remittance?

- A remittance is money sent by a person/entity to another party, usually to the one in the other country.
- The sender is typically an immigrant and the recipient a relative back home.
- Remittances represent one of the largest sources of income for people in low-income and developing nations. It often exceeds the amount of direct investment and official development assistance. India is the world's biggest recipient of remittances. Remittance bolsters India's foreign exchange reserves and helps fund its **Current Account Deficit**.

### World Bank:

- The Bretton Woods Conference held in 1944, created the International Bank for Reconstruction and Development (IBRD) along with the International Monetary Fund (IMF).
- The IBRD later became the World Bank.

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- The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
  - It has 189 Member Countries.
  - Few important reports released by the World Bank are:
    1. Ease of Doing Business
    2. Human Capital Index and
    3. World Development Report

**The Development Institutions of the World Bank are.**

- **International Bank for Reconstruction and Development (IBRD):** Provides loans, credits, and grants.
- **International Development Association (IDA):** provides low- or no-interest loans to low-income countries.
- **International Finance Corporation (IFC):** Provides investment, advice, and asset management to companies and governments.
- **Multilateral Guarantee Agency (MIGA):** Insures lenders and investors against political risk such as war.
- **International Centre for the Settlement of Investment Disputes (ICSID):** Settles investment-disputes between investors and countries.