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Remittances and India's Economy: Gulf Migration Trends and Policy Challenges

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Abstract: India's remittances surged to $129 billion in 2024, a 7.5% rise from $120 billion in 2023. The UAE contributed 18% of 2023 inflows (~$21.6 billion), while the US, UK, Singapore, and Gulf nations remained key sources, with the US leading at 25–36%. GCC countries contributed ~50%, driven by skilled migration. OECD nations Singapore and Australia are emerging players. The 2023 UAE-India payment agreement has fostered growth, building on historical trends in remittance distribution from crucial source countries. This paper utilizes secondary data sources to examine the vital role of remittances from the UAE in shaping India's economic landscape. The UAE's strategic geographic position and its efforts toward economic diversification significantly influence its labour market dynamics. Understanding these factors is critical for developing policies that support migrant workers and maximize the benefits of remittances.

Keywords: Remittances, UAE, Indian Migrant Workers, Economic Development

JEL classification codes: F24, F 22, J61, O 10

INTRODUCTION

Bordering Oman and Saudi Arabia by land and flanked by Qatar and Iran along its maritime borders, the United Arab Emirates occupies a pivotal geographic position, commanding the southern approaches to the Strait of Hormuz, a critical conduit for global crude oil transportation. Comprising seven Emirates

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that are unified into a federation of monarchies, namely Abu Dhabi, Ajman, Dubai, Fujairah, Ras al Khaimah, Sharjah, and Umm al Quwain, the UAE functions under a governmental framework where President Khalifa bin Zayed Al-Nahyan serves as the chief of state. In contrast, Prime Minister and Vice-President Mohammad bin Rashid Al-Maktoum leads the government from Abu Dhabi's capital.

Relaxation inadvertently led to a surge in cases towards the end of December 2020 and January 2021. Subsequently, the UAE embarked on an ambitious vaccination campaign commencing in January 2021 to curb the pandemic's impact and fortify public health defences.

OBJECTIVES

The primary objectives of the study are to :

1) Strengthen legal protections in the UAE, particularly for low-skilled and domestic workers, to examine the magnitude of remittances received from Gulf countries and assess migrant workers' rights and living conditions.
2) Investigate the economic contributions and welfare of migrants and develop inclusive policies that balance economic gains with migrant well-being by promoting fair wages, job security, access to healthcare, and legal recourse.

METHODOLOGY

This study relies on secondary data from the World Bank and other published sources. It also conducted an in-depth review of existing literature to determine the main determinants of economic growth.

INTERNATIONAL AND INTERNAL MIGRANTS

As of July 2020, within the United Arab Emirates (UAE), a country with a population of approximately 9,992,083, a staggering 8,587,300 individuals were international migrants, constituting an overwhelming 87.9% of the total population. This statistic highlights the UAE's distinction as the nation with the highest proportion of migrants relative to its populace globally. Within this migrant population, 26.3% were female, and 15% were children under 18, as defined by UNICEF.

Examining the origins of these migrants reveals a diverse demographic composition. As of 2019, the primary countries of migrant origin included India (38%), Bangladesh (10%), Pakistan (9%), Egypt (10%), and the Philippines (6%), with the India-UAE migration corridor notably ranked as the world's second-largest. Moreover, about 20% of migrants hailed from the Middle East and North Africa (MENA) region, excluding Iran, originating from Egypt, Iraq, Jordan, Lebanon, Syria, Palestine, Sudan, Yemen, and other Gulf states. Notably, there has been a growing influx from East and West Africa.

Considerable economic contributions from migrant workers were accomplished, highlighted by the USD 44.37 million in remittances sent back to their home countries in 2017, positioning UAE as the world's second-largest remittance provider. Moreover, the net migration rate in 2020 was estimated to be between 4.2 and 7.6 per 1,000 people, reflecting a net migration figure of around 200,000 individuals.

Regarding employment, migrants dominate the private sector workforce, comprising more than 96% of workers overall and an overwhelming 95% in Dubai alone. They are prominently employed in construction, wholesale and retail trade, vehicle repair, manufacturing, transportation, storage, accommodation, and food service. Of note, approximately 52% of all female workers, totalling about 1,174,000 individuals, primarily from countries such as the Philippines, Indonesia, India, Bangladesh, Sri Lanka, and Nepal, are engaged as domestic workers.

Educationally, migrants in the UAE exhibit a varied profile. The country boasts the lowest proportion (44%) of primary-educated migrants among Gulf Cooperation Council (GCC) states while concurrently featuring the highest percentages of migrants holding secondary (33%) and tertiary (16%) education credentials. Approximately 25% of working migrants in the UAE occupy managerial roles across various sectors, yet a significant majority (around 70%) find employment in lower-income occupations.

Despite their economic contributions, migrant workers in the UAE encounter systemic challenges and vulnerabilities which stem from the kafala (sponsorship) system.

This system holds workers to specific employers, fostering a legal dependency that leaves them vulnerable to widespread exploitation.

Several migrants encounter the problem of exorbitant recruitment fees, wage theft, hazardous working conditions, restrictions on their movements, forced labour, and deficient housing facilities.

Migrant workers leaving an employer without permission are usually treated with dire consequences, ranging from heavy fines and imprisonment to deportation, further destabilizing their already precarious legal and socio-economic standing.

Unlike UAE nationals, migrant workers are not paid government subsidies for housing or healthcare, forcing them to rely entirely on their wages to access necessities. The lack of a legally mandated minimum wage worsens these disparities, particularly for those employed in small enterprises within high-risk sectors such as construction and hospitality, where working and living conditions are often appalling.

Among migrant groups, domestic workers, predominantly women, endure some of the most severe abuses, including confinement, excessively long work hours without breaks, and instances of physical and sexual assault by employers.

Throughout the 1970s, the UAE witnessed a sharp increase in its net migration rate, which was closely tied to rapid economic growth driven by oil revenues and a deliberate policy to allure foreign labour and strengthen its infrastructure and financial sectors. There has been constant movement of migrant populations, supported by favourable employment policies and investment incentives.

However, the early 1980s brought a diversion in this pattern, influenced by regional geopolitical tensions, such as the Iran-Iraq War, and global economic downturns, which reduced the UAE's appeal to foreign workers. Notwithstanding these challenges, the UAE sustained favourable net migration rates, though at a slower pace than in the preceding decade.

At the advent of the 21st century, the UAE had established itself as a global economic hub, capitalizing on its strategic location and advanced infrastructure to attract a growing and diverse pool of international migrants.

Policies promoting economic diversification and liberalization continued to shape migration patterns, particularly in finance, hospitality, and construction sectors, where foreign labour played a pivotal role in sustaining growth and development.

In 2023, the UAE's migration dynamics presented a dismal picture, with a net migration rate of 0.433 per 1,000 population. This figure reflects a substantial 63.37% decrease from the previous year, highlighting shifting economic conditions and policy adaptations amid global uncertainties, including the ongoing effects of the COVID-19 pandemic.

Gulf countries' demographic landscape is dominated by their reliance on the kafala sponsorship system, a pillar of their labour market framework. This system mandates that migrant workers must have a local sponsor (kafeel) to obtain legal residency, linking their legal status and employment rights directly to their employer.

While reforms aimed at enhancing protections and freedoms for migrants, implementation challenges persist, leading to continued reports of labour abuses and exploitation, particularly among low-skilled and domestic workers.

Despite these challenges, the UAE has illuminated a commitment to improving migrant welfare through significant legal reforms, including amendments to labour laws and initiatives to combat human trafficking and forced labour. Efforts are needed to enhance living conditions, ensure timely wage payments, and provide avenues for legal recourse.

Notwithstanding the problems enumerated above, in the global framework, the UAE has cultivated an image of tolerance, hosting diverse communities and promoting cultural exchange. The historic visit of Pope Francis in 2019 led to the recognition of the UAE's dedication to interfaith dialogue and global peace initiatives, further solidifying its reputation as a regional leader in fostering coexistence.

The UAE encounters ongoing challenges in balancing economic imperatives with social and humanitarian considerations, particularly in safeguarding the rights and dignity of its migrant workforce. As global migration trends evolve and geopolitical landscapes shift, the UAE's ability to navigate these complexities while upholding its commitments to human rights and sustainable development will set in motion to shape its role on the international stage.

Table 1 shows India-Gulf migration and the number of Indian workers who emigrated over the last eight years (2017–2024). The data focus on workers granted emigration clearances through the e-Migrate system, primarily those with ECR (Emigration Check Required) passports heading to Gulf Cooperation Council (GCC) countries (UAE, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain).

The context indicates a significant decline in emigration clearances from 7.76 lakh in 2014 to 2.95 lakh in 2018 (a 62% drop over five years), with specific breakdowns for 2017 and 2018. Beyond 2018, trends suggest a continued slowdown due to economic factors in the Gulf (e.g., oil price slumps, nationalization policies like Nitaqat), the impact of the COVID-19 pandemic (2020–2021), and stricter Indian regulations (e.g., e-Migrate system and minimum referral wages).

Table 1: Trends in Indian Worker Migration to the Gulf (2017–2024)

Year	*Number of Indian Workers e-Migrated to Gulf (in lakhs)*	*Key Notes*
2017	~3.73	Estimated based on 21% decline from 2017 to 2018 (2.95 lakh in 2018). Saudi Arabia led in prior years but declined; UAE took over with ~1.03 lakh in 2018.
2018	2.95	Confirmed data: UAE (1.03 lakh), Saudi Arabia (0.65 lakh), Kuwait (0.52 lakh), Qatar (0.325 lakh). 62% decline from 2014 peak (7.76 lakh).
2019	~2.50 (estimated)	Assumed continued decline due to Gulf economic slowdown and stricter Indian policies (e-Migrate, MRWs).
2020	~2.00 (estimated)	Sharp drop likely due to COVID-19 pandemic, border closures, and halted construction projects (e.g., Qatar World Cup prep). Remittances rose despite fewer migrants.
2021	~2.20 (estimated)	Gradual recovery post-lockdown, but nationalization policies (e.g., Saudization) and return migration increased. Qatar inflows possibly sustained for World Cup.
2022	~2.30 (estimated)	Stabilization assumed as Gulf economies adapted post-COVID, though Kerala migration dropped 90% historically; UP and Bihar rose as sending states.
2023	~2.40 (estimated)	Slight uptick possible with Gulf recovery, but data unavailable. Remittances hit $111 billion (2022), suggesting sustained migration despite lower clearances.
2024	~2.45 (estimated)	Projected minor increase based on economic ties and labor demand.

The 2018 figure (2.95 lakhs) is directly from the e-Migrate emigration clearance data cited in the Times of India (web:0). The 2017 estimate is back-calculated from the 21% decline mentioned (2.95 / 0.79 ≈ 3.73 lakhs). Pre-2018 trends (e.g., 7.76 lakh in 2014) provide context for the decline.

Estimates assume a continued decline through 2020 due to the pandemic, followed by a modest recovery (2021–2024) based on economic stabilization and remittance trends (e.g., $111 billion in 2022 per web:19). The Middle East Institute (web:3) notes a slackening outflow and increased return migration, supporting lower numbers.

UAE, Saudi Arabia, Kuwait, and Qatar dominate, with Qatar showing a 31% increase in 2018 (0.325 lakh) due to World Cup preparations. Other GCC countries (Oman and Bahrain) have smaller shares, which are not detailed annually.

The e-Migrate system only captures ECR passport holders; many workers bypass it via tourist visas or hold non-ECR passports, underrepresenting total migration. The Kerala Migration Survey 2023 (web:7) estimates 2.2 million Keralites abroad (80% in GCC), but this is a stock figure, not an annual flow.

As per web:3 and web:4, northern states (Uttar Pradesh, Bihar) have overtaken southern states (Kerala) as key sending regions. The estimates critically account for economic slowdowns, policy shifts, and the pandemic's impact, avoiding unsupported improvisation.

While India's total remittance inflows are well-documented (e.g., $111 billion in 2022, $120 billion in 2023 per web:5, web:0), and the UAE is consistently cited as a significant source (e.g., 18% of India's total remittances in 2023 per web:2), exact year-by-year figures from the UAE to India are not systematically reported in the provided references or widely accessible sources as of March 2, 2025.

Key insights include historical growth in India's remittances, which reflects increased migration to the Gulf post-1970s oil boom, peaking in the mid-2010s, with fluctuations due to oil prices, COVID-19, and policy shifts (e.g., the 2023 UAE-India trade agreement boosting formal flows, web:9).

India's total remittances grew from $53.48 billion in 2010 to $111.22 billion in 2022 (web:16), with the UAE as a significant contributor. The UAE accounted for 18% of India's $120 billion in 2023 (web:2), equating to ~$21.6 billion. No source provides UAE-specific outflows annually from 2010–2024, so estimates are derived from India's total inflows and the UAE's proportional share, adjusted for economic trends.

Table 2: UAE-to-India Remittance Trends (2010–2024)

Year	*Remittance Outflow from UAE to India (USD billion)*	*Key Notes*
2010	~9.5	Estimated as ~18% of India's $53.48 billion total (web:16); UAE share assumed stable pre-2015 oil slump.
2011	~10.0	Interpolated; gradual rise with India's total remittances growing (web:8).
2012	~11.0	Interpolated; aligns with strong Gulf demand pre-2014 peak.
2013	~12.0	Interpolated; India's total at ~$70.38 billion (web:9), UAE share ~17–18%.
2014	~13.0	Peak migration period; India's total ~$70–75 billion, UAE likely higher pre-oil slump.
2015	~12.5	India's total $68.91 billion (web:16); oil price drop begins impacting Gulf outflows (web:11).
2016	~12.0	Slight decline: India's total ~$62–65 billion, UAE share stable but affected by oil economy (web:1).
2017	~12.5	India's total $69 billion (web:8); UAE steady despite 21% drop in emigration clearances (prior response).
2018	~13.0	India's total ~$78–80 billion; UAE share assumed consistent with Gulf recovery.
2019	~14.0	India's total $82.2 billion (web:8); UAE inflows rise with economic stabilization.
2020	~15.0	India's total $83.15 billion (web:16); UAE share grows despite COVID, possibly due to trapped workers.
2021	~17.0	India's total ~$89–90 billion; UAE contribution rises with post-COVID recovery.
2022	~20.0	India's total $111.22 billion (web:16); UAE at ~18% aligns with $20 billion estimate.
2023	~21.6	India's total $120 billion (web:0), UAE at 18% per web:2; boosted by 2023 trade agreement (web:9).
2024	~22.3	India's total projected $124 billion (web:0), UAE at ~18%; assumes stable share with 3.7% growth (web:1).

India's total remittances were $53.48 billion in 2010 (web:16), with the UAE's share estimated at ~18% based on later trends; in 2022, the total reached $111.22 billion (web:16), implying ~$20 billion from the UAE; in 2023, with $120 billion total, the UAE's share was explicitly 18%, amounting to $21.6 billion (web:2); and in 2024, the projected total of $124 billion (web:0) assumes the UAE's share remains at 18%, equating to $22.3 billion.

The UAE's 18% contribution in 2023 (web:2) serves as a benchmark, while pre-2020 estimates assume a similar or slightly lower share (17–18%), reflecting its historical role as the second-largest remittance source after the US (web:10).

From 2010 to 2014, remittances saw steady growth driven by Gulf economic strength during the oil boom peak; between 2015 and 2017, they dipped due to the oil price slump (web:11) and India's e-Migrate restrictions; from 2018 to 2021, they recovered, with a 2020 spike possibly resulting from shifts to formal channels during COVID (web:12); and from 2022 to 2024, they surged sharply due to UAE-India agreements (web:9) and increased remittance formalization.

Since no direct UAE-to-India annual remittance data exists in the references, estimates are based on India's total inflows and the UAE's proportional role. However, undocumented flows (e.g., hawala) and informal channels may underrepresent actual outflows, especially pre-2020 (web:18), while economic factors (oil prices, UAE labour policies) and migration shifts (e.g., 3.5 million Indians in the UAE, web:9) inform estimates but lack precise yearly correlation.

Table 2 provides a reasonable approximation based on India's total remittance inflows and the UAE's established role, critically adjusted for economic and policy trends. Exact figures would require UAE-specific remittance outflow data from official sources like the UAE Central Bank or bilateral records, which are not publicly detailed here as of March 2, 2025. The estimates avoid unsupported improvisation by grounding extrapolations in documented patterns.

Situated in the Middle East, bordered by the Gulf of Oman and Saudi Arabia, the United Arab Emirates (UAE) emerged as a federation of six emirates-Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, and Fujairah-in December 1971, with Ras Al Khaimah joining in 1972.

The 1970s and early 1980s witnessed a profound economic surge in the UAE triggered by soaring oil prices, which catalyzed rapid development across the Emirates and sparked a surge in labour migration and subsequent remittances. Indian migrants, displaying resilience and adaptability, seized opportunities in the Gulf countries during this economic boom, venturing abroad for educational and employment prospects (Habibullah, 2021).

Many Indian migrants, predominantly skilled and semi-skilled workers in manual or clerical occupations, relocated temporarily to capitalize on economic opportunities in the oil-rich region (Nayyar, 1994). By 2015, the UAE emerged as the world's second-largest migration corridor for Indians, hosting nearly 3.5 million individuals who were primarily drawn by the region's economic prospects rather than permanent settlement. This contrasts with corridors such as Mexico-U.S., where migration often entails long-term settlement (Phillip Connor, 2016).

The influx of Indian migrants into the UAE and neighbouring Gulf countries, which include Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, reflects their pivotal role in contributing to these nations' economic growth. From 2 million in 1990, the number of Indian migrants in the region surged to over 8 million by 2015, highlighting their significant impact on regional development (Phillip Connor, 2016).

As per the Ministry of External Affairs 2020 data, the Indian diaspora numbers nearly 13.6 million individuals globally, with approximately 3,41,000 residing in the UAE, making it the most prominent Indian expatriate community outside India. Remittances sent by Indian migrants primarily supported consumption expenditures such as healthcare, education, and household expenses while contributing substantially to investments in India's real estate sector and small and medium enterprises (SMEs).

In 2022, as per data from India's Ministry of Finance, India received nearly $90 billion in remittance flows from around the world, marking the highest amount ever recorded in a single fiscal year, which begins on April 1 and concludes on March 31. The fiscal year in India starts on April 1 and ends on March 31. The United States, the world's largest economy, emerged as India's remarkable source of remittances, contributing 23.4 per cent of the total remittance inflows. Dubai has long been a hub for Non-Resident Indians, who maintain a strong financial and familial nexus with India and necessitate frequent money transfers back home. The UAE followed closely as the second-largest source, accounting for 18 per cent, while the UK and Singapore ranked third and fourth, with shares of 6.8 per cent and 5.7 per cent, respectively. Saudi Arabia, the Arab world's largest economy, was the sixth-largest source, contributing 5.1 per cent of total remittances. Further, Kuwait, Oman, and Qatar contributed 2.4 percent, 1.6 percent, and 1.5 percent, respectively.

The UAE and other Gulf countries play a crucial role in remittance flows to India, with thousands of Indians residing in the Gulf Cooperation Council countries sending money back home, thereby supporting the growth of Asia's third-largest economy. A comprehensive economic partnership agreement has strengthened the economic ties between India and the UAE.

India's remittances reached $129 billion in 2024, reflecting a 7.5% increase from $120 billion in 2023 (web:0, web:6). The UAE contributed 18% of India's $120 billion remittances in 2023 (~$21.6 billion, web:2), while the US, UK, Singapore, and Gulf countries like Saudi Arabia remained primary sources (web:9, web:18), with the US being the most significant single contributor in recent years, accounting for an estimated 25–36% of total flows, driven by skilled IT professionals (web:5, web:10).

Gulf Cooperation Council (GCC) countries (UAE, Saudi Arabia, Kuwait, Qatar, Oman) and OECD nations (US, UK, Canada) dominate, with Singapore and Australia emerging due to skilled migration (web:9).

Based on 2023 proportions adjusted for the $129 billion total, historical trends, such as the US and UAE leading and GCC countries contributing ~50% collectively, and growth factors like the 2023 UAE-India payment agreement (web:5), remittance estimates reflect consistent patterns in significant source contributions.

India's 2024 remittances reached $129 billion (web:0, web:6), reflecting a 7.5% increase from 2023, driven by OECD job market recovery (US, UK) and stable GCC contributions (web:9).

The US remains the top remittance source, contributing an estimated 30% ($38.7B) in 2024, consistent with its role as the primary destination for skilled Indian migrants (web:5, web:10). The UAE, which accounted for 18% of India's $120B remittances in 2023 ($21.6B, web:2), is projected to contribute $23.2B in 2024, reflecting its sustained importance and growth from payment system enhancements (web:5). GCC countries, including Saudi Arabia, Kuwait, Qatar, and Oman, collectively contribute ~50% of India's inflows alongside the UAE (web:9), with shares estimated at 10%, 5%, 4–5%, and 3% respectively, based on historical trends and 2020 population data (e.g., 2.5M Indians in Saudi Arabia, web: prior response). OECD nations such as the UK, Singapore, Canada, and Australia are key contributors due to skilled migration to high-income markets (web:5, web:9), with shares estimated at

7%, 4%, 3–4%, and 2–3%, respectively, based on diaspora size and economic ties (web:18).

Estimates extrapolate from 2023 shares, adjusted for growth and trends, including oil price impacts on GCC countries (web:1), while Table 3 balances documented totals with proportional estimates.

The data suggests that the population of overseas Indians in the Gulf States has consistently increased, with negligible changes in specific years. This trend indicates an important contribution of overseas Indians to the economies of the Gulf States through their employment and investment activities. The gradual increase in the population of overseas Indians in the Gulf States has been supplemented because of several factors, including employment opportunities and a favourable economic climate. The Gulf States are known for their booming construction, hospitality, and healthcare industries, which have attracted many Indian professionals and skilled workers.

Table 3: Top 10 Sources of Remittances to India (2024)

Rank	*Country*	*Remittances to India in 2024 (USD billion)*	*Key Notes*
1	United States	~38.7	Estimated at ~30% of $129B; largest source due to IT professionals (web:10).
2	United Arab Emirates	~23.2	18% of $120B in 2023 ($21.6B, web:2); slight growth with 2023 trade agreement (web:5).
3	Saudi Arabia	~13.5	~10–11% share; GCC key player, though declining due to oil prices (web:5).
4	United Kingdom	~9.0	~7% share; skilled migrants in OECD markets (web:5, web:9).
5	Kuwait	~6.5	~5% share; GCC contributor, stable labor demand (web:5).
6	Qatar	~5.8	~4–5% share; boosted by World Cup prep residuals (web:9).
7	Singapore	~5.2	~4% share; rising due to skilled migration and UPI linkage (web:5).
8	Canada	~4.5	~3–4% share; growing Indian diaspora (web:18).
9	Oman	~3.9	~3% share; consistent GCC contributor (web:5).
10	Australia	~3.2	~2–3% share; emerging source with skilled workers (web:18).

IMPACT OF INDIAN MIGRATION ON THE UAE: A CASE STUDY OF SOCIAL AND ECONOMIC REMITTANCES

Remittances help lift recipients out of poverty, increase and diversify household incomes, provide insurance against risk, enable family members to benefit from educational and training opportunities, and provide a source of capital for establishing small businesses. When remittances are used to purchase goods and services or when they are invested in community-based projects or ventures that demand labour, they also benefit a broader range of people than those who receive them directly from relatives working abroad(Global Commission on International Migration, 2005, p.26).

Social remittances, known as the transfer of skills, ideas, and practices received abroad, contribute substantially to transforming the lives of migrants and the development of their home societies. This phenomenon occurs through various channels: migrants communicate these influences during interactions with family via phone calls, emails, or in-person visits during vacations or permanent returns. Such interactions are essential as they facilitate the diffusion of knowledge and new ways of thinking across borders, catalyzing improvements in hygiene, sanitation, and infrastructure in their home communities.

Moreover, migrants often bring back acquired skills and knowledge, encouraging family members and friends to pursue higher education and skill development. This educational advancement enhances their competitiveness in the global job market and contributes to the economic growth of their countries of origin. Beyond individual impacts, the cumulative effect of these social remittances on national economies is significant, as has been evidenced by the correlation between remittance volumes and economic performance.

Several reverse migrants leverage their newfound expertise to establish businesses, creating job opportunities and fostering local economic development.

Despite their enhanced implications, social remittances have not received adequate recognition in migration and development studies, which have traditionally focused more on financial impacts. From a macroeconomic perspective, the inflow of remittances has proven instrumental in enhancing recipient countries' economic stability and growth. These funds contribute to foreign exchange reserves, strengthen national currencies, and improve balance of payments positions. Further, the infusion of remittances reduces borrowing costs for governments, businesses, and households, ultimately enabling more affordable loans for investments in education, housing, and infrastructure, which are sine qua non for sustainable development.

Banks and postal services already present in their place of destination, could help to fill this gap, providing migrants with an alternative to both highly-priced commercial transfer services and informal remittance transfer services.

These initiatives must be combined with greater transparency in the financial services sector so that migrants can easily compare the cost of transferring remittances with different service providers. Financial sector reform is the key to unlocking this potential. Migrant associations and civil society institutions also have an critical role in collecting, analyzing and seminating relevant information on the different transfer services available to people who wish to remit (Global Commission on International Migration, 2005, p.27).

As income disparities continue globally, job opportunities abroad will continue to attract millions from low- and middle-income countries, maintaining remittances as a crucial lifeline for many economies. For instance, countries like the Philippines, Nigeria, and Egypt rely heavily on remittances to mitigate current account deficits and support economic stability. Even amidst global crises like the COVID-19 pandemic, the resilience of remittance flows highlights their importance and the need for enhanced digitalization and financial inclusion to ensure efficient transfer mechanisms. Despite the large amount of remittances, the average cost of sending money to the Asia Pacific region is 6.86 per cent, which is still far from the 3 per cent target set out by the international community in Sustainable Development Goal 10-reducing inequalities. In the early 2000s, the UAE encouraged massive in-migration, far more than the natural population increase, resulting in the UAE having the highest proportion of international migrants globally, a staggering 84 per cent.

There are nearly twice as many Indian-born people as native-born citizens in the UAE today. The UAE has become the top destination globally for Indian migrants, with over 2.8 million Indians living there, according to UN estimates. The growth in Indian migrants to the UAE in the 2000s has been remarkable; their number grew nearly six times within 20 years, while the overall Indian immigrant population barely doubled. Indians now form the largest immigrant sub-group in the UAE, with the Kerala Migration Survey indicating that less than a million of these are from Kerala. However, UAE's laws make naturalization and citizenship virtually impossible for Indians, and most of these workers are there on temporary visas. India is one of the countries of origin for international migrants and the world's highest recipient of remittances. Since the 1970s oil boom, Indian migration to the Gulf has served as a dependable source of income for the nation and as the backbone of the economies of high-migration states such as Kerala through the inflow of remittances. During this course, Indian migrant workers have made significant contributions to the economic development of the Gulf States. However, in recent years, enhancing international scrutiny and condemnation of the treatment of blue-collar and domestic expatriate workers in the region have cast India-Gulf migration in a far less favourable light, prompting greater focus by the Government of India (GoI) on diaspora affairs and worker welfare issues. Moreover, complaints from and on behalf of migrant workers regarding multiple forms of abuse, exploitation, and hardship continue unabated.

Meanwhile, the outflow of Indian migrants to the region has declined. In contrast, return migration has enhanced due to economic slowdowns, fluctuating oil prices, and a paradigm shift in Gulf labour policies. The future of India-Gulf migration is further clouded by the Coronavirus pandemic, which poses stupendous health and livelihood challenges for the millions of Indian migrants in the Gulf and the families and communities that depend on them, presenting a daunting test for the Indian government.

The India-Gulf region represents the second-largest migration corridor globally. Of the approximately 31 million non-resident Indians (NRIs), around 8.5 million are employed in the Gulf. Indians account for over 30% of the expatriate workforce in the Gulf States, where the proportion of non-nationals in the employed population ranks among the highest worldwide. In recent years, the Indian government introduced minimum referral wages (MRWs) to regulate the earnings of Indian migrant workers in various roles, such as carpenters, masons, drivers, fitters, nurses, and domestic workers in the six Gulf States and 12 other "emigration check required" (ECR) countries, identified as having labour standards deemed unfavourable to migrants. While these measures were designed to protect the interests of Indian workers seeking contractual employment abroad, anecdotal evidence suggests they may have reduced the appeal of Indian labour to recruiters and employers.

Several factors may explain the sustained inflow of financial resources from the Gulf to India. First, many Indians remain employed under contracts in the region and continue to send a substantial portion of their earnings home. Second, the rupee depreciation has increased the value of these remittances in local currency. Third, some recently returned migrants have repatriated wealth accumulated in the Gulf. Fourth, as evidenced by data on Indian migrants from Kerala, many Gulf workers have advanced socially and economically, earning higher wages that allow them to remit more significant amounts. Fifth, the Indian expatriate community in the Gulf includes a significant proportion of high-income earners whose remittances often go unreported in official migration statistics. Further, a notable shift has occurred in the relative contributions of low-skilled workers to the Gulf labour market from various sending states in India.

The traditional pattern of large numbers of blue-collar workers from Kerala migrating to the Gulf for employment has significantly declined over the past decade, with a 90% drop. Studies now suggest that this trend may continue, with more Keralites returning home than leaving for work in the Gulf, signifying the potential end of this long-standing migration pattern from Kerala to the Gulf region (Calabrese, 2020).

Unlike FDI or private investments, which deepen during economic expansion and fall during recessionary times, global remittances are generally considered a relatively steady source of foreign exchange. There is evidence to suggest that they may be counter-cyclical.

During an economic downturn, a chunk of the working population is inclined to migrate abroad, which increases the remittance inflow. Also, those already living abroad would transfer a substantial amount to relatives in the home country to make the most of their money transfers.

When people send money home, this cash helps their families cope with natural crises and disasters. Many Southeast Asian countries are prone to cyclones, tsunamis, and earthquakes. When such disasters strike, people living there lose their land, houses, and other sources of income; left with little or no backup support. In these conditions, foreign remittances help the devastated families cope with their losses and rebuild their lives.

When foreign exchange is scarce in the domestic market, cross-border remittances shore up the domestic currency-as they were in the case of the Indian rupee.

A country with adequate forex reserves does not have to worry about foreign trade. It can use its forex reserves to buy whatever it wants without worrying about creditworthiness. So, when non-residents send money home, they add to the foreign exchange reserves of their mother country.

Many countries, including the Philippines, use remittances to generate employment and demand. When large sums of money come into the country through authorized banking channels, demand for certain goods and services is spurred. This purchase indirectly improves the local economy and the industry to which those goods belong. For example, if many households in Manila receive remittances from the US and purchase many cars, the local car industry prospers. At that moment, the Philippines would have a remittance exchange rate that makes currency exchange easier, faster, and more profitable.

Mexico, Nepal, and Indonesia are examples of nations that have demonstrated a significant reduction in poverty due to remittance inflow. Similarly, countries like Tajikistan and Moldova, which are trying to rebuild after decades of civil disturbances, depend heavily on remittances to counter political instability and poverty.

Alternatively, higher remittance inflow means higher disposable income in the hands of the expat's family, resulting in improved consumption demand. Expenditure on goods and services drives economic growth by providing an impetus to businesses in the economic wheel.

For individual customers, remittances might seem like a personal matter. People move overseas in the hopes of a better future and to find gainful employment. They share the rewards of their hard work with friends and families back home.

However, these individual remittances combine into a potent force that drastically improves the quality of people's lives. Collectively, remittances boost entire economies, contribute to investment in education and health, and further the cause of income equality around the globe.

Remittances are a far more effective force for good than official aid flows. The World Bank regularly estimates that remittances outweigh formal aid budgets by a factor of three to one. So beneficial are remittances that the United Nations has made the development of low-cost money transfer corridors a key part of its Sustainable Development Goals.

Moreover, a new report from the International Fund for Agricultural Development (IFAD) has added further weight to arguments extolling the power of remittances in global uplift.

Moreover, let us not forget that remittances also form a strong base for future economic growth by kickstarting entrepreneurial activities. These small and micro businesses generate revenue for the family, improve overall GDP, and create employment opportunities for others.

The data focuses on workers granted emigration clearances through the e-Migrate system, primarily those with ECR (Emigration Check Required) passports heading to Gulf Cooperation Council (GCC) countries (UAE, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain).

The context indicates a significant decline in emigration clearances from 7.76 lakh in 2014 to 2.95 lakh in 2018 (a 62% drop over five years), with specific breakdowns for 2017 and 2018. Beyond 2018, trends suggest a continued slowdown due to economic factors in the Gulf (e.g., oil price slumps, nationalization policies like Nitaqat), the impact of the COVID-19 pandemic (2020–2021), and stricter Indian regulations (e.g., e-Migrate system and minimum referral wages).

The 2018 figure (2.95 lakhs) is directly from the e-Migrate emigration clearance data cited in the Times of India (web:0). The 2017 estimate is back-calculated from the 21% decline mentioned (2.95 / 0.79 ≈ 3.73 lakhs). Pre-2018 trends (e.g., 7.76 lakh in 2014) provide context for the decline.

No precise annual data is given in the references beyond 2018. Estimates assume a continued decline through 2020 due to the pandemic, followed by a modest recovery (2021–2024) based on economic stabilization and remittance trends (e.g., $111 billion in 2022 per web:19). The Middle East Institute (web:3) notes a slackening outflow and increased return migration, supporting lower numbers.

UAE, Saudi Arabia, Kuwait, and Qatar dominate, with Qatar showing a 31% increase in 2018 (0.325 lakh) due to World Cup preparations. Other GCC countries (Oman and Bahrain) have smaller shares, which are not detailed annually.

The e-Migrate system only captures ECR passport holders; many workers bypass it via tourist visas or hold non-ECR passports, underrepresenting total migration. The Kerala Migration Survey 2023 (web:7) estimates 2.2 million Keralites abroad (80% in GCC), but this is a stock figure, not an annual flow.

Northern states (Uttar Pradesh, Bihar) have overtaken southern states (Kerala) as key sending regions, per web:3 and web:4. These states influence estimates but are not quantified annually.

Table 4: Power of remittances in accelerating development

Data/Information	*Source*	*Source*
Developing economies to receive USD 6.5 trillion in remittances between 2015-2030	Remittance data from the World Bank	World Bank
Remittances to developing countries grew by 51% between 2007-2016	Remittance data from the World Bank	World Bank
Growth in remittance flows by region: Asia-Pacific (87%), Africa (36%), Latin America and the Caribbean (18%), Near East and Caucasus (37%)	Remittance data from the World Bank	World Bank
Average remittance fees dropped from 9.8% (in 2008) to 7.32% (as of June 2017)	International Fund for Agricultural Development (IFAD) report on remittances	IFAD report
Money Transfer Operators increased pay-out locations by over 400% in top 23 recipient markets	International Fund for Agricultural Development (IFAD) report on remittances	IFAD report

Table 5 reflects the best synthesis of available data and trends as of March 2, 2025. For precise figures beyond 2018, official e-Migrate statistics from the Indian Ministry of External Affairs would be required, which are not fully accessible here. The estimates critically account for economic slowdowns, policy shifts, and the pandemic's impact, avoiding unsupported improvisation.

Table 5: Gulf Migration and Remittance Trends in India

Year	*Number of Indian Workers e-Migrated to Gulf (in lakhs)*	*Key Notes*
2017	~3.73	Estimated based on 21% decline from 2017 to 2018 (2.95 lakh in 2018). Saudi Arabia led in prior years but declined; UAE took over with ~1.03 lakh in 2018.
2018	2.95	Confirmed data: UAE (1.03 lakh), Saudi Arabia (0.65 lakh), Kuwait (0.52 lakh), Qatar (0.325 lakh). 62% decline from 2014 peak (7.76 lakh).

Year	*Number of Indian Workers e-Migrated to Gulf (in lakhs)*	*Key Notes*
2019	~2.50 (estimated)	Assumed continued decline due to Gulf economic slowdown and stricter Indian policies (e-Migrate, MRWs). No exact data provided.
2020	~2.00 (estimated)	Sharp drop likely due to COVID-19 pandemic, border closures, and halted construction projects (e.g., Qatar World Cup prep). Remittances rose despite fewer migrants.
2021	~2.20 (estimated)	Gradual recovery post-lockdown, but nationalization policies (e.g., Saudization) and return migration increased. Qatar inflows possibly sustained for World Cup.
2022	~2.30 (estimated)	Stabilization assumed as Gulf economies adapted post-COVID, though Kerala migration dropped 90% historically; UP and Bihar rose as sending states.
2023	~2.40 (estimated)	Slight uptick possible with Gulf recovery, but data unavailable. Remittances hit $111 billion (2022), suggesting sustained migration despite lower clearances.
2024	~2.45 (estimated)	Projected minor increase based on economic ties and labor demand.

The declining trend in Indian migration to the Gulf for work is driven by economic, policy, and regulatory factors. Stagnant oil prices have narrowed wage differentials, leading to limited salary growth in Gulf countries, making them less financially lucrative.

Further, nationalization policies in Gulf states have prioritized local employment, limiting job opportunities for Indian and South Asian workers. Escalating living costs, such as increased work permit renewal fees, taxes, and prices of essential goods, further discouraged Gulf migration.

India's regulatory interventions have also influenced migration patterns. The introduction of the "e-Migrate" system in 2015 aimed to safeguard workers through proper documentation and contractual transparency. Minimum referral wages (MRWs) were established to standardize salaries in Gulf countries and other required emigration checks (ECR) nations.

While these protective measures have safeguarded Indian workers to a considerable extent, they have also diminished the competitiveness of Indian labour by raising compliance costs for employers. These economic and policy changes have contributed to a sizeable decline in migration, indicating a change in trends of migrants towards Gulf countries.

CONCLUDING REMARKS AND SUGGESTIONS

A perusal of the above reveals that remittances are of paramount significance for economic growth, poverty alleviation, and investment. Nations such as the Philippines, Nigeria, and Egypt depend on remittances to offset current account deficits, while India, the world's leading recipient-reaping substantial benefits from these flows. However, the only concern is how to ensure the protection of Indian migrant workers, particularly in the Gulf, remains a pressing challenge.

Most Indian migrants in the Gulf are blue-collar workers who encounter systemic vulnerabilities under the Kafala system, which ties their employment to sponsors, restricting their mobility and rights. Many face exploitative conditions, such as harsh working environments, excessive recruitment fees, delayed wages, inadequate housing, and deaths caused by extreme heat.

The Indian government has implemented pre-departure orientation programs, established worker support centers, and introduced financial assistance through initiatives like the Community Welfare Fund.

While diplomatic initiatives have sought to promote labour reforms in Gulf countries, critics argue that these efforts are reactive and lack coordination. To effectively tackle these challenges, rigorous enforcement of ethical recruitment practices and improved migrant protections through bilateral negotiations are essential. Achieving sustainable reforms demands coordinated action from governments, bilateral agreements, international organizations, and civil society to safeguard the well-being of Indian expatriates.

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Web: 10 – The impact of remittances on economic growth

Web: 11 – A migrant centred approach to remittances

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