



## India's Remittance Trends 2024

**For Prelims:** [Reserve Bank of India](#), [Remittance](#), [Gulf Cooperation Council](#), [Rupee Drawing Arrangement](#), [Liberalized Remittance Scheme](#)

**For Mains:** Remittances trends, Influence of global economic shifts on remittance inflows, foreign exchange

[Source: TH](#)

### Why in News?

The [Reserve Bank of India's \(RBI\) 6<sup>th</sup> Round of India's Remittances Survey \(2023-24\)](#) highlights that Advanced economies (AEs), particularly the US and the United Kingdom (UK), have overtaken **Gulf nations** as the top contributors to [remittances](#) in India.

### What are the Key Findings of the 6<sup>th</sup> Round of India's Remittances Survey?

- **Shift in Source of Remittances:** India's total remittances have more than doubled, rising from **USD 55.6 billion in 2010-11 to USD 118.7 billion in 2023-24**.
  - The US led remittances at 27.7% in 2023-24, followed by the **United Arab Emirates (UAE)** at 19.2%.
  - AEs, including the UK, Singapore, Canada, and Australia, contributed over 50%.
    - The U.K.'s share rose to 10.8% from 3.4% (2016-17), driven by increased Indian emigration and Australia emerged as a key source with 2.3%.
  - The overall share of [Gulf Cooperation Council \(GCC\) countries \(UAE, Saudi Arabia, Kuwait, Qatar, Oman, Bahrain\)](#) stands at **38% (2023-24)**, down from around 47% (2016-17).
- **State-wise Distribution of Remittances:** Maharashtra (20.5%) remained the top recipient, followed by Kerala (19.7%).
  - Other major states include Tamil Nadu (10.4%), Telangana (8.1%), and Karnataka (7.7%). Rising trends were seen in Punjab, and Haryana.
- **Mode of Remittance Transfers:** [Rupee Drawing Arrangement \(RDA\)](#) remains the **dominant channel** for inward remittances, followed by **direct Vostro transfers** and **fintech platforms**.
  - **Digital remittances are rising**, accounting for **73.5% of total transactions** in 2023-24.

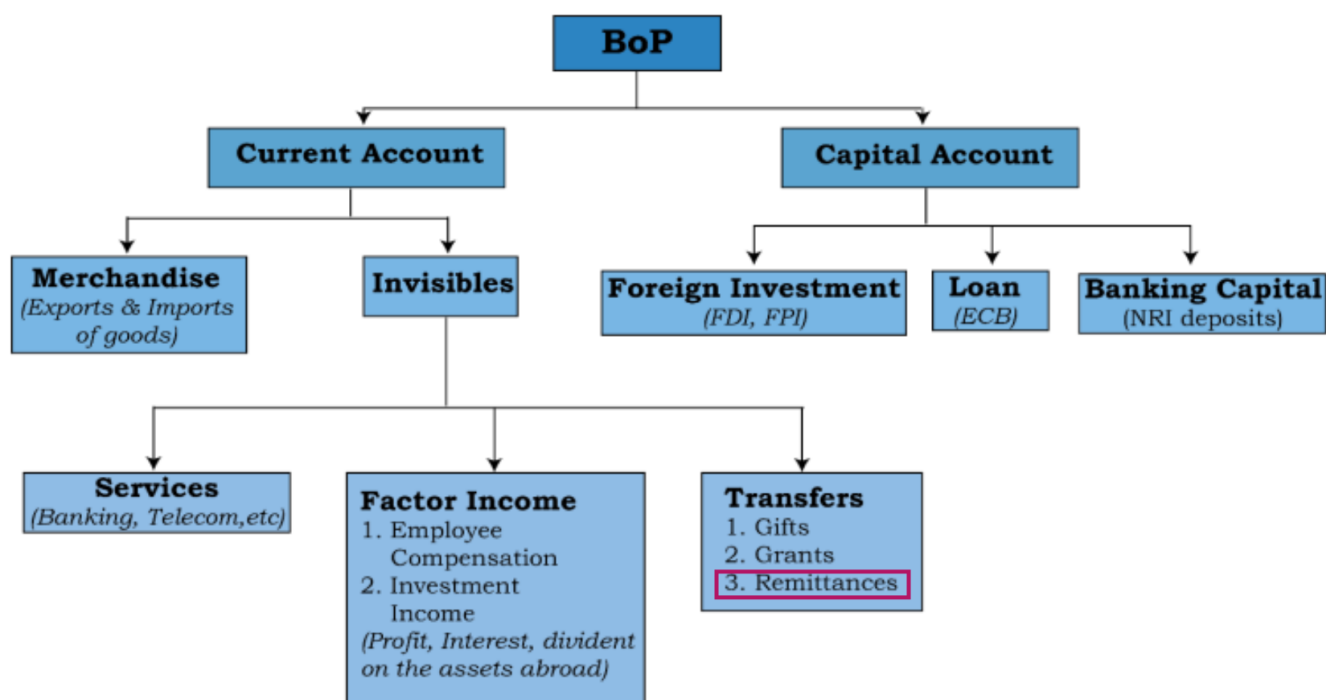
### What are the Reasons for the Shift in Source of Remittances to India?

- **Stronger Job Markets in AEs:** The **US, UK, Canada, and Australia** offer high-paying jobs, especially for **skilled Indian migrants**.

- The **US job market recovered post Covid-19**, leading to **higher remittances from Indian professionals**.
- The **[UK-India Migration and Mobility Partnership \(MMP\)](#)** made it easier for Indians to get work visas, as a result, Indian migration to the UK tripled from 76,000 in 2020 to 250,000 in 2023.
- **Canada's Express Entry** and **Australia's immigration system** favor skilled Indian professionals, leading to high-paying jobs and increased remittances.
- **Declining Job Opportunities in GCC:** Many Indian migrants who returned from the **Gulf during Covid-19** and later moved to AEs for better financial opportunities.
  - Additionally, economic diversification and **automation have reduced demand for low-skilled Indian labor** in the Gulf's construction sector.
  - Meanwhile, nationalization policies like **Nitaqat (Saudi Arabia)** and **Emiratization (UAE)** favor local workers, further limiting job prospects for migrants.
- **Changing Migration Patterns in India:** Southern states like Kerala, Tamil Nadu, Andhra Pradesh, and Telangana now prefer AEs over the Gulf.
  - Uttar Pradesh, Bihar, and Rajasthan continue to send large numbers of workers to the Gulf, **lower educational attainment compared to southern states**, reducing eligibility for skilled jobs in AEs.
- **Rise in Education-Driven Migration & Remittances:** The growing number of Indian students in AEs has also boosted remittances. Many students stay back for work, sending money home.
  - Canada hosts 32% of Indian students abroad, followed by the US (25.3%), the UK (13.9%), and Australia (9.2%).

## Remittance

- **About:** Remittances are funds sent by overseas workers to support families back home, playing a key role in household income and the economy.
  - In 2024, India received a record **USD 129.1 billion** in remittances, the highest ever for any country in a single year, accounting for **14.3% of global remittances**. Mexico and China followed as the next largest recipients.
- **Regulatory Framework:** The **[Foreign Exchange Management Act \(FEMA\), 1999](#)** regulates all foreign exchange transactions in India.
  - Under the **[Liberalized Remittance Scheme \(LRS\)](#)**, a part of **FEMA**, Indian residents can remit up to **USD 250,000 per year** for personal and investment purposes, with higher amounts requiring **RBI approval**.
  - However, **LRS prohibits remittances for gambling, speculative trading, and terrorist financing**.
- **Remittances** are recorded under the **current account of the Balance of Payments (BoP) as unilateral transfers**. They represent foreign income inflows that **do not create liabilities**.



**Drishti Mains Question:**

Analyze the impact of shifting migration trends on India's Remittances and domestic labor market.

## UPSC Civil Services Examination, Previous Year Questions

### **Prelims**

**Q1. Which of the following constitute Capital Account? (2013)**

1. Foreign Loans
2. Foreign Direct Investment
3. Private Remittances
4. Portfolio Investment

**Select the correct answer using the codes given below:**

- (a) 1, 2 and 3  
 (b) 1, 2 and 4  
 (c) 2, 3 and 4  
 (d) 1, 3 and 4

**Ans: (b)**

**Q2. With reference to digital payments, consider the following statements: (2018)**

1. BHIM app allows the user to transfer money to anyone with a UPI-enabled bank account.
2. While a chip-pin debit card has four factors of authentication, BHIM app has only two factors of authentication.

**Which of the statements given above is/are correct?**

- (a) 1 only  
 (b) 2 only

- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (a)**

**Q3. Which of the following is a most likely consequence of implementing the 'Unified Payments Interface (UPI)'? (2017)**

- (a) Mobile wallets will not be necessary for online payments.
- (b) Digital currency will totally replace the physical currency in about two decades.
- (c) FDI inflows will drastically increase.
- (d) Direct transfer of subsidies to poor people will become very effective.

**Ans: (a)**

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### **Mains**

**Q. 'Indian diaspora has a decisive role to play in the politics and economy of America and European Countries'. Comment with examples. (2020)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/india-s-remittance-trends-2024>

