1. India’s Outward Remittance - Economy

Outward remittances by resident individuals under the Reserve Bank of India’s Liberalised Remittance Scheme (LRS) saw a significant year-on-year decline of nearly 11% in July 2025. The total amount remitted was $2,452.93 million, down from $2,754.05 million in July 2024.

Understanding Remittances

Remittances are funds sent electronically by individuals, typically those working abroad, to their families or others in their home country.

Definition - An outward remittance from India refers to the transfer of money in foreign currency by an Indian resident to a person or entity outside the country.

Economic Significance - For many nations, inward remittances are a vital source of income. They contribute to economic stability, support local consumption, and can help finance a country's trade deficit. India, for instance, has been the world's top recipient of remittances since 2008.

Modes of Transfer - Funds can be sent through various channels, including banks, specialized money transfer operators, and digital platforms.

India’s Remittance Landscape - Key Facts

Growth Trajectory - India’s inward remittances have more than doubled in the last decade, growing from $55.6 billion in 2010-11 to $118.7 billion in 2023-24.

Shift in Source Countries - Historically, Gulf countries were the primary source. However, remittances from the U.S. and U.K. have surged, accounting for nearly 40% of total inward remittances in FY24, up from just 26% in FY17. The U.S. officially became the top source of remittances to India in FY21, contributing 23.4%.

State-wise Distribution - About half of all inward remittances were received by three states - Maharashtra, Kerala, and Tamil Nadu.

Why Outward Student Remittances Declined

The recent drop in outward remittances, particularly for education, is attributed to several factors

Global Visa Restrictions - Major destination countries for Indian students, such as the U.S., U.K., and Canada, have seen declines of 25–31% in the issuance of student visas.

Economic Uncertainty - Due to global financial volatility and economic uncertainty, many families have postponed their plans for overseas education and travel.

High Base Effect - Outward remittances were at a peak in the previous fiscal year (FY24), making a statistical decline in the current year more likely.

About the Liberalised Remittance Scheme (LRS)

The LRS is the primary framework that governs outward remittances by resident individuals in India.

Introduction - The scheme was introduced by the Reserve Bank of India (RBI) in 2004 under the Foreign Exchange Management Act (FEMA), 1999.

Remittance Limit - It allows resident individuals, including minors, to remit up to $250,000 per financial year. The initial limit in 2004 was $25,000.

Permissible Transactions - The scheme covers a wide range of current and capital account transactions, including -

1. Education and studies abroad
2. Travel and tourism
3. Medical treatment abroad
4. Purchase of property overseas

5. Investment in foreign stocks, bonds, or businesses
6. Gifting or donations to non-residents

Source - https - //www.thehindu.com/business/outward-remittances-under-lrs-dips-11-in-july-to-245293-million/article70094648.ece# - ~ - text=For%202024-25%2C%20the%20remitta