

Remittances under LRS up 65% in Q1

Spend on international travel accounts for 48% of remittance under the scheme

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Outward remittances under the Reserve Bank of India's (RBI's) liberalised remittance scheme (LRS) made a strong comeback in the first quarter of FY23 as Indians increased spending on international travel, maintenance of close relatives, and gifts.

The latest data for Q1FY23 released by the RBI shows that remittance by Indians under the scheme jumped 64.75 per cent to over \$6.04 billion from \$3.67 billion in Q1FY22. The amount remitted in Q1FY23 is even higher than that in Q4FY22, where outward remittance under LRS was to the tune of \$5.8 billion.

In April, about \$2.02 billion was remitted, followed by \$2.03 billion in May, and \$1.98 billion in June, data released by the RBI in the August bulletin shows.

International travel contributed \$2.92 billion of the \$6.04 billion remitted under LRS in Q1FY23, thus constituting almost 48 per cent of the money remitted under the LRS scheme. In the same period a year-ago, Indians spent \$856.43 million on international travel as Covid-19 restrictions around the world slowed down international travel.

Maintenance of close relatives formed the second largest segment after international travel, with Indian's remitting just over \$1 billion in Q1FY23. Money remitted under the category "gift" constituted the third largest segment, with India's remitting around \$770.66 million in Q1, as against \$489.15 million in the year-ago period.

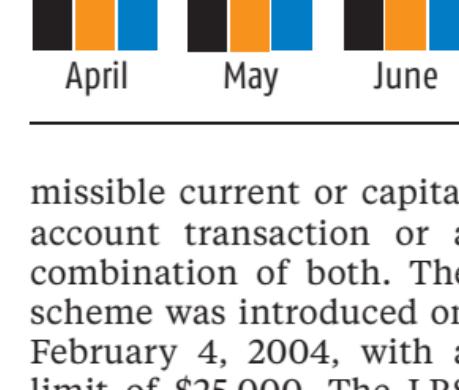
Overseas education constituted the fourth largest segment, with \$738.42 million remitted in the April – June quarter, against \$1.16 billion in the year-ago period.

According to the scheme introduced in 2004, all resident individuals, including minors, are allowed to freely remit up to \$250,000 per financial year for any per-



COMEBACK TRAIL

Outward remittance under LRS scheme (\$ billion)



missible current or capital account transaction or a combination of both. The scheme was introduced on February 4, 2004, with a limit of \$25,000. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions.

Outward remittances under LRS dipped significantly in FY21 as the pandemic-related restrictions shut down international travel for a long period of time. In

FY21, under the scheme, India's remittance was \$12.68 billion, down 32.38 per cent from FY20, where remittances under LRS was \$18.76 billion.

As Covid-related restrictions eased in several countries in FY22, international travel opened up, resulting in \$19.6 billion in outward remittance under LRS, which was an all-time high. Travel contributed about \$6.91 billion, which was more than double of the amount spent in FY21. In FY20, however, spending on travel by Indians was also almost \$6.95 billion. This indicated that overseas travel spending had touched pre-Covid levels.

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