



# Skilled Indians drive the remittances story

BY HOWINDIALIVES.COM

India is the world's largest recipient of remittances, with \$119.5 billion received in 2023. India also has the largest stock of international migrants in the world, estimated by the United Nations at 18.5 million in 2024, followed by China at 11.7 million. But while India has been a big recipient of remittances for a couple of decades now, shifts are unfolding within.

"The share of advanced economies in India's inward remittances has risen, surpassing the share of Gulf economies, reflecting a shift in migration pattern towards skilled Indian diaspora," India's central bank said following a recent survey that tracked trends and patterns in remittances for 2023-24.

As a share of gross domestic product (GDP), India's remittances, at 3.4%, is similar to that of Mexico, but much lower than countries such as the Philippines (about 9% of GDP). For China, remittances are far less important, accounting for just 0.2% of its GDP. Remittances will continue to be important for the Indian economy, given key trends in the global population.

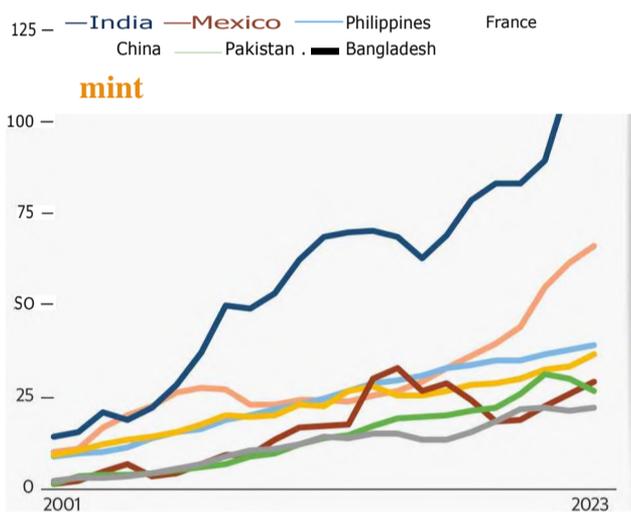
Currently, India accounts for around 18.6% of the global working-age population (aged 20-65 years). According to UN estimates, this is estimated to creep up to around 19% by 2040, by when the share of the working-age population in high-income and upper-middle-income countries is projected to fall by six percentage points. Thus, notwithstanding a backlash against foreign-born migrants in many high-income countries, the demand for migrants to fill crucial gaps in the workforce in those countries will only persist.



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## India's status as the world's largest recipient of remittances remains intact

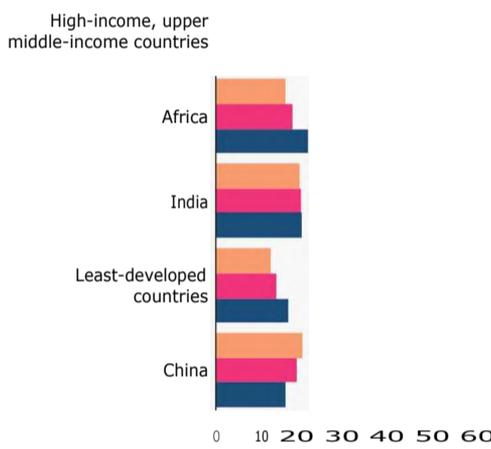
Remittances received (in \$ billion), top seven countries



## India's share of the world's working-age population is projected to keep rising

Share of world population aged 20-65 years (%)

12025 12030 12040



Data does not add up to 100% due to overlapping categories. Source: UN Population Prospects, medium-variant projection

## High-Income Tilt

IN 2023-24, the US remained India's largest source of remittances by country, accounting for 27.7%, up from 23.4% in 2020-21 and 23% in 2016-17, as per the Reserve Bank of India (RBI). Five high-income countries taken together—the US, the UK, Singapore, Canada, and Australia—accounted for about 52% of India's remittances in 2023-24, while hosting around 36% of all migrants from this country.

In contrast, the set of six Gulf countries, the other major destination of migrants, accounts for 45% of the number of Indian migrants, but 38% of remittances. Jobs in the Gulf are more blue-collar in nature, in sectors like construction.

Thus, on average, migrants from high-income countries send more, reflecting their higher pay levels and the fact that migrants to these countries tend to be more skilled, working in white-collar jobs like software development.

## Fewer Indian migrants from advanced nations send bigger share of money

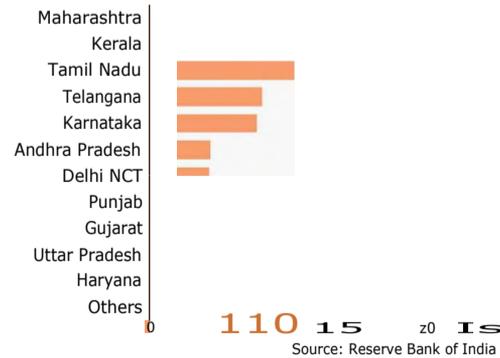
■ Share of Indian migrants in 2024  
■ Share of Indian remittances in 2023-24



\*Constitutes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE. Source: Reserve Bank of India, United Nations

## Maharashtra, Kerala and Tamil Nadu receive the largest share of remittances

Share of remittances received in 2023-24 (in %)



## Size Bias

THE RBI survey shows that about 70% of remittances are of less than 150,000. High-value remittances (above 15 lakh) account for 28.6% of total remittances received, but only 1.4% of the total number of remittances. In other words, high-skilled migrants, earning high incomes, are the main remitters to India. However, to an extent, this may be an artifact of the way data is compiled. The survey covers data from banks, money transfer companies and cross-border remittance fintech firms. The average cost of sending \$200 to India is around 4.9% or \$10.

While this is lower than the global average, it may be high for low-income workers, nudging them to cheaper means of transfers such as hawala. Such remittances may not be captured in data compiled by RBI. As more countries raise protectionist barriers and scrutiny, remittance figures should be watched.

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## Richer Destinations

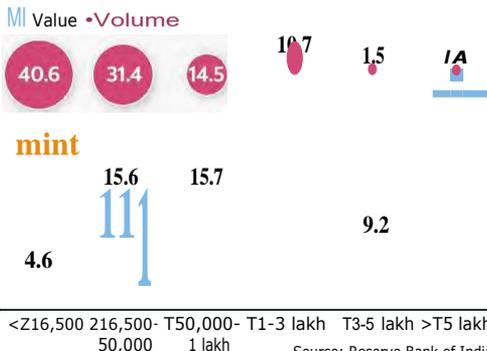
MAHARASHTRA, KERALA and Tamil Nadu accounted for about half of the remittances received in 2023-24. However, Maharashtra's share fell from 35.2% in 2020-21 to 20.5% in 2023-24, which may reflect the effects of economic conditions of covid. In pre-covid 2016-17, for which RBI has published data, Maharashtra's share of remittances was 16.7%. From 2016-17 to 2023-24, Karnataka's share fell the most: from 15% to 7.7%.

"Maharashtra, Telangana and Punjab accounted for the largest number of Indian students migrating abroad for education and staying back for employment opportunities, which is reflected in the increasing share of these states in India's inward remittances," RBI said in its report.

It's worth noting that almost all the top recipient states for remittances are relatively more prosperous, with Uttar Pradesh being the only lower-income state in the top 10.

## Remittances above ₹5 lakh in size dominate the total share

Share in remittances received by India (in %), by size



Source: Reserve Bank of India