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ECOBUZZ

REMITTANCE AND MIGRATION POLICY

Remittance refers to the portion of migrant income that, in the form of either funds or goods, flows back into the country of origin, primarily to support families back home. In the last few decades the volume of migrants' remittances worldwide has risen steadily (in nominal and relative terms) and currently represents a substantial source of revenue for many poor states.

Remittance flows to India-

The Reserve Bank of India (RBI) reports that workers' remittances to India reached US$67.6billion for fiscal year FY) 2012-13 up from US$2.1 billion in FY 1990/91. India, indeed, has overtaken Mexico to become the world's foremost remittance destination. Remittances, which have constituted around 3 to 4 percent of India's gross domestic product (GDP) since 1999–2000, have provided considerable support to India's balance of payments. Remittances also have surpassed both foreign aid flows and FDI flows to India.

Remittance Market in India –

The remittance market in India is serviced by commercial banks, nonbank MTOs, foreign exchange bureaus, cooperative banks, and India Post, as well as a wide variety of commercial entities acting as correspondent agents (subagents). Many of these entities enter into commercial arrangements with exchange houses and other entities in the sending countries to source remittances from the migrants. Banks have the largest share of recorded remittance inflows to India (60 to 80 percent, including Internet-based remittances, which are routed through banks), and MTOs account for the rest.

Importance of Remittance in India –

The size and potential impact of the remittance inflows is large. Remittances increase the recipient country's foreign exchange reserves. Although capital flows tend to increase during favourable economic cycles and decline in bad times, remittances tend to be countercyclical relative to recipient countries' economic cycles. Remittances also tend to be less volatile than other sources of foreign exchange earnings. Remittances support financial sector development through a strong and positive impact on bank deposits and credit to the private sector.

Liberalised Remittance Scheme-

The Reserve Bank reduced the eligibility limit for foreign exchange remittances under the Liberalised Remittance Scheme (LRS) to USD 125,000 in June 2014. Furthermore, in order to ensure ease of transactions, it has also been decided in consultation with the Government that all the facilities for release of exchange/ remittances for current account transactions available to resident individuals under Schedule III to Foreign Exchange Management (Current Account Transactions) Rules 2000, as amended from time to time, shall also be subsumed under this limit.

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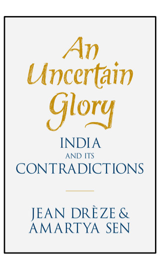

AN UNCERTAIN GLORY
By-Amartya Sen and Jean Dreze
A question is argued that India's growth is not inclusive as it lacks public participation and good use of public resources.

UPDATES –

1. **China enters into Yuan Devaluation in order to boost economy.**
2. **RBI issues Payment Banks license to 11 companies.**
3. **GST faces heavy resistance by opposition parties. The FM says to take the crisis as an opportunity to increase expenditure and reforms.**