



Decline in Outward Remittances Under LRS

[Source: IE](#)

The recent data from the [Reserve Bank of India \(RBI\)](#) highlights a significant **drop in outward** remittances under the [Liberalised Remittance Scheme \(LRS\)](#), reflecting the impact of global economic uncertainties and domestic policy changes.

- Outward remittances decreased by 43.93% to USD 2.181 billion in June 2024 from USD 3.890 billion in June 2023.
- The introduction of [Tax Collection at Source \(TCS\) at 20%](#) on overseas tour packages has disincentivized remittances, except for education and medical treatment.
 - Travel accounted for over 50% of total outflows, with amounts falling from USD 1.482 billion in June 2023 to USD 1.275 billion in June 2024.
- Global and domestic economic fluctuations and [inflation](#) have led individuals to reduce non-essential transfers, causing a decline in outward remittances.
- Outward remittance means the transfer of money from India to another country or region. LRS is governed by **the [Foreign Exchange Management Act, 1999](#)** and regulated by RBI.
 - LRS allows resident individuals, including minors, to remit up to USD 250,000 **per financial year** for permissible current or capital account transactions such as travel, medical treatment, education, gifts, donations, maintenance of relatives, and investment in shares, debt instruments, and immovable properties overseas.
- **TCS is an tax collected by sellers on specific transactions**, including foreign remittances under the LRS. When individuals send money abroad, travel, TCS is collected by the authorised dealer, typically a bank, and deposited with the government. This ensures **tax compliance on overseas financial activities**.
 - TCS is not applicable on international credit card spending.

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