



UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

DAILY CURRENT AFFAIRS

India's Record Remittances and the Shift from the Gulf to the West

11 June 2026 · **ECONOMY** · **GS3** · **GS2**

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)**ALSO FROM THE CREATOR****BharatNotes**Free UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →**ADVERTISE****Advertise with Ujiyari**

Reach thousands of UPSC aspirants daily.

epicbharat@gmail.com

India's Record Remittances and the Shift from the Gulf to the West

11 June 2026 · 4 min read · ·

Source: ujjyari.com — Free UPSC & State PCS Current Affairs

✓ Every fact web-verified against primary sources
HOW

WHY IN NEWS

India retained its position as the **world's top recipient of remittances**, with inflows at record levels. Beyond the headline figure, the **RBI's Sixth Remittances Survey** confirms a **structural shift**: advanced economies led by the **United States** are overtaking the **Gulf** as the largest source of remittances to India, a change with long-term implications for the external sector and the migration pattern behind it.

THE NUMBERS

INDICATOR	DETAIL
FY25 (audited)	US\$135.4 billion (the world's largest, per PIB)
FY26	Record inflows, projected at roughly US\$137 to 140 billion
Global lead	India received about 14.3% of global remittances , far ahead of Mexico (~US\$68bn) and China (~US\$48bn)
Top sources	US 27.7% , UAE 19.2%, UK 10.8%; advanced economies now over half (about 51%)
Top recipient states	Maharashtra (~20.5%), Kerala (~19.7%), Tamil Nadu (~10.4%), Telangana, Karnataka
External cushion	Financed about 47% of the merchandise trade deficit in FY25; exceeded FDI inflows

Remittances are a stable, **non-debt-creating** source of foreign exchange. Because they do not have to be repaid like loans or foreign investment, they cushion India's external accounts during periods of global uncertainty.

WHAT ARE REMITTANCES?

CONCEPT	MEANING
Remittances	Money sent home by Indians working abroad
In the balance of payments	Recorded as “private transfers” in the current account
Why they matter	A large, stable inflow that helps fund the trade deficit and supports the rupee

India’s diaspora is among the largest in the world, and the money it sends home is a major and reliable component of the country’s foreign-exchange earnings.

THE STRUCTURAL SHIFT: GULF TO THE WEST

For decades, the **Gulf Cooperation Council** countries, employing large numbers of Indian blue-collar workers, were the dominant source of remittances. The shift toward advanced economies reflects both a “pull” and a “push”.

- **The Western pull:** A growing share of Indian migrants to the US, the UK and other advanced economies are **high-skilled professionals** who earn and remit far more per person. The US alone now sends 27.7% of inflows (up from 23.4% in FY21).
- **The Gulf push: Nationalisation drives in the Gulf** (such as Saudi Arabia’s **Nitaqat** / “Saudisation” policy) are squeezing Indian blue-collar workers, reducing the Gulf’s share.
- **Diversification:** A more diversified source base reduces India’s exposure to any single region.

Brain Drain or Brain Bank?

The shift sharpens a classic debate. High-skilled migration can be seen as a **brain drain** (loss of human capital trained at home) or as a **brain bank** (a diaspora dividend that returns as remittances, investment, knowledge and networks). But it also creates a new **vulnerability**: as inflows concentrate in **US white-collar jobs**, they become **hostage to US immigration policy**, such as tightening of the **H-1B visa** regime.

WHY IT MATTERS

- **External-sector stability:** Strong remittances offset a goods trade deficit and weak capital inflows, easing pressure on the rupee.
- **Reduced volatility:** A non-debt, stable inflow is more dependable than volatile portfolio capital.
- **Policy relevance:** The shift underlines the importance of skilling, mobility agreements and protecting migrant workers’ interests across both Gulf and Western destinations.

Where Remittances Sit in the Balance of Payments

The balance of payments (BoP) has two parts: the **current account** (trade in goods and services, income and transfers) and the **capital and financial account** (investment and borrowing).

- Remittances are **secondary-income / private transfers in the current account**, distinct from **FDI, FPI and external borrowing**, which sit in the capital account.
- Together with services exports (notably IT), remittances produce a large **net invisibles surplus** that offsets India's goods trade deficit.
- They are **non-debt-creating and counter-cyclical**, unlike volatile portfolio (FPI) flows, which is why they helped keep India's **current-account deficit narrow (about 0.6% of GDP in FY25)**.

India's **diaspora of roughly 18 million** is the world's largest, and the Ministry of External Affairs (through tools such as the **eMigrate** portal) handles migrant welfare. The risks of over-reliance, the volatility of Gulf oil economies, US immigration tightening, and the social cost of migration, all argue for diversified, well-protected migration.

UPSC RELEVANCE

Prelims

- India is the **world's top recipient of remittances: US\$135.4 billion in FY25** (about 14.3% of the global total), ahead of Mexico and China
- Top sources: **US 27.7%**, UAE 19.2%, UK 10.8%; advanced economies now over half, per the **RBI's Sixth Remittances Survey**
- Top recipient states: **Maharashtra, Kerala, Tamil Nadu**
- Remittances are recorded as **private transfers (secondary income)** in the **current account** of the balance of payments
- They are **non-debt-creating** and financed about **47% of the merchandise trade deficit** in FY25

Mains Angles

- 1 **GS3 External Sector:** Examine the role of remittances in stabilising India's balance of payments and the rupee.
- 2 **GS2 Diaspora:** "High-skilled migration is both a brain drain and a brain bank." Discuss, in the context of India's changing remittance map.
- 3 **GS3 Economy:** Analyse the risks of India's growing reliance on remittances from advanced economies (such as H-1B exposure).

FACTS CORNER

FACT	DETAIL
FY25 inflows	US\$135.4 billion (world's largest; ~14.3% of global)
FY26	Record, projected ~US\$137 to 140 billion
Top sources	US 27.7%, UAE 19.2%, UK 10.8% (advanced economies >50%)
Top states	Maharashtra, Kerala, Tamil Nadu
Source document	RBI Sixth Remittances Survey
Recorded as	Private transfers / secondary income (current account)
Macro role	Financed ~47% of the merchandise trade deficit (FY25); non-debt
Diaspora	~18 million (world's largest); MEA eMigrate portal

Sources: Reserve Bank of India, The Hindu, Ministry of External Affairs

Source: India's Record Remittances and the Shift from the Gulf to the West — Ujjyari.com | Free UPSC & State PCS Current Affairs

← **NEWER ARTICLE**

Oxford Study Places 14 Indian Cities Among the World's Most...

OLDER ARTICLE →

Current Affairs Today, June 10, 2026

RELATED EDITORIALS

INDIAN EXPRESS

[What India Discovers: On Research and the Innovation Gap](#)

11 Jun

DOWN TO EARTH

[Power on Water: On Floating Solar and India's Energy Mix](#)

11 Jun

THE HINDU

[The Accidents We Foresee: On Industrial Safety](#)

11 Jun

BUSINESS STANDARD

[Holding the Line: On the RBI's Cautious Pause](#)

11 Jun

RELATED KEY TERMS

KEY TERM

[ACNAS](#)

Advisory Committee on National Accounts Statistics — the expert body...

KEY TERM

[Act East Policy](#)

India's strategic foreign policy framework prioritising active...

KEY TERM

[Agri-Photovoltaic](#)

A dual land-use technology that integrates elevated solar panels with...

KEY TERM

[ALMM](#)

MNRE-notified list restricting government-supported solar PV projects...



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/daily/2026/06/11/india-record-remittances-gulf-west-shift/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](https://bharatnotes.com)

📌 OPPORTUNITY

Advertise with Ujiyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujiyari.com · bharatnotes.com