



Volume and Issues Obtainable at Center for Sustainability Research and Consultancy

## Review of Economics and Development Studies

ISSN:2519-9692 ISSN (E): 2519-9706

Volume 2: Issue 2 December 2016

Journal homepage: [www.publishing.globalcsrc.org/reads](http://www.publishing.globalcsrc.org/reads)

### Workers' Remittances and Growth Linkages in Pakistan

<sup>1</sup>Fouzia Yasmin, <sup>2</sup>Muhammad Zahir Faridi, <sup>3</sup>Hina Ali, <sup>4</sup>Adnan Yasin

<sup>1</sup>Lecturer, Department of Economics, The Women University Multan, Pakistan,  
[fouziayasmin786@yahoo.com](mailto:fouziayasmin786@yahoo.com)

<sup>2</sup>Professor, Department of Economics, Bhauddin Zakariya University Multan, Pakistan,  
[zahirfaridi@bzu.edu.pk](mailto:zahirfaridi@bzu.edu.pk)

<sup>3</sup>Assistant professor, Department of Economics, The Women University Multan, Pakistan,  
[hinaali@wum.edu.pk](mailto:hinaali@wum.edu.pk)

<sup>4</sup>BS Economics, Bhauddin Zakariya University Multan, Pakistan, [adnan.yasin2608@yahoo.com](mailto:adnan.yasin2608@yahoo.com)

#### ARTICLE DETAILS

##### History

*Revised format: Nov 2016*

*Available online: Dec 2016*

##### Keywords

*Worker Remittances,  
Gross Domestic  
Product,  
Govt. Expenditure,  
Health Expenditure,  
Private Saving*

##### JEL Classification

J24, E01, H5, H76, E2

#### ABSTRACT

Remittances are considered as the cash inflows to the economy and are imperative international source of revenue for most of the less developed countries (LDCs). For data analysis, the Ordinary least square estimation technique was employed to the time series data for the years 1981 to 2010. This research comes with the conclusion that level of GDP is positively associated with the worker's remittances and the findings also support the optimistic view of remittances. It is suggested that govt. should take serious steps and proper measures to utilize the workers' remittances so, that the economy will be on the right track towards the development.

© 2016 The authors, under a Creative Commons Attribution-NonCommercial 4.0

Corresponding author's email address: [fouziayasmin786@yahoo.com](mailto:fouziayasmin786@yahoo.com)

**Recommended citation:** Yasmin, F., Faridi, M. Z., Ali, H. and Yasin, A. (2016). Workers' Remittances and Growth Linkages in Pakistan. *Review of Economics and Development Studies*, 2 (2) 81-92

**DOI:** <https://doi.org/10.26710/reads.v2i2.126>

### 1. Introduction

In the light of existing global economic downward spiral, growing consideration has been positioned on remittances that are an important international source of revenue for most of the less developed countries (LDCs). These remittances are considered as the cash inflows to the economy. Remittances consist of goods or financial instruments transferred by migrants living and working abroad to residents of the home economies of the migrants. It is limited to transfers made by workers that had stayed in foreign economies for at least one year while transfers from migrants that are self-employed are excluded. Mostly many individuals migrate from the less developed countries (domestic nation) to the developed countries. In the developed economies an individual can have better employment opportunities that best suits to the skills of the particular person where they can better utilize their potential skills.

Remittances obtained by the immigrants helps them to fulfill their basic needs and send back the remaining amount to their homes in the domestic nations so that the siblings can meet all the necessities of life like, food, cloth, better health care and shelter. Remittances not only make better the individual income but also assist them to enhance the level of living. At the same time, remittances comprise as a main source of income that can give a hand to develop the economy and upshot in lowering information obstacle and stimulate trade and investment flows. (IMF, 2015).

After meeting all the basic needs and the facilities of life the remaining portion of the remittances have been utilized and being invested for the thriving of the economy which later increase the overall wealth and welfare of the economy. The increase in investment will lead to manifold increase in the national income. Some time there is a smaller amount cash inflows in the form of foreign direct investment but we may not considered it as the only reason to send back the remittances to the domestic nation. Host country's economic circumstances seem to be the mainly significant aspect in driving remittances. If there is economic crisis than not any of the home country economic issue was establish to have a momentous consequence on remittances (Vargas-Silva and Huage, 2006).

Mostly the migrants are illiterate and unable to follow procedures of banks for transfer. So, this is big challenge for central or state banks of remittance recipient countries in order to boost remittances and promote financial sector of their country. In most of the developing countries flow of workers' remittances increased from past two or more decades. It would not only reduce the poverty condition of economy but also boost the economic growth of developing countries. Remittances inflows increased day by day. In case of developing countries mostly people live below the poverty line so they go to foreign countries for curbing their families from this poorest condition and also become a source of earning for them. Many skilled and unskilled individuals which are residing in foreign countries send money back to their countries. When skilled worker cannot get an appropriate job in their own country so, it lead to make a decision to migrate to foreign countries for gaining more perquisites according to their skill level.

The Optimistic view of Worker's remittances considered that remittance has a positive impact on receiving households/economies; it helps to lessen poverty and encourage economic expansion and relieve pressure on govt. The alternate view is the Pessimistic View that does not encourages the remittances inflows and considers it as harmful for the growth of the recipient economy. It promotes dependency as family members do not have a productive paid work in the home country and remittances can create income inequalities. So, the unnecessary consumption, import dependency are outcomes of remittances. (Englama, 2009).

There are many other factors causative towards the growth of a country. Remittances cannot only reduce poverty in a country but also a key component of boosting economic growth. The earning profit not only help them to curb out poverty in the country but also constructive tools to diminish the income disparities in the country and boost up the financial sectors as well as the economic growth of the country. Many others scholars also explained(.....) the relationship between economic growth and workers' remittances that they positively related to each other. If workers' remittances goes up the growth of the developing countries also boost by this.

Due to the growth of worker remittances inflows the policy makers, analysts and researchers in developing countries have a point of view that these inflows can contribute in developing the market for credit. Different studies have scrutinized the relationship between remittance by workers and economic growth in developing countries and other regions of the developing countries. Also workers' remittances can be used for consumption and a major source of capital at different household levels.

Globalization and industrialization is a part of economic growth for a country this would not only fabricate the relationship between trading countries but also increase the flow of labor across various nations. There is a huge flow of labor force from developing countries skewed towards the ever advance and developed countries. Flow of workers' remittances helped the families and friends when they suffer in hard time. Private capital flows is known to be a cyclically which means that rise during the period of boom and decrease during the period of recession. (Ratha, 2003).

## 2. Worker Remittances worldwide trends

The 2015 remittance expansion rates are the lowest since the worldwide financial crisis in year 2008/09. However, the quantity of international migrants is predictable to go above 250 mn in 2015, and their savings and remittances are expected to continue to grow. The slowdown in the growth of remittances this year will affect most developing regions, in particular Europe and Central Asia where flows are expected to decline by 12.7 percent in 2015. The positive impact of an economic recovery in the U.S. will be partially offset by continued weakness in the Euro Area, the impact of lower oil prices on the Russian economy, the strengthening of the US dollar, and tighter immigration controls in many remittance source countries. (World bank, 2016)

**Table: 1 world's largest source and Receiving countries for remittances**

Source Country	Remittances	Receiving country	Remittances
United States of America	\$56 billion	India	\$72 billion
Saudi Arabia	\$37 billion	China	(\$64 billion
Russia	\$33 billion	Philippines	\$30 billion

Source: World fact book (2016)

The table 1 shows the world's largest source country of remittances and the three largest Receiving countries for remittances in which United States is placed on no. 1 and is followed by the Saudi Arab and Russia respectively.

## Emigration

- Stock of emigrants, 2013: 6,170.4 *thousands*
- Stock of emigrants as percentage of population, 2013: 3.4 *percent*
- Top destination countries, 2013: the United States, Saudi Arabia, India, the United Kingdom, , the United Arab Emirates, Canada, Kuwait, Oman, Qatar, Singapore
- Tertiary-educated as a percentage of total emigrants in OECD countries, 2011: 36.1 *percent*
- Tertiary-educated women as a percentage of total women emigrants in OECD countries, 2011: 33.3 *percent*
- Second generation diaspora in Australia, Europe, and the USA, 2012: 410.5 *thousands*

## Immigration

- Stock of immigrants, 2013: 4,080.8 *thousands*
- Stock of immigrants as percentage of population, 2013: 2.3 *percent*
- Top source countries, 2013: Bangladesh, Afghanistan, Algeria, Myanmar, India, Iraq, Somalia, the Islamic Republic of Iran,
- Women as percentage of immigrants, 2013: 43.5 *percent*

(World fact book, 2016)

Cattaneo (2005) has explored that part of remittances which are save and invest in different projects cannot only increase the earnings but also improve the economic growth of the country. As results of increase in the growth of the economy the other sectors like health and education would improve by this. Better health means that better chance of doing a productive work. It is also suggested that flow of workers' remittances have a significant impact on macro-economic variables such as consumption, investment and imports.

**Table: 2 worker remittances trends in Pakistan**

Years	remittances in \$us (mn)	remittances as a % of GDP
2004	3945	4.0264
2005	4280	3.9086
2006	5121	3.7308
2007	5998	3.9361
2008	7039	4.1387
2009	8717	5.1840
2010	9690	5.4620
2011	12263	5.7369
2012	14007	6.2351
2013	14629	6.3305
2014	17066	7.0048

Source: data from World Bank.

Workers' Remittances is a backbone for sustainable economic growth. The economy recently is eventually hurried through the most challenging phase in the history of Pakistan, when countless external and internal incitements, including security threats, poor law and order situation, inflation, energy crises, food insecurity, accumulated debt crises and lawlessness are administer instability and make a trust of deficit. In the table no. 2 we have showed the volume of worker remittances for the last decade. Worker's remittances showed an increasing trend throughout the year while the remittances to GDP ratio showed fluctuation for the similar period. Economy of Pakistan was anticipated to increase on a moderate base and the overall growth increase by this. Workers' remittances cannot only boost the economic growth but also reduce poverty and unemployment.

### 3. Literature Review

Gillani (1981) explored that about 60% of overall remittances consumed on basic necessities whereas the remaining portion was save and invest in new businesses and building new homes. He conducted a field survey for judging how workers' remittance divides in consumption and investment by collecting data at different household levels. He also suggested that after facts of workers' remittances assessed macro, households and different levels.

Stahl (1982) showed that workers' remittances were pivotal tool for recipient countries' families' improvement in the level of living, education level and better health facilities. In case of Pakistan, mostly people belongs to backward areas were lived below poverty line. Workers' remittances cannot only help for recipients but also the proper channeling of remittances increase the growth and the welfare of the developing nations as well. There was a strong and direct relationship between the income of the recipient and flow of workers' remittances, which also increase the economic growth. Workers' remittances smoothens the consumption pattern of recipient and also helpful for elimination of poverty.

Amjad (1986) studied the major sectors of developing nations like small and large scale manufacturing sector, wholesale and retail sector, commercial and construction sector and concluded that workers' remittances cause to increase and push the growth rate of an economy. It also become

aware of that labor market and balance of payment at aggregate or macro level influenced by flow of workers' remittances. He also brought out with the results that poverty and income distribution also affected by the flow of workers' remittances.

Burney (1987) by using time series data suggested that there was direct relationship between the flow of remittances and growth of GDP. He was also concluded that workers' remittances inversely related to poverty and unemployment whereas it positively related to economic growth. It also reduce deficit in current account and improve the ability of debt servicing. Workers' remittances used to improve the health and education facilities, release inefficiencies, facilitate the constraint on credit market, give rise to entrepreneurial activities, finance the fund needed for various projects and improve economic growth. Workers' remittances positively affect investment activities ignored hardly by the linkage of forward and backward. Overall creditworthiness increase and easily access to international market for capital goods can also be increased by proper use of workers' remittances.

Adam (1998) explored the impact of workers' remittances on economic growth and found that proper use of workers' remittances can lead toward growth. Socio-economic variables such as poverty and unemployment were over-come by properly utilizing the flow of workers' remittances. Smooth flow of workers' remittances enhances the consumption pattern and increase saving and investment rate which cannot only increase their personal income but also improve the economic growth of a country.

Chami, *et al.* (2003) delineated the relationship of workers' remittances and growth of a country by conducting a research on 113 cross-countries. The study proposed that there was a strong and direct relationship between the income of the recipient and flow of workers' remittances, which also increase the economic growth. He also brought out with the results that poverty and income distribution also affected by smooth flow of workers' remittances. Major works on remittances in literature concentrate on other dimensions like economic growth, poverty, income inequality, education and health. But the intention of this study is to investigate the relations all these theories claims that the remittances were either consumed or invested in business can ultimate leads to economic growth in the recipient countries.

Lucas (2004) evidenced that a strong direct relationship exist between workers' remittances and economic growth. It not only improve the living standards of recipient but also helpful to increase the foreign exchange earnings and the sever condition of balance of payment. There was a need that government took serious steps and measures for proper use of workers' remittances so that the deficit condition was improved. In case of developing nations, like Pakistan, he also found that workers' remittances improve economic growth and contribute to enhance the financial sector of the economy.

Amuedo and Pazo (2004) reported in his study that exchange rate appreciate when a country experiences inflow of workers' remittances. He also described that tradable good's produced by minimum cont when a smooth pattern continues. The remittances, which were sent by the migrant to their parent country, enhance their consumption, health, education and personal expenditures. The remaining portion of remittances was directly or indirectly invested by the recipient who caused to capital formation and hence increases economic growth in the country.

Burgess and Haksar (2005) explored in his study that economic activity greatly affected by the different channels of inflow of workers' remittances. There was an ambiguous effect of long term but a clear effect of short term on sustainable consumption. The main reason behind this was sometime the migrants were not work longer and came back to their home countries. He also noticed that the workers' remittances were not only effect poverty by reducing it but also boost the economic growth. The fluctuations in short term were seems easily at macro, household and community levels.

Iqbal *et al.* (2005) showed that growth in real GDP was positively related to workers' remittances. It was also noticed that workers' remittances evolved as a third major source of foreign exchange earnings and economic growth in Pakistan. Since 1970, workers' remittance was considered to be a major source of foreign exchange earnings. A large amount of workers' remittance were received in Pakistan from past few years, also significant fluctuations were seen in flow of workers' remittances. Those fluctuations were exhibited an inverse relationship between deficit in current account and the flow of workers' remittances and a direct relationship with growth of GDP. A significant flow of workers' remittances were not only diminished the external debt burden but also improved the overall balance of payment of Pakistan.

Catrinescu *et al.* (2006) scrutinized that macroeconomic growth can be achieved by exerting remittances in developing countries in the long run. Furthermore, proper policies and institutional changes were supported by workers' remittance which also had a developed effect not only in remittance but also on growth of the economy of recipient developing countries.

Lopez *et al.* (2007) concluded in his study that personal income of recipients was increased by enhanced workers' remittances, leads to pick up economic growth and reduced the burden of external debt and current account deficit by conducting a survey at different house hold levels. He also showed that there exists a huge difference in the income of Pakistani overseas when comparing parent country and country of stay. The opportunity cost which was paid by immigrants in shape of leaving their home country also compared at different levels.

Jongwanich (2007) analyzed the flow of remittances that had an effect on the growth of developing nations. Evidence which was obtained by empirical testing in this study also revealed that flow of workers' remittances significantly affects the growth of developing regions. It was also noticed that a difficult situation exist when a developing country generalized the impact and consequences of socio-economic as well as workers' remittances on growth of a country. There exists a vexing condition when empirical evidence collected.

Raza (2008) brought out with the results that entrepreneurial activities were strongly improved by the continuous inflow of workers' remittances. It was also contributed in improving the health, education and financial sectors which later increase the growth of the economy. Economy of Pakistan experienced a blasting disaster in the shape of earthquake of 2008 and the victims stood at different levels for receiving workers' remittance which cannot curbed the averse condition but also support them.

Calero (2008) concluded with the results that enrollment rate in developing countries was increase and a significant decline in child labor. Moreover working activities increased when the recipients were experienced the income shocks. Remittances also played a vital role in finances the education, health and households needs. Workers' remittances were performed a significant role in eliminating poverty and inequality constraints. It was also showed that poverty and income disparities decrease and hence higher the economic growth. When a significant increase in the flow of workers' remittances. Workers' remittances were also useful tools for eliminating external debt burden, increasing human development and enhancing investment opportunities through financing.

Irfan (2011) was the view that workers' remittances increase recipient's income and then smoothens consumption pattern. It was also suggested that growth in humane capital facilitate investment opportunities.

Asad and hashmi (2016) inspected the connection among workers' remittances and economic growth along with labor migration in Pakistan. The association between workers' remittances and unemployment also been captured in the study. Time series data for the period 1975 to 2010 have been used and Johansen and Juselius co-integration method and recursive simultaneous equations model have been used for the analysis. Bivariate co-integration demonstrated that economic growth

has long run connection with labour migration and unemployment. There is long run relationship between workers' remittances and unemployment and human capital has long run association with workers' remittances.

#### 4. Data Sources and Data Methodology

Present study uses the time series data for the years 1981 to 2010 to investigate the impact of all the variables on economic growth. Data have been collected from the Hand book of Statistics on Pakistan Economy (2005) and fifty years of Statistics and Pakistan Economic survey (Various Issues).

**Table 3: Variables and their Expected Sign**

<b>Variables</b>	<b>(Expected Sign)</b>
Worker Remittances	Positive (+)
Govt. Expenditure	Positive (+)
Service Sectors Growth	Positive (+)
Industry Sector Growth	Positive (+)
Health Expenditure	Positive (+)
Private Saving	Positive (+)

#### I. Methodology

##### a) General specification of the model

In our present study we have obtained ordinary least square (OLS) estimation technique for the purpose of obtaining required results of our model. The multiple regression model is as following in its general form:

$$Y = f (X_1, X_2, \dots \dots X_n)$$

In our above mention regression function, Y is dependent variable whereas X<sub>1</sub>, X<sub>2</sub> and X<sub>n</sub> are regressors. The regression function of multiple variables is stated below as:

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \dots \dots \dots + \alpha_n X_n + u_i$$

Where  $\alpha_0$  = intercept term,  $\alpha_1, \alpha_2, \dots \dots \alpha_n$  are the parameters and  $u_i$  is the residual term which follows all the assumptions of ordinary least square method.

##### b) Empirical Specification of the model

Based the selected variables our model can be specified as follows:

$$GDP = f (WREM, GEXP, HEXP, PSAV, SGR, IGR,)$$

##### Mathematical model specification

$$GDP = \beta_0 + \beta_1 WREM + \beta_2 GEXP + \beta_3 HEXP + \beta_4 PSAV + \beta_5 SGR + \beta_6 IGR$$

##### Econometrics model specification

$$GDP = \beta_0 + \beta_1 WREM + \beta_2 GEXP + \beta_3 HEXP + \beta_4 PSAV + \beta_5 SGR + \beta_6 IGR + u$$

Where,

*WREM: Workers' Remittance(s)*

*GEXP: Govt. Expenditures*

*HEXP: health expenditures*

*PSAV: Private Saving*

*SGR: Service Sector Growth Rate*

*IGR: Industry Sector Growth Rate*

*GDP: Gross Domestic Product*

*U : the residual or error term.*

In our present study, GDP is dependent variable whereas Workers' Remittances, Govt. Expenditures, Health Expenditures, Private Saving, Growth in Service Sector and Growth in Industrial Sectors are independent variables.

#### II. Stationarity analysis

Before estimation, we will check the stationarity of the data. That is essential for applying any statistical technique to the data. On the basis of stationarity of the time series we have the variables which we include our model. For a stationary series we have to see that:

- a) Mean is constant over time.
- b) Variance is constant over time.

All the variables which are included in present model are stationary at level. Following table is exhibiting the results;

**Table: 3 ADF Test Results**

Variables	Intercept	Trend and Intercept
GDP	-2.850718	-3.2239
WREM	-3.643520	-3.988176
GEXP	-3.890559	-3.819311
HEXP	-2.6242	-3.837428
PSAV	-5.259424	-5.211698
SGR	-2.985262	-3.391225
IGR	-3.388266	-3.444605

### III. Preliminary Analysis of Data analysis of the data

This section will present the introductory analysis of the data in which we present the correlation and the descriptive analysis of the data.

**Table:4 Correlation Matrix**

	GDP	GEXP	HEXP	IGR	PSAV	SGR	WREMER
GDP	1						
GEXP	0.38	1					
HEXP	0.30	0.19	1				
IGR	0.69	0.06	0.29	1			
PSAV	-0.05	-0.23	-0.19	-0.23	1		
SGR	0.71	0.22	0.25	0.61	0.00	1	
WREM	0.02	-0.03	-0.05	-0.03	0.25	0.27	1

Note: calculated by using E.Views 3.1

In our present study, variables which we include in our model exhibit positive relationship between GDP and GEXP with the value of 0.38. Govt. Expenditures, Industrial sector growth, Service Sector growth is positively related to GDP. Sometime declining flow of worker remittances will not help the government to spend more on public spending as well as subsidizing the service and industrial sector.

**Table: 5 Descriptive Statistics**

	Mean	Median	Std. Dev.	Skewness	Kurtosis	Jarque-Bera
GDP	0.05	0.05	0.02	-0.02	2.22	0.77
GEXP	0.17	0.15	0.29	0.42	3.43	1.13
HEXP	0.15	0.12	0.11	0.66	2.43	2.61
IGR	5.92	5.04	3.93	-0.11	4.69	3.63
PSAV	0.17	0.15	0.24	0.91	4.48	6.88
SGR	5.34	5.10	1.89	0.041	2.84	0.03
WREMER	0.005	0.002	0.009	1.52	5.07	17.00



Note: calculated by using E-Views 3.1

In the above table we have calculated the descriptive statistics of the data. The selected variables of the study have been taken and the mean for each variable is presented in the 2<sup>nd</sup> column that is followed by the median in the 3<sup>rd</sup> column. The standard deviation, skewness, kurtosis and jarque-bera are presented in the 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and the 7<sup>th</sup> column respectively so you know the facial look of the data utilized for the study.

#### IV. Econometric Analysis of Data

After the descriptive analysis of the data and analyzing the stationarity of the data set, we have conducted the econometrics analysis of the data in the present section. The econometric analysis of the data will help us to analyze the impact of the remittances and the all other variables on the economic growth in Pakistan.

**Table: 6 Econometric Analyses of Data**

Variable	Coefficient	t-Statistic	Prob.
C	0.032425	4.94595	0.0001
WREM	0.264537	2.065884	0.0544
GEXP	0.008027	2.30603	0.034
IGR	0.002282	3.768411	0.0015
PCEXP	-0.005658	-0.869097	0.3969
PSAV	0.003337	0.769458	0.4522
SGR	-0.000187	-5.540825	0.0000

Note: calculated by using E-Views 3.

#### Model summary

R-squared	0.97311
Adjusted R-squared	0.95413
Durbin-Watson stat	1.85507
F-statistic	51.2628
Prob(F-statistic)	0.0000

In above mentioned estimated model, the value of the intercept is 0.032425 that shows the value of GDP when the all variables are kept constant. The coefficient of WREM is 0.264537. This shows that the level of GDP is positively related to worker's remittances. As worker's remittances increases this encourages the growth and this argument support the above mentioned optimistic view of remittances. It is due to when workers' remittances rise more of the household members are now in a position of increasing the level of living and lessen the poverty. Increase economic growth is also positively associated with the govt. expenditures. Our results also acknowledge that as we have come up with the findings that about 1% rise in Govt. Expenditures increase economic growth by 0.008027 (0.8%). Government expenditure, no doubt, is a major ingredient of aggregate expenditure.

Developed countries of the world do not worry about balancing their budgets rather try hard to get rid of socio-economic problems. Government expenditures in investment activities give rise to entrepreneurial activities, boost consumption level and help to increase economic growth. Private saving also enhances the level of remittances but the relationship is not significant. Countries devoting highest portion of their GDP towards investment in industrial sector so it will lead to boost the remittances. Industrial growth also supports findings that industrial growth boosts the economic growth. The results also shows that the service sector growth also significantly restrict remittances flows. If there is an employment opportunity in the home country so they no need to go abroad.

#### 5. Conclusion and Policy Recommendation

A huge flow of workers' remittances have been utilized to stabilize the financial position of the country and reduce the burden of foreign or external debt. It is estimated that, workers' remittances is major source of external flow as compared to internal sources. This shows that the level of GDP is positively related to worker's remittances. As worker's remittances increases this boosts the growth and this argument support the above mentioned optimistic view of remittances. Economic growth is also positively associated with the govt. expenditures.

The present study recommends that there should be a serious need to facilitate adequate and advance infrastructure in order to boost up economic growth. It would not only encourage the migrants to send more money to their home country but also leads to a substantial increase in their profit by investing in different new business. This study also recommends that Govt. should take serious steps and proper measures to utilize the workers' remittances so that the burden of external debt and the deterioration in balance of payment reduced.

### References

- Adams, R. H. (1998). Remittances, Investment and Rural Assets Accumulation in Pakistan. *Economic Development and Cultural Change*,(47), 155-173.
- Amjad, R. (1986). Impact of Workers' Remittances from the Middle East on Pakistan's Economy; Some selected issues. *The Pakistan Development Review*, 25(4), 757-782.
- Amuedo, d. and Pozo, S. (2004) Workers Remittances and the Real Exchange Rate: A Paradox of Gifts. *World Development* 32.
- Asad, Muhammad and Hashmi, Shujahat Haider, Impact of Workers' Remittances on Economic Growth: A Study of Pakistan (March 8, 2016). Available at SSRN: <http://ssrn.com/abstract=2744469> or <http://dx.doi.org/10.2139/ssrn.2744469>
- Burgess, R. and Haksar, V. (2005). Migration and foreign remittances in the Philippines. IMF working paper. WP/05/111
- Burney, N. (1987). Workers' remittances from the Middle East and their effect on Pakistan Economy. *The PDR* 26:4, 745-763
- Calero, C. (2008). Remittances, Liquidity Constraints and Human Capital Investments In Ecuador. *World Development* ([www.elsevier/locate/worlddev](http://www.elsevier/locate/worlddev))
- Carlos Vargas-Silva, C. and Huang, P. (2006). Macroeconomic determinants of workers' remittances: Host versus home country's economic conditions, *The Journal of International Trade & Economic Development*, 15(1).
- Catrinescu, N. and Ledesma, M. L and Piracha, M. and Quillin, B. (2006). Remittances, Institution and Economic growth. IZA DP NO. 2139
- Cattaneo, C. (2005). International Migration and Poverty: Cross-Country Analysis. Centro Studi Luca d'Agliano, Torino.
- Chami, R. and Connel, F. K. and Samir, J. (2003) Are Immigrants Remittances Flows a Source of Capital for Development. (IMF Working Paper, WP/03/189).
- Englama, A. (2009). The Economics of Remittances: Theories and Issues. Paper presented at the High-Level Seminar on International Remittances for Economic Development, Banjul, The Gambia.
- Gilani, E. (1981) Labour Migration from Pakistan to Middle East and Its Impact on The Domestic Economy . (PIDE Research Report No 127&128).
- Iqbal, Z., & Sattar, A. (2005). The contribution of workers' remittances to economic growth in Pakistan. Pakistan Institute of Development economics, Research Report No. 187.
- Irfan, M. (2011). Remittances and Poverty Linkages in Pakistan: Evidence and Some suggestions for further analysis. Pakistan Institute of Development Economics, Islamabad (PIDE Working Papers 2011: 78)
- Jongwanich, J. (2007). Workers' remittances, economic growth and poverty in Developing Asia and the pacific countries, UNESCAP working paper. WP/07/01

- Lopez, J. H. and Fajnzylber, P. and Acosta, P. (2007). The Impact Of Workers' Remittances On Poverty And Human Capital (evidence from Latin American house hold survey). The World Bank Policy Research, Working paper 4247.
- Lucas, R. E. B. (2004) International Migration Regimes and Economic Development. Paper in Expert Group Meeting on Development Issues, Stockholm.
- Ratha, D. (2003). Worker's Remittances: An Important and Stable Source of External Development Finance. In *Global Development Finance: Striving for Stability in Development Finance*, 157–75. Washington, DC: World Bank.
- Raza, A. (2008). The effect of remittances on employment in Pakistan. Bachelor of Science Program In Economics & Business Faculty University van Amsterdam.
- Stahl, C. (1982) Labour Emigration and Economic Development. *International Migration Review*. World fact book (Migration and Remittances Factbook 2016).