International Journal of Research in Economics and Social Sciences (IJRESS)
Available online at: http://euroasiapub.org
Vol. 9 Issue 10, October - 2019
ISSN(o): 2249-7382 | Impact Factor: 6.939 |

Remittances; A Development Mantra or a Dutch Disease for a Developing Country

Dr Ruby Khan
Assistant Professor, Department of Finance and Banking
College of Business Administration, Jazan University, Jazan, KSA

Abstract

The huge flow of remittances affects not only innumerable factors of the production sector but the employment structure of that economy. With the help of World Bank data, I have done statistical analysis of the two variables 'Remittances as percent of GDP' and 'Economic growth as percent of GDP', in order to find out their relationship and how much any country's economic growth depends upon migrants' receipts. Through this study I have found that the flow of remittances is not necessarily appreciating economic growth of any developing country but some of its negative micro and macro-economic impacts may play inversely in this field. Remittances cause Dutch disease in some particular country like India, they might not do so in a large economy like Mexico and proved to be a 'Development Mantra'. Its impacts might vary over time within a given country depending, among other things, on its policies and the characteristics of emigrants.

Keywords: remittances, Dutch disease, micro and macro-economic impacts, labour force, migrants, fiscal deficit, cultural difference

Introduction

Remittances are money transfers made by a foreign employee to someone in their home country. These monetary receipts sent by migrants are one of the largest financial flows in developing countries. Workers' remittances are an important part of international capital flows, especially in labour-exporting countries. (Al-Assaf, 2014).

Remittances have played an important role in boosting production by increasing investment in countries with less developed financial sectors. The reason is that many expatriates invest their savings in small businesses, real estate or other assets in their country, thus support local markets. In economies where the financial system is underdeveloped, remittances can reduce the credit crisis and provide an alternative to financial growth (Giuliano, 2009). Remittances, in these countries, prove as another way of financing investment and overcoming liquidity shortages.

For some countries, remittances sent by migrant workers constitute a significant part of GDP and its balance of payments. For very poor countries like Tonga, Kyrgyzstan etc. remittances cover around 40% of GDP. Therefore, it is significantly important to encourage remittances in order to increase GDP and living standards. The money received through remittances can be used to reduce relative poverty and finance capital investment. It acts as a balance in the current account of the balance of payments (current transfers), thus providing a higher standard of living. It can finance capital investments and small businesses.

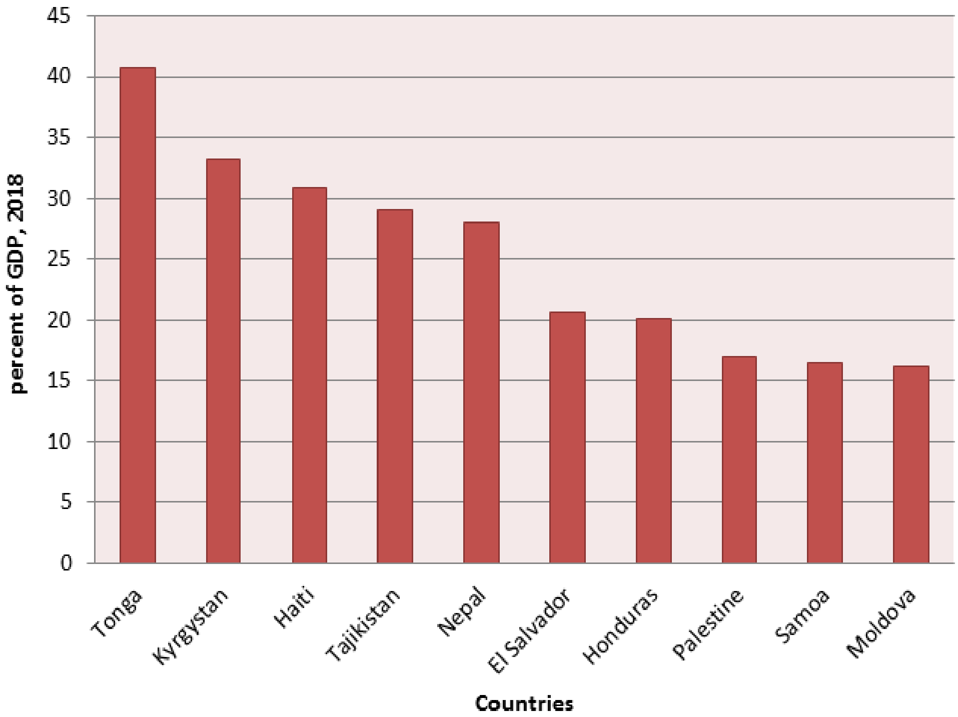


Figure 1. Global Ranking of Remittance recipient countries as their percent of GDP, 2018
Source: The World Bank, The Global Economy.com

Literature Review

Many economists and analysts have conducted several large-scale empirical studies on various aspects of remittances, such as the motivation of the sender, the impact of remittances on economic growth and the cost of remittances. Etc. Opinions differ on the impact of remittances on economic development.

From a macroeconomic point of view, some studies indicate that there is no definite relationship between remittances and GDP growth. (Barajas, Chami, Fullenkamp, & Montiel, 2009).Although some studies suggest that remittances can stimulate aggregate demand and, therefore, economic activity, other studies suggest that remittances can have negative macroeconomic effects by enhancing income inequality and reducing supply of labour in recipient country. (Pia M. Orrenius, 2010).

Chami and Jahjah, through their study, analyzed that migrants' remittances had a negative impact on the growth of per capita income. The study reported three facts: first, a large proportion or a majority of remittances are spent on consumption, second, a small fraction of the money from remittances is kept as saving or investment and third, In case remittance fund is saved or invested, it is mostly in housing, land or jewelry, which is not necessarily productive for the economy as a whole.(R. Chami, 2003).

An article by Edward Taylor assesses the prospects of developing remittances from the point of view of NELM (New Economics of Labour Migration) and cites empirical evidence that remittances can be a positive factor in economic development. The governments of the countries of migrant origin can increase the potential and utility of remittances so that it can be utilized for development through various economic policies.(Taylor, 1999)

In a case study on Latin America and the Caribbean, B. Gabriela Mundaca analyzes that remittances can have positive long-term effects on growth. The author faces the implications of the proposed theoretical model with panel data for countries in Latin America and the Caribbean. After taking into account long-term investment, demographic variables, time controls and country impacts, the empirical analysis suggests that financial intermediation increases the responsiveness of growth to remittances. The general conclusion is that the availability of financial services in general can lead to a better use of remittances, which will lead to economic growth in these countries. (Mundaca, 2009)

A paper published in The Journal of Development Studies examines the impact of remittances on the economic development of Small Island Developing States (SIDS). The relationships between remittances and economic fluctuations and the supply of domestic labour are presented as reasons for these results. (Simon Feeny, 2014)

An article, published in the Journal 'Southern Economic Association', examines the determinants of short- and long-term inflation using a data set covering 54 developing countries for the period 1995-2004. In addition to the common economic determinants of inflation, the effects of remittances and institutional variables on inflation are also described. In the long run, the effect of remittances on inflation is more pronounced. (Paresh Kumar Narayan, 2011)

Ghazi M. Hassan and Mark J. Holmes discuss the long-term relationship between remittances and the real exchange rate of the less developed countries (LDCs). This study demonstrates an inelastic but significant long-term relationship that confirms the influence Dutch disease. (Holmes, 2013)

This paper of mine seeks to review the current literature on the basis of micro and macro-economic effects of international remittances sent by a migrant to his home country. With the help of quantitative data analysis, my document will identify remittances as a curse or blessing for any economy. The specific objectives are:

1. To elaborate the concept of remittances with certain facts and data about it.
2. To study the effects of remittances at micro and macro-economic levels.
3. To analyze remittances as "Development Mantra" or "Dutch disease" on the basis of statistical data.
4. To highlight needful policy measures to increase development capacity of remittances for a recipient country especially when it is a developing economy.
5. To highlight limitations and delimitations.

There is a growing need to review the findings and conclusions of previous studies about pros and cons of migrants' remittances, particularly analyzing the micro and macro-economic impacts on development of migrants. After examining previous studies, as well as current facts and knowledge, the possible results of this study are expected to be:

- Complete and accurate information on almost all effects of remittances to recipient countries.
- Information about advantages and disadvantages of microeconomic effects.
- Information about advantages and disadvantages of macroeconomic effects.
- Information about the relationship between two variables, remittances as a percentage of GDP and economic growth as a percentage of GDP, and draw conclusions about the overall results of migrant remittances in developing economies.

Methodology

This study investigates the positive and negative effects of migrant remittances in the host country. Its effects have already been demonstrated by many previous studies at micro and macro level. The main objective of this study is to evaluate the role of remittances in economic growth of the recipient country. To reach a reasonable conclusion, qualitative and quantitative research methods have been adopted. Secondary sources of information, as already cited through references, have been used for characterization and reasoning. For quantitative analysis, 11-year data (2008–2018) published by the World Bank, has been processed using various statistical tools, such as correlation coefficients, regression, test of goodness of fit etc.

Facts about Remittances and Migrants. (Factbook, 2016)

- More than 247 million people, or 3.4% of the world's population, live outside their country of origin.
- America is the main immigration country, followed by Saudi Arabia, Germany, Russian Federation, United Arab Emirates, United Kingdom, France, Canada, Spain and Australia.
- Smaller countries have higher rates of skilled labour migration. About 93 percent of Guyana's highly qualified people live outside the country, followed by Haiti (75.1 percent), Trinidad and Tobago (68.2 percent) and Barbados (66.2 percent).
- High-income countries are the main source of remittances. The United States is by far the largest. Saudi Arabia ranks second, followed by Russia, Switzerland, Germany, United Arab Emirates and Kuwait.

Table 1

Top Ten Remittance recipients, million USD, 2018

Ranks	Country	Million USD
1	India	74079.85
2	Mexico	33470.42
3	Philippines	25521.17
4	Egypt	25515.7
5	Pakistan	21080
6	Bangladesh	15537.9
7	Indonesia	10970.81
8	Guatemala	9383.1
9	Sri Lanka	7015.42
10	Morocco	6918.2

Source: The World Bank, TheGlobalEconomy.com

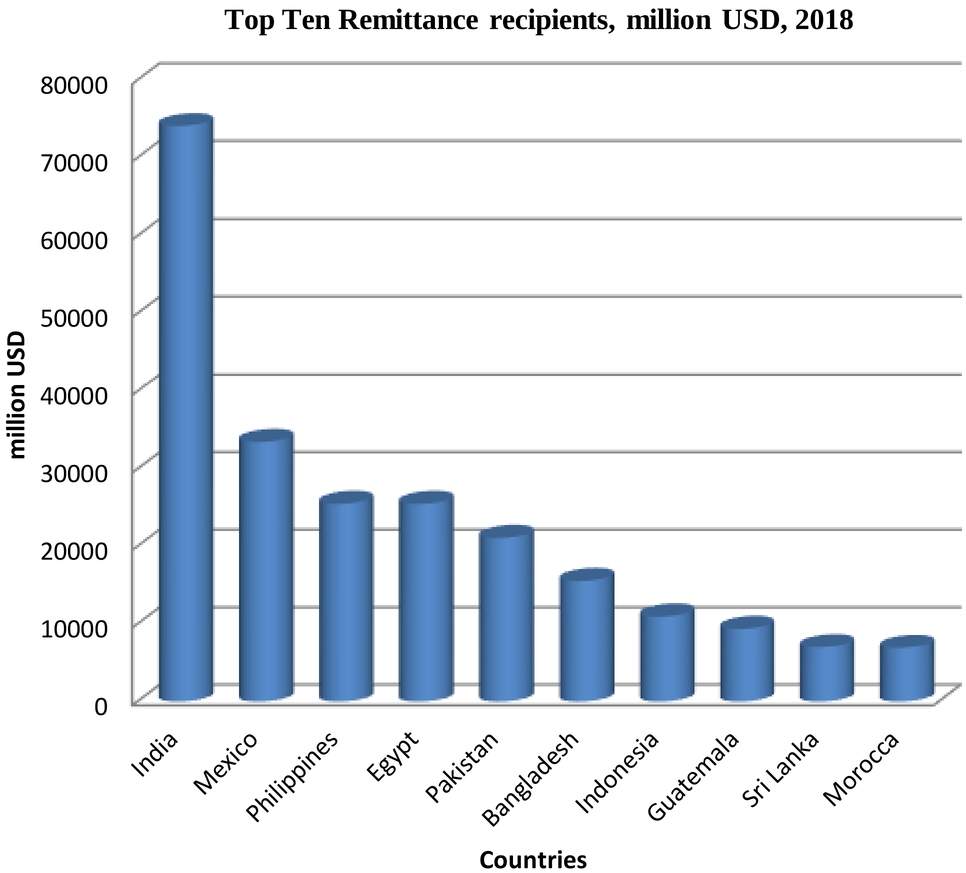


Figure 2. Top Ten Remittance recipients, million USD, 2018
(Source: The World Bank)

Microeconomic factors that are influenced after Remittance Inflows

Micro level Pros

Among the micro-economic effects, discussed in the literature so far, three are the most notable: increase in personal well-being, accumulation of human capital, savings, investment and financial literacy. One of the main benefits of remittance flows is that they can stabilize household income, which will improve living conditions and well-being. Remittances respond to loss of income and, therefore, can facilitate household income. Among micro-economic effects, discussed in the literature so far, three are the most notable: increase in personal well-being, accumulation of human capital, savings, investment and financial literacy. One of the main benefits of remittance flows is that they can stabilize household income, which will improve living conditions and well-being. Remittances respond to loss of income and, therefore, can facilitate household income(Choi, 2007). Studies have shown how remittances have helped reduce household income in Mexico, particularly in families that face large savings restrictions and are therefore at greater risk. Accumulation of human capital through better health and education is another additional benefit of remittances. Vast literature has shown that the human capital benefits of migrant family members and subsequent cash transfer flows can significantly improve health outcomes and access to medical care in foster families by easing financial issues. Remittances are associated with lower mortality rates, greater birth rates and better living and health conditions in the host families through the acquisition of durable goods, such as refrigerators, stoves and washing machines. Similarly, remittances have a positive impact on investment in abandoned children's education. To better assess the impact of remittances in order to analyze the impact on children's education and child labour, the study of Yang exploited the depreciation that followed the Asian Financial Crisis1997 and the corresponding increase in remittance flows(Yang, 2008). It was found through the study that there was an increase in school attendance and a corresponding decrease in child labour hours. Others have tried to separate the potentially positive effects of remittances on educational investments among children from the devastating effects parents can have on the educational achievement and performance of children left behind. When the head of the family leaves, some older children may have to leave school and start working for the family. In other cases, researchers have argued that if they anticipate future migration, family migration can reduce children's incentives to invest in homeschooling. Insufficient human capital from one country to another can lead to this decision. One way to differentiate these effects is to compare the effect of remittance flows in households with immigrant relatives with remittances from distant relatives or friends in home without migrants(Amuedo-Dorantes C. a., 2010). The results confirm the positive effect of remittances on the level of education of children documented in the previous literature. In some cases, even the most disadvantaged groups of children benefit, as do secondary school children who have higher opportunity costs of not working, older children who do not receive the same benefits as first born children and girls. In this regard, remittances can play an important role in providing better and equal educational opportunities for these children. Investment can be one of the most proven effects of remittance flows. Several studies have investigated how remittances can reduce the credit barriers, faced by households without access to financial markets, by facilitating the accumulation of assets and commercial investment (such as new land, equipment and Activities) and by increasing financial literacy(Aggrawal, 2006). In most cases, remittances seem to increase savings, facilitate access to financial institutions and encourage education and financial investment.

Micro level Cons

At the micro level, two main concerns in the literature are dependence, associated with low labour force participation and conspicuous consumption. In fact, through income effect, remittances can ease budget constraints, increase reservation wages and reduce the employment likelihood and working hours of recipients of these remittances. However, remittances can also encourage substitution effect if family members are encouraged to reduce the supply of labour to obtain non-labour income flows, which is a distortive decision for family employment. It is this substitution effect that attracts many researchers and decision makers. Several studies have shown that remittances limit the participation of family members in the labour market, but other studies suggest that their effect on labour supply may be complex and vary according to gender and employment type(Amuedo-Dorantes C. a., 2006). Remittances have been shown to reduce child labour and increase the labour supply of older family members(Yang, 2008). Another concern expressed in the literature is that remittances change the consumption patterns of family members, which often results in the purchase of nonessential goods produced outside local communities or the acquisition of items for which increased use of energy is required. Some of these changes may be good, such as low demand for firewood, while others may be harmful to the global environment.

Macroeconomic factors that are influenced after Remittance Inflows

Macro level Pros

Remittances are an important and stable source of foreign exchange, it has been shown that they improve the credit rating of the country by preventing sudden reversal of current accounts in times of economic instability and facilitate the flow of new investments(Bugamelli, 2006). Recognizing this potential, many countries have developed proactive migration policies and the necessary institutional framework to educate and guide potential migrants before migration to encourage remittances and investment in the country of origin.

Lower developing countries experience more outward migration and receive greater remittance flows. According to some studies, remittances reduce inequality by helping people in rural and poor areas. However, the evidence varies considerably from one country to another, and many studies report a decrease in inequality in Mexico, but not in Pakistan or the Philippines, among others. There are also differences in the choice of migration in each country. One study suggests that remittances can increase income inequality if international migration is limited to the elite or to a certain group of society(Stark, 1986). This may explain why remittances are more balanced in Mexico, where migrants are neither at the bottom nor on the top of the skills distribution, as in other countries.

Macro level Cons

On macro-economic level two main areas of concern which have found broad empirical support in the literature: Problems of moral hazard and the impact of remittances on the prices of goods produced in the country and exchange rates. Moral hazard problems are related to the potential reduction in supply of labour, establishing conspicuous consumption patterns and inability of developing a culture of savings that allows future investment and development. As an another effect of remittance flows is their effect on exchange rates through the increase in prices of goods produced in the country. Remittances can indirectly affect the real exchange rate, which leads to the "Dutch disease" phenomenon, where there is a real increase in the flow of remittances or a delay in the depreciation of the exchange rate. A higher exchange rate slows real GDP growth due to lower net exports (less injection) and higher import demand (greater leakage in circular flows). Declining demand and export production can cause job losses because companies want to control their costs. Some job losses are temporary and reflect short-term changes in export demand and import penetration whereas others are permanent when imports occupy a higher share of domestic market. In this way increased exchange rate leads to a negative multiplier effect on economy as a whole. Some studies argued that remittances can increase the consumption of non tradable commodities and the prices of domestically produced commodities reduce exports and inversely affect country's competitiveness in global market.(Pozo, 2004).

Remittances; A Development Mantra or a Dutch Disease

Remittances raise the question of whether it will promote economic growth through investment and prove that it is a 'Development Mantra' (resource blessing), or if it can reduce the competitiveness of a country's exports due to the 'Dutch Disease' (resource curse). Figures and statistics published by World Bank would help us to draw certain result regarding this issue.

We are taking into consideration top three countries (India, Mexico, Philippines), in order to compare and contrast their remittance flow and Economic growth pattern. We are calculating here the correlation coefficient between these two variables to check the strongness of their relationship. We are also doing regression analysis of these two variables so that we may analyze better about their dependence on each other. For the whole analysis we are using World Bank data of the time period 2008-2018.

Table 2

Economic growth as percent change in GDP

Years	India	Mexico	Philippines
2008	3.09	1.14	4.15
2009	7.86	-5.29	1.15
2010	8.5	5.12	7.63
2011	5.24	3.66	3.66
2012	5.46	3.64	6.68
2013	6.39	1.35	7.06
2014	7.41	2.8	6.15
2015	8	3.29	6.07
2016	8.17	2.92	6.88
2017	7.17	2.07	6.68
2018	6.98	1.99	6.24

Source: The World Bank

Table 3

Remittances as percent of GDP

Years	India	Mexico	Philippines
2008	4.17	2.35	10.82
2009	3.67	2.45	11.86
2010	3.19	2.09	10.8
2011	3.43	1.99	10.29
2012	3.77	1.93	9.84
2013	3.77	1.82	9.83
2014	3.45	1.89	10.02
2015	3.28	2.24	10.18
2016	2.74	2.66	10.21
2017	2.6	2.79	10.46
2018	2.88	2.91	10.22

Source: The World Bank

Table 4

Correlation 'r' between Remittances as % of GDP & Economic growth as % change in GDP of the three countries

	India			Mexico			Philippines		
Years	% change in GDP	Remittances as % of GDP	r	% change in GDP	Remittances as % of GDP	R	% change in GDP	Remittances as % of GDP	r
2008	3.09	4.17	-0.65	1.14	2.35	-0.26	4.15	10.82	-0.73
2009	7.86	3.67	-0.42	-5.29	2.45	-0.25	1.15	11.86	-0.71
2010	8.50	3.19	-0.54	5.12	2.09	-0.30	7.63	10.80	0.10
2011	5.24	3.43	-0.59	3.66	1.99	-0.28	3.66	10.29	-0.35

2012	5.46	3.77	-0.62	3.64	1.93	-0.19	6.68	9.84	-0.25
2013	6.39	3.77	-0.42	1.35	1.82	0.04	7.06	9.83	-0.20
2014	7.41	3.45	0.16	2.80	1.89	-0.68	6.15	10.02	0.56
2015	8.00	3.28	0.38	3.29	2.24	-0.92	6.07	10.18	0.43
2016	8.17	2.74	-0.15	2.92	2.66	-0.91	6.88	10.21	0.18
2017	7.17	2.60	-1.00	2.07	2.79	-1.00	6.68	10.46	1.00
2018	6.98	2.88	-	1.99	2.91	-	6.24	10.22	-

Note. r shows Pearson's coefficient of correlation

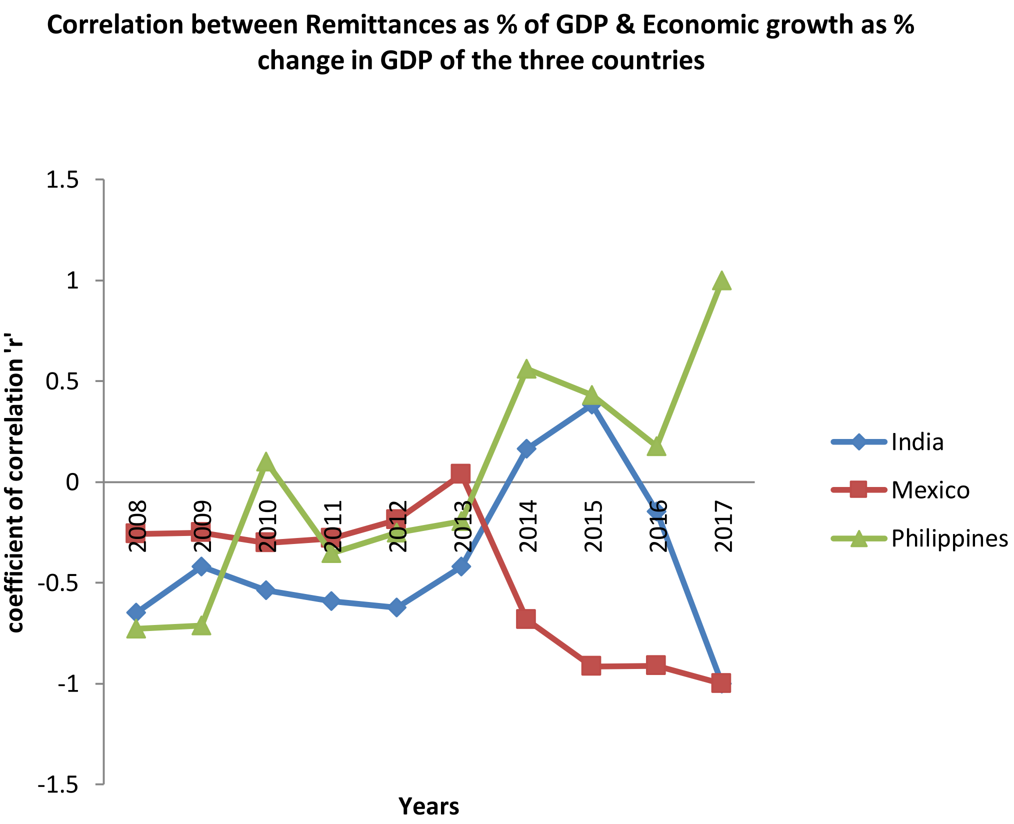
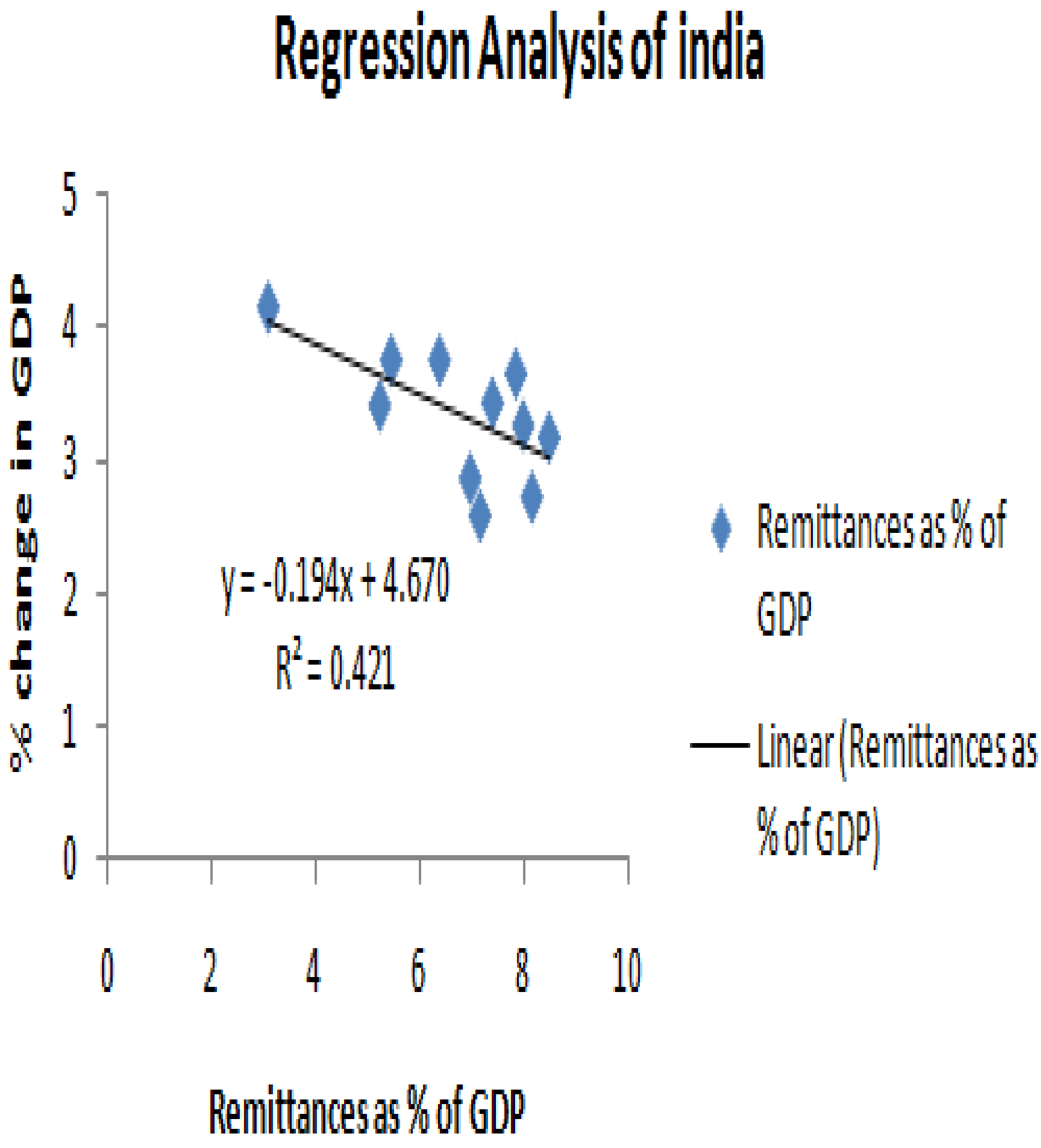


Figure 3. Correlation between Remittances as % of GDP & Economic growth as % change in GDP of the three countries

Figure 4. Scatter plot showing a linear relationship between economic growth as percent change



in GDP and remittances as percent of GDP of India

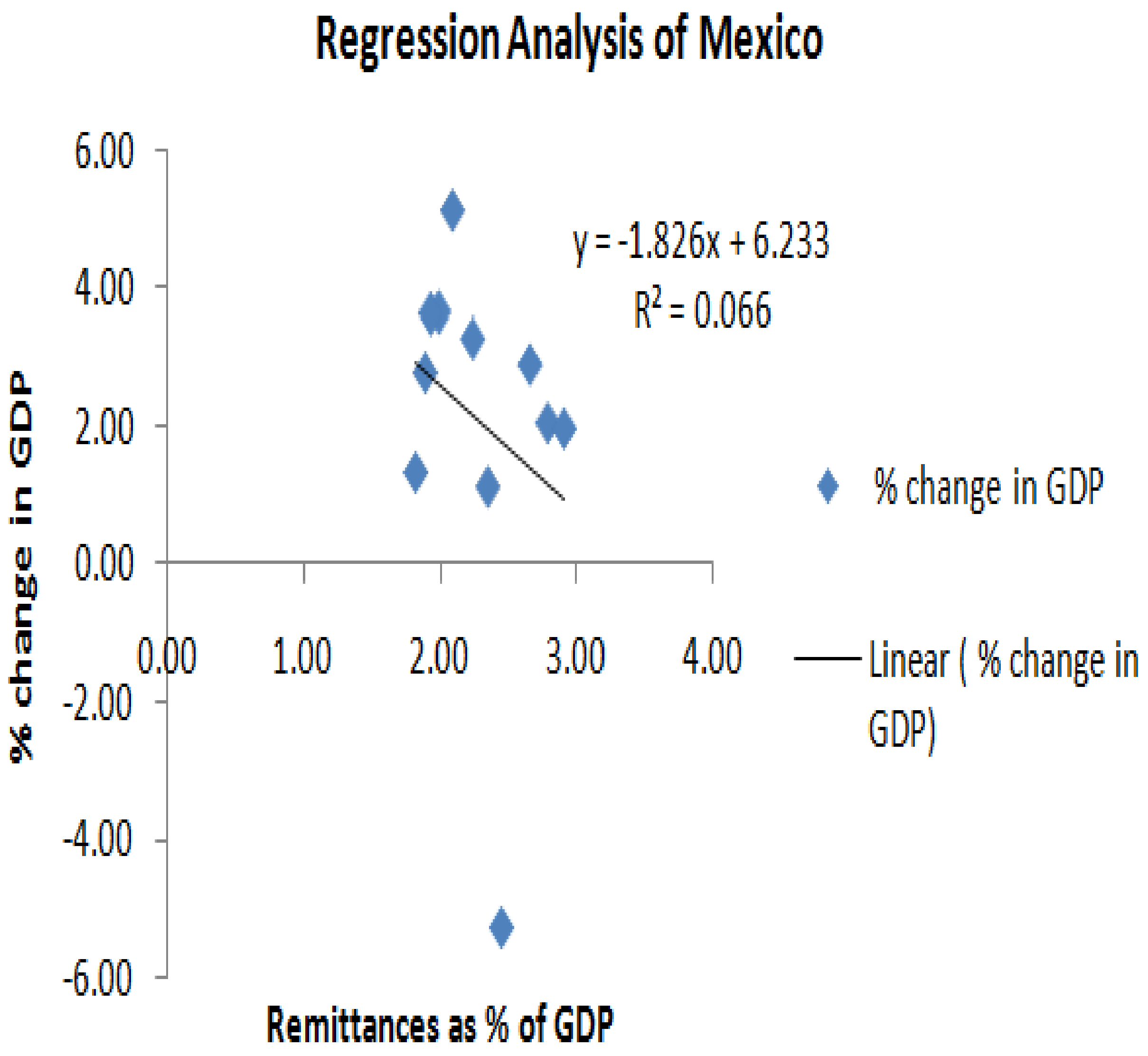


Figure 5. Scatter plot showing a linear relationship between economic growth as percent change in GDP and remittances as percent of GDP of Mexico

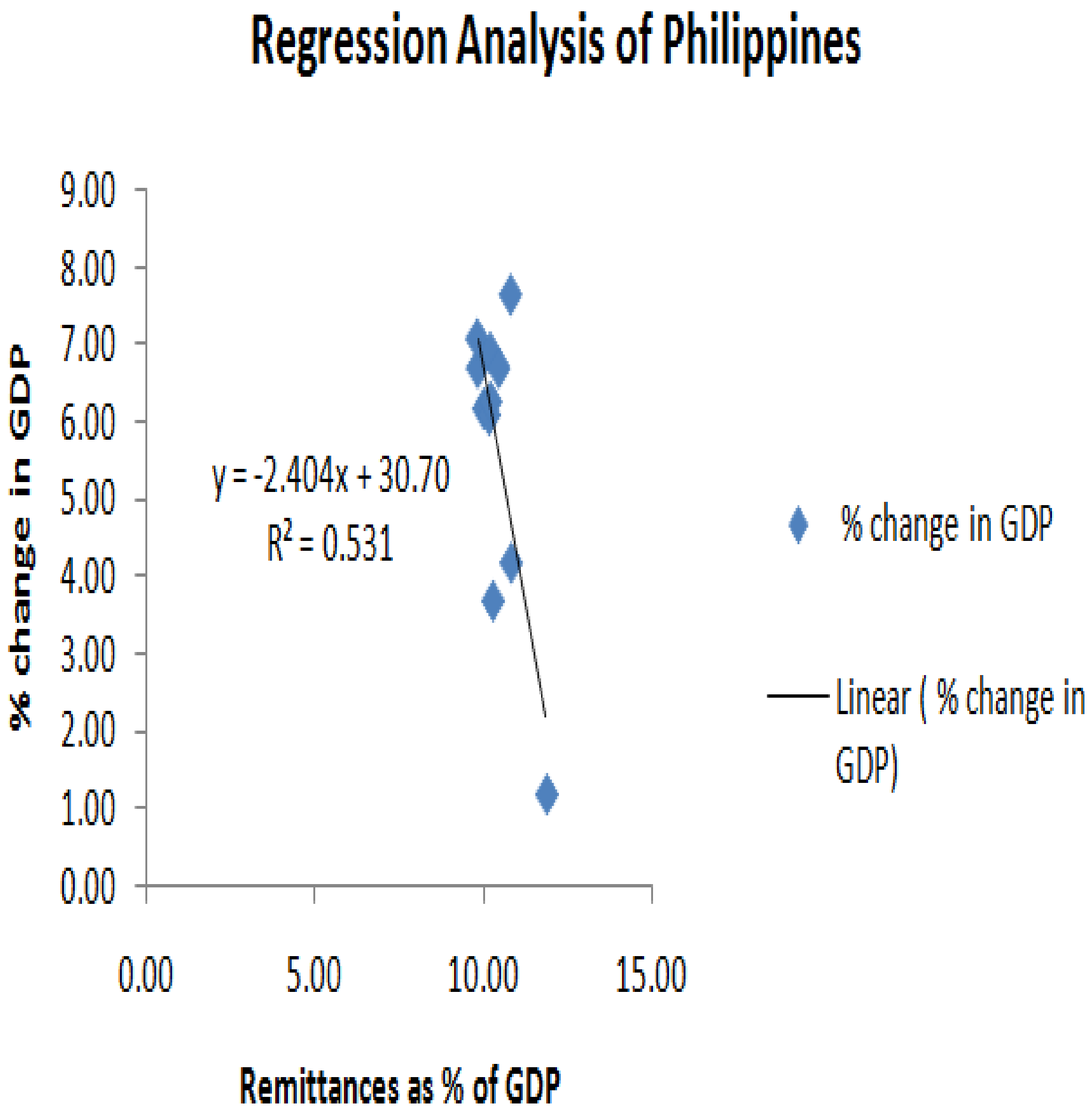


Figure 6. Scatter plot showing a linear relationship between economic growth as percent change in GDP and remittances as percent of GDP of Philippines

Table 5

Analysis of Regression Equation

Country	R^2	Intercepts (a)	Slope (b)
India	0.421	14.03	-0.19
Mexico	0.06	6.23	-1.83
Philippines	0.53	30.7	-2.40

Note. **y = bx + a**

y is Economic Growth as % change in GDP

x is Remittance as % of GDP
a is intercept that shows the value of y variable when x=0
b is rate of change in y with respect to rate of change in x
R^2 is Coefficient of Determination as an indicator of the goodness of fit

Result

Coefficient of correlation 'r' is calculated from the data mentioned in table 2 and table 3. Statistics of coefficient of correlation 'r' (Table 4 and Figure 3) is simply drawing a common result for all the three countries. There is a moderate correlation between our two variables. It shows change of one is not depending too much on change of the other variable. Maximum number of times its value is negative that interprets inverse relationship between the two variables. It indicates that when Remittance as % of GDP increases, it creates inverse impact on Economic Growth. The reason may be higher influence of micro and macroeconomic cons, that are already being explained earlier in this study, of remittances on a country. In few particular years value of r is positive that is indicating towards micro and macroeconomic pros of remittances. Negative impacts are more dominating throughout the time period that had been taken into consideration. R Square (R^2) is the Coefficient of Determination, which is used as an indicator of goodness of fit. It shows how many points fall on the regression line (Table 5).In India 42% of the dependent variables (y-values) are explained by the independent variables (x-values). Sufficiently higher value of intercept (14.03) is showing that there is enough economic growth of this country, assuming remittances as % of GDP as zero. In Mexico 6% of the dependent variables (y-values) are explained by the independent variables (x-values). Value of intercept (6.23) is relatively lower but its positivity showing almost the same result. In Philippines 53% of the dependent variables (y-values) are explained by the independent variables (x-values) and value of intercept is very high (30.7) showing again the same result.Value of b or the slope in all the three countries are negative that are indicating opposite relationship between our two variables. India has a flatter curve (figure 4) as compare to Mexico (figure 5) and Philippines (figure 6). Rate of change in y with respect to rate of change in x is very less in India whereas very high in Philippines. This shows more elastic effect of remittance on economic growth in India whereas inelastic impact of remittance on economic growth in Mexico and Philippines. Remittances are playing considerable role in Economic growth of later two countries as compare to India.

Conclusion

Remittances have helped many villages for their transformation, but newly constructed houses are often empty because their owners live in other developed countries. Similarly, remittances have helped build better schools, but enrollment is lower. The greater amount of material wealth of these people seems to be gradually reducing their long-term future. What is good for migrants and their families may not be equally advantageous for communities. In societies highly dependent on migrants' income, a culture of dependence is often formed. In several contexts, it was observed that family members simply stopped working and waited for month-to-month overseas income. These negative effects of incentives, a form of moral hazard, are also the result of a salary increase. Young people prefer to remain unemployed and wait for the possibility of getting overseas employment instead of doing a job in their own country. Remittances increase consumption faster than production and cause long-term sustainability problems.

The negative effects of incentives can also work at the national level. If remittances are relatively large and are spent on non-traditional funds (housing and land are particularly favored), the country is likely to suffer the effects of the Dutch disease. This actually leads to a higher real exchange rate, which makes exports less competitive. The country's main export product may be low cost factor i.e. labour, rather than labour-intensive products.

Key findings

Pros	Cons
Remittances can increase the well-being of receiving households by smoothing consumption and improving living conditions. Remittances can facilitate the accumulation of human capital by making possible improved sanitary conditions, healthier life styles, proper healthcare, and greater educational attainment. Remittances can ease the credit constraints of unbanked households in poor rural areas, facilitate asset accumulation and business investments, promote financial literacy, and reduce poverty.	Remittances can reduce labour supply and create a culture of dependency that inhibits economic growth. Remittances can increase the consumption of no tradable goods, raise their prices, appreciate the real exchange rate, and decrease exports, thus damaging the receiving country's competitiveness in world markets.

Limitations and Delimitation

In general, when considering the impact of remittances in recipient countries, it is necessary to take into account the limitations of the research that undoubtedly determine the results of the study. Most studies focus on a country or region at any given time. Due to the cultural differences and behaviors of each country, some empirical evidence based on one country may not be generalized to other economies. For example, although remittances are a cause of Dutch disease in a country like India, they may not be proved as same in a large economy like Mexico. In addition, the effects of remittances may vary over time in a given country, depending, among other things, on their policies and characteristics of migrants.

The study is delimited to three selected countries, i.e. India, Mexico and Philippines on the basis of word bank ranking of remittance recipient countries. These three countries lie on the top three ranks in this category.

Recommendations

Remittances, as well as international migration, can be reduced by strengthening anti-immigrant sentiment and by adopting huge enforcement practices in host countries. The way in which remittances are used or spent is a major cause of wide multiplier effect in the economy and its development. Although expenditure pattern vary from country to country yet some similarities in order of priorities can be observed that recipient families and sending migrants give to their consumption.

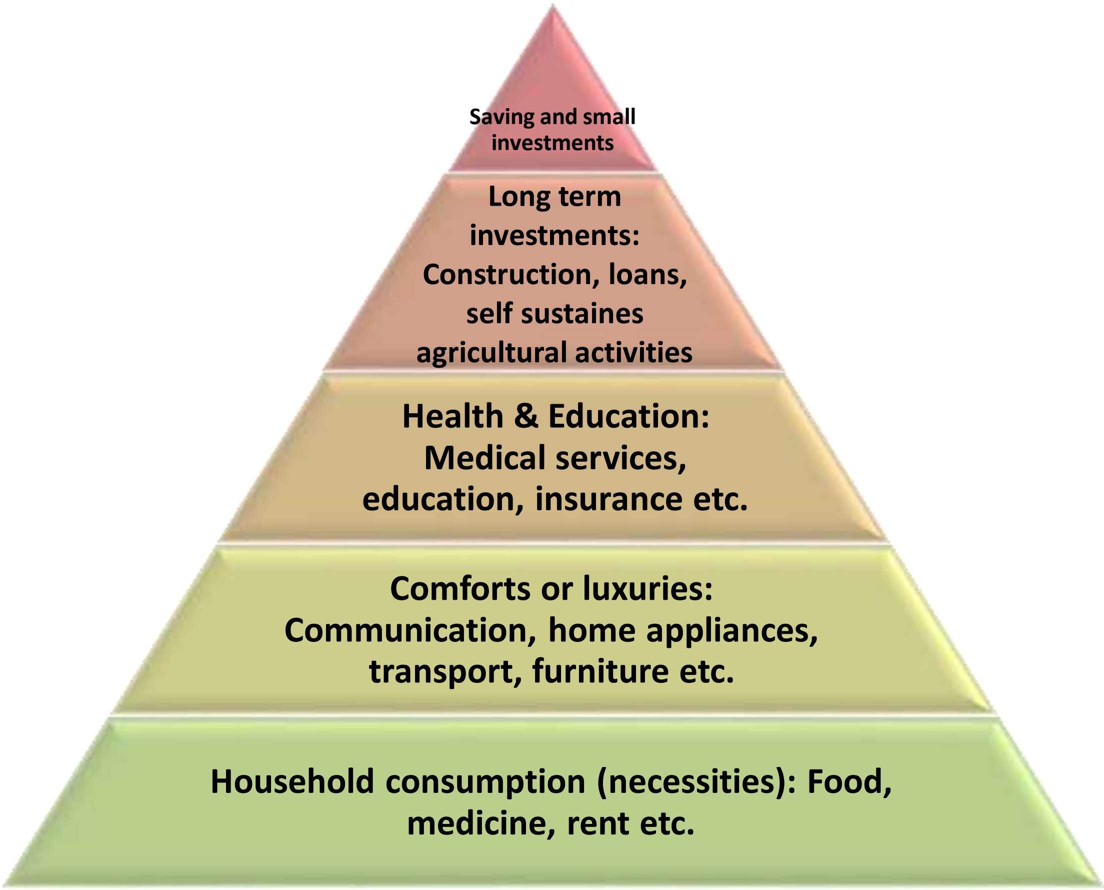


*Figure 7.*Usage of remittances in home country

When a share of remittances is used for small business investments, the multiplier effect becomes larger and more sustainable as they create income stream. Steady flows of remittances and other funds from migrants can have important stabilizing effects on the balance of payments. Such funds also improve a country's creditworthiness for external borrowing

Emigrants can play an important role in supporting the development of infrastructure and public services of their home country such as roads, hospitals and schools. The Indian Government, through Ministry of Overseas Indian Affairs and Confederation of Indian Industry, is presenting a national infrastructure project to overseas Indians in many immigrant countries. Indian migrants may participate through public–private partnerships that would include their contribution through knowledge and finance. This vision is helpful to open a new way to finance significant infrastructure projects by migrants, especially those who are interested in promoting development and higher standards of living in their countries of origin. Mexico is also famous to take initiative for seeking emigrants' contributions in its development projects by providing matching funds. Migrants spending can attract trade in goods and services from their home country.

References

Aggrawal, R. A.-K. (2006). Do Remittances Promote Financial Development? *World Bank Policy Research, Working Paper No. 3957* .

Al-Assaf, G. a.-M. (2014). *Modelling the Macroeconomic Determinants of Workers' Remittances: The Case of Jordan.* International Journal of Economics and Financial Issues, Vol. 4, issue 3, p. 514-526.

Amuedo-Dorantes, C. a. (2010). Accounting for remittance and migration effects on children's schooling. *World Development, 38:12* , 1747–1759.

Amuedo-Dorantes, C. a. (2006). Migration, remittances, and male and female employment patterns. *American Economic Review, 96:2* , 222-226.

Barajas, A., Chami, R., Fullenkamp, C., & Montiel, P. (2009). Do Workers' Remittances Promote Economic Growth. *IMF Working Paper Series.*

Bugamelli, M. a. (2006). Workers' Remittances and Current Account Reversals. *Bank of Italy* .

Chami, R. C. (2003). Are Immigrant Remittance Flows a Source of Capital for development? *International Monetary Fund* .

Choi, H. a. (2007). Are remittances insurance? Evidence from rainfall shocks in the Philippine. *World Bank Economic Review, 21:2* , 219–248.

Factbook. (2016). *Migration and Remittances.* Group, Worldbank and.

Giuliano, P. a.-A. (2009). Remittances, Financial Development and Growth. *Journal of Development Economics, 2009* .

Holmes, G. M. (2013). Remittances and the real effective exchange rate. *Applied Economics* , Volume 45, 2013 - Issue 35, 4959-4970 .

Mundaca, B. G. (2009). Remittances, Financial Market Development, and Economic Growth: The Case of Latin America and the Caribbean. *Review of development economics* , Vol. 13, issue 2, 288-303.

Paresh Kumar Narayan, S. N. (2011). Do Remittances Induce Inflation? Fresh Evidence from Developing Countries. *Southern Economic Association* , Vol. 77, issue 4, 914-933.

Pia M. Orrenius, M. Z. (2010). Do Remittances Boost Economic Development? Evidence From Mexican States. *Federal Reserve Bank of Dallas, Research Department Working Paper 1007*.

Pozo, C. A.-D. (2004). Workers' remittances and the real exchange rate: A paradox of gifts. *World Development, 32:8* , 1407–1417.

R. Chami, C. F. (2003). Are Immigrant Remittances Flows a Source of Capital for Development. IMF Working Paper (WP/03/189).

Simon Feeny, S. I. (2014). Remittances and Economic Growth: Larger Impacts in Smaller Countries? *The Journal of Development Studies, 50:8, 1055-1066, DOI: 10.1080/00220388.2014.895815* , Volume 50, Issue 8, 1055-1066.

Stark, O. J. (1986). Remittances and inequality. *The Economic Journal, 96:383* , 722–740.

Taylor, E. J. (1999). The New Economics of Labour Migration and the Role of Remittances in the Migration Process. *International Migration* , Vol. 37, Issue 1, pages 63-88.

Trends in Remittances, 2016: A New Normal of Slow Growth. (2016). blogs.worldbank.org.

worldbank.org. (2016). *Remittances to Developing Countries Expected to Grow at Weak Pace in 2016 and Beyond.*

Yang, D. (2008). International migration, remittances, and household investment: Evidence from Philippine migrants' exchange rate shocks. *The Economic Journal, 118* , 591–630.

Author profile

I am purely an academician. Currently I am working as an Assistant Professor in Department of Finance and Banking, College of Business Administration, Jazan University, Jazan, KSA. I obtained my Ph.D. degree from Department of Economics, Aligarh Muslim University, Aligarh, India. My principle research interests lie in the field of development and growth of Infrastructure Sector (physical, social, financial) of any country and further its impact on the economic growth of that country. My writing work is mostly on Regional Disparities in India, Need for Infrastructure Reforms in India, Development of Social Infrastructure and Economic Growth of any Country etc. My publications are under topics such as 'Performance of the Indian Agriculture under WTO Regime', 'Role of Infrastructure in Saudi Arabian Economy', 'Impact of Bank Lending on Economic Development in KSA', 'Impact of Geographical Expansion on Economic Development: Case Study of Jazan City'.