

INTERNATIONAL WORKER REMITTANCES TO DEVELOPING ECONOMIES: AN ANALYSIS OF MACROECONOMIC IMPACTS

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ABSTRACT

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Remittance flows are a great source of external income to families in many developing countries. There are opposing views as to whether this impact will be beneficial or detrimental. This paper aims to provide a broad overview of existing ideas in the remittance literature, and analyze the macroeconomic impacts of remittance inflows for twenty six developing countries. A fixed effects panel model is employed for a sample of 26 countries across 5 years to ascertain the determinants of real per capita income growth, including FDI, Remittances, Government expenditure, human capital variables and others. It is found that remittances have a positive effect on growth of per capita income. This implies that remittances are a potentially strong source of development finance and must be harnessed by governments in the most efficient way