



The Impact of Expatriate Remittances on Economic Growth In Pakistan Economy

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Abstract

The objective of this study is to look into the impact of remittances on economic growth in Pakistan. Pakistan came in tenth in terms of remittances collected. Policymakers can benefit from a better understanding of this link. For the purposes of this study, Pakistan data was obtained from the World Bank's Economic Data website between 2001 and 2019. Economic growth is proxied by the independent variable (IV), GDP per person growth, and remittances. According to the test known as the Augmented Dickey Fuller (ADF) and the least squares approach, remittances have both immediate and long-term significant effects on the growth of the economy. Policymakers might use the outcomes of this study to design future migrant labor management measures. Over time, Pakistani foreigners have sent more money home as remittances. Money transfers to Pakistan grew from a value of \$19.9 billion in 2020 to a total of \$31.9 billion in 2021, based on data from the State Bank of Pakistan, suggesting a considerable increase in foreign exchange intake. The remittances have been essential in helping improve the country's balance of payments, supporting the local currency, and increasing levels of consumption and investment. The funds sent back home have supported the local currency's power, improved the country's balance of payments, and stabilized its currency reserves. This has had a favorable impact on the nation's economic development, resulting with increased investment, greater amounts of consumption, and better living conditions for those who live there. The governing body should keep establishing measures that encourage foreigners to send money home to Pakistan in order to help with the flow of remittances.

Keywords: *Gross capital formation, economic expansion, GDP per capita growth, expatriate remittances, and foreign direct investment*



Introduction

Scope of the study

Pakistan holds a substantial quantity of foreign debt, making remittances an important source of foreign currency for financing reserves and debt repayment. Remittances pose no risk and do not require repayment, making them an indispensable source of funding for development initiatives in developing nations. Bangladesh, India, and Pakistan contributed US\$15.5 billion, US\$21 billion, and US\$78.6 billion, respectively, in 2018, ranking first, eighth, and ninth in the globe. In 2019, South Asia is projected to have received US\$140 billion in remittances, representing 19.61% of global remittances and a growth rate of 6.1%. Switzerland, India and Bangladesh were chosen for this investigation due to the fact that they are three of the best 10 nations globally with respect to of remittances.

The objective of this investigation is to look into the link between remittances and GDP growth in Sri Lanka, Pakistan, Bangladesh, and India. Sri Lanka was selected because its remittances as a proportion of GDP are greater than those of the other three countries. Overall, the volume of remittances has increased and remained stable in all four countries over time, with eight South Asian countries having the maximum proportion of remittances to GDP. The objective of this investigation is to look into the link between remittances and GDP growth in Pakistan, Sri Lanka, Bangladesh, and India.

Figure 1

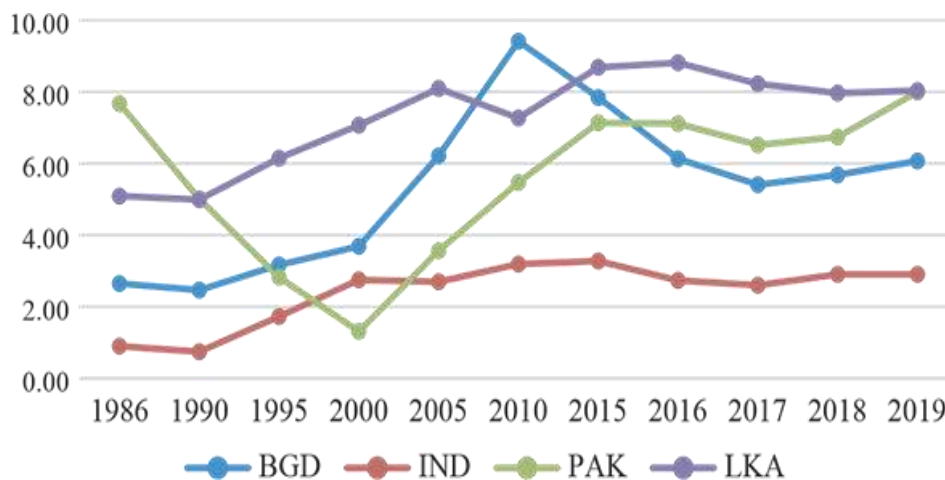




Table 1
GDP, Source: World Bank (2020)

	1986	1990	1995	2000	2005	2010	2015	2016	2017	2018	2019
BGD	0.97	1.05	1.68	2.47	5.33	10.85	12.28	10.29	9.73	11.03	12.74
IND	3.58	3.77	11.23	24.02	32.20	53.48	75.18	67.93	69.14	81.96	85.40
PAK	4.84	3.98	2.81	1.53	5.35	9.69	15.39	16.18	15.66	17.13	20.53
LKA	0.94	1.03	1.65	2.42	3.37	4.12	6.64	7.04	6.81	6.81	7.03

Remittances are contributions made by migrants who reside abroad to relatives back home, and they are the primary factor of foreign currency revenue for developing nations. They are the primary cause of increased investment and consumption in recipient countries, and can help advance healthcare and education as well as the fight against poverty. However, remittances can be damaging if they are spent rather than invested, which is usual in underdeveloped nations. Remittance inflows are crucial for economic growth in developing nations, which can be achieved by addressing the balance of payments issue, limiting foreign borrowing, and addressing the nations' current deficit issues. Azizi 2020; Iqbal and Sattar 2010 are two important figures in the field of remittance. According to Ferrolino (2019), the Philippines has a consumption-driven economy that is supported by remittances that households have been sending back and forth from the past to the present. This is why I thought the theoretical method of modelling people's behavior as present- or prospective based on their usefulness relevant. This is due to the fact that people frequently live in temporal periods that overlap with one another, Endowments and savings for future use arise, disrupting the basic flow of the relationship between funds and spending (Verheyden & Delpierre, 2014).

They provide insurance and a tool for promoting current consumption, and may even reduce the need to save or increase savings in order to build up future riches. However, a representative household's utility-maximizing decision between present and future consumption is likely to be uncertain.



1. To establish frameworks for reviewing remittance management policies in light of their economic impacts.
2. The purpose of this investigation is to determine the impact of remittances on a stable state collective income, accumulation of capital, and expenditure.

Problem statement

Pakistan has become one of the globe's top recipients of remittances. However, the consequences of these remittances on this nation's GDP remain uncertain. Nevertheless, despite the enormous remittances flowing into Pakistan, the state's economy continues to face numerous obstacles, such as high unemployment, slow economic development, and a massive trade deficit. Consequently, it is essential to comprehend the effect of foreign remittances on Pakistan's GDP and to identify any obstacles that may be preventing their utmost contribution to the national economy.

In order to address the problem, this study investigates the relationship between overseas remittances and economic progress in Pakistan. Specifically, the research aims to address the following questions: What effect do expatriate remittances have on Pakistan's economic growth? What factors influence the influx of expatriate remittances into Pakistan? And what policy implications can be derived from the findings so that the financial advantages of remittances are maximized?

Research objective

1. To determine which variables, influence the inflow of foreign remittances in Pakistan, such as political stability, financial situations in host nations, and currency exchange.
2. To determine the effect of foreign remittances to the Pakistani economy in terms of job creation, reduce poverty, and currency exchange profits.
3. To assess the long-term impact of overseas remittances on the Pakistani GDP.
4. To propose policy recommendations to the government of Pakistan in order to maximize the influence of remittances on Economy and to address any problems that may be hindering their full input to GDP progress.
5. To contribute to existing studies on the impact of remittances from abroad on economic progress in developing nations, particularly in the South Asian states.



Significance of the study

1. **Policy Implications:** This research will provide policymakers with a complete knowledge of the effect of foreign remittances on Pakistan's GDP, as well as proposals to maximize their investment in the country's economy. This will assist the government of Pakistan to adopt policies that promote the inflow of foreign of such remittances and boost their financial stability.
2. **Economic Growth:** This paper will enhance to the current investigation on the effect of foreign remittances on GDP in emerging economies, especially in the South Asian region. This will give insight and understanding on how emerging economies might utilize remittances to achieve long-term economic expansion.
3. **Employment:** This paper will investigate the impact of foreign remittances to workforce in Pakistan, which is an essential element for reducing poverty as well as financial growth. This will help governments to create strategies that boost employment and optimize the favorable effects of remittances on reducing poverty.
4. **Exchange Rate:** This research will analyze the effect of currency fluctuations on the remittance inflow in Pakistan. This will give knowledge about the variables that influence the inflow of remittances and will allow regulators to create measures to promote remittance flows during times of fluctuations in exchange rates.
5. **Foreign Exchange Earnings:** This research will analyze the impact of foreign remittances to currency exchange profits in Pakistan. This will give knowledge on the significance of remittances in managing the payment balance and global stability.

Limitations

People and specialized groups within a nation-state work diligently to better the nation-state's quality of life and financial condition, thereby contributing to its economic growth. Overseas remittances contribute enormously to economic growth since they provide a source of income for addressee families in Pakistan and help to alleviate their financial challenges. The administration must break the cycle of development and progress dependent on remittances. Intercontinental relocation is a significant aspect of the internationalization of the world's monetary system and has been observed to have an impact on individuals, organizations, and nations. This paper examines the concept of intercontinental relocation and how it can be utilized to generate policies that increase remittances and promote economic development. It has been determined that



remittances contribute more to the economy than (ODA) and (FDI) (The Manila Times, 2020; Barne & Pirlea, 2019). They are also used as insurance against income fluctuations and investments in real estate, durable consumption goods, and non-land assets. Remittances may lower the requirement to save as income grows, or they may raise the requirement to save in order to develop future assets. This could lead to inconsistency between current and future usage.

- To assess the effect of remittances on a stable state collective income, accumulation of capital, and expenditure; and
- To offer mechanisms for rethinking strategies for regulating remittances in view of their financial consequences.

A stable state values of particular macroeconomic parameters will be examined using a mathematical method, namely an (OLG) model. It will corroborate actual findings and add to the ongoing discussion about the developmental effects of remittances.

Literature Review

Remittances' Macroeconomic and Developmental Impacts

The discussions of how remittances affect macroeconomic and developmental outcomes have largely produced congruent findings, underlining the benefits of remittances. Studies have also examined the negative consequences of remittances, including the prevalence of Dutch disease, loss of talent, a dependence society, and extreme consumerism are all widespread. (Ratha & Moghaddam, 2020; Sutradhar, 2020; Bredtmann et al., 2019; Amuedo-Dorantes, 2014;

This inspires me to pursue an intellectual approach to the investigation of remittances and immigration. In response to my research query, I would like to investigate why remittances affect my chosen macroeconomic parameters of interest: collective income, accumulation of capital, and expenditure.

Remittances and Overall revenue

The Philippines obtains a significant quantity of remittances from its OFWs, which can boost income, encourage usage, and reduce unemployment. Factors such as migration and out-migration can affect the wages structure of the sending country and the efficiency of the economy. Remittances can have a negative impact on total income, as they may cause agricultural production to decline due to overseas workers having access to more profitable possibilities. This is supported by Burgess and Haksar (2005) and Ang (n.d.) Some argue that

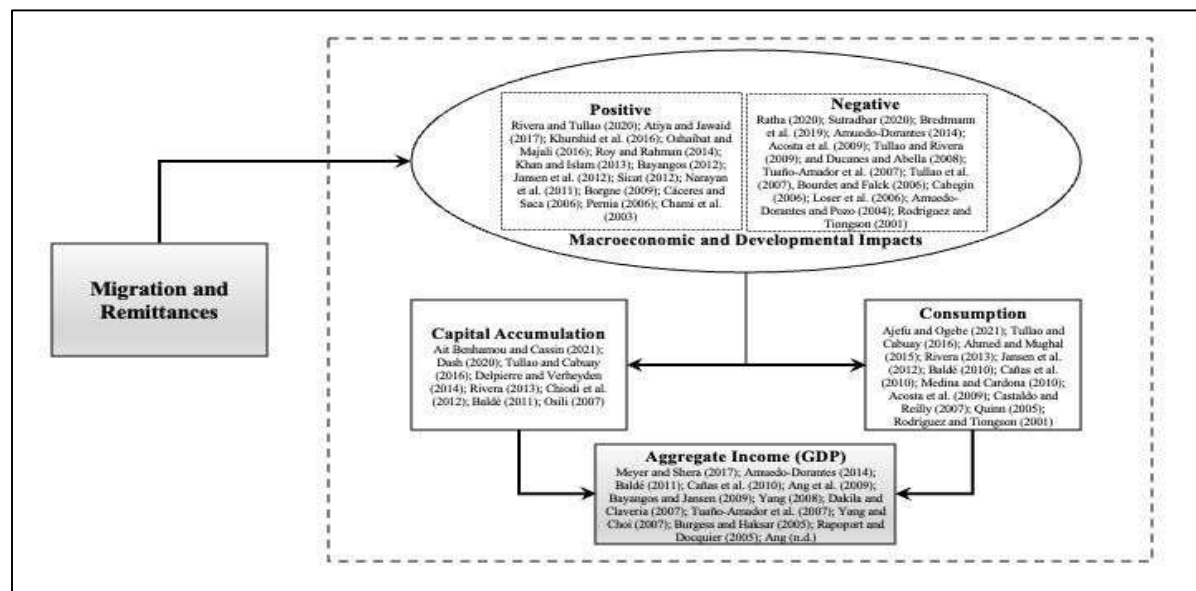
while remittances can lead to financial advancement, strong regulations and an encouraging atmosphere are required for it to be a successful engine of growth.

Capital Growth and Remittances

Remittances are an expansion driver in nations with fewer advanced financial networks because they give an alternative to bank-provided financial operations and ease loan limitations. Similar to this, Osili (2007) proposed that remittances subsidies recipient households.

Figure 1.

Literature Map



Remittances are private flows and are delivered to the families of beneficiaries, with a major percentage of them kept for capital accumulation. When the recipient household grows, the savings from remittances get smaller, resulting in a 10% rise in savings. The influence of remittances on total income is determined by the rate of investing, repayment of debt, and accumulation of capital at household level. Remittances have the potential to boost economic development, but their impact is mediated by capital accumulation, investment, and savings.

Remittances and Consumption

Remittances have been shown to improve happiness through raising consumption of things such as nutrition, durables, healthcare, schooling, and rent. (Cabuay & Tulao, 2016, Mughal & Ahmed, 2015 ;). However, remittances can also have drawbacks such as increased consumption and saving,



a decrease in leisure time, and a culture of migration. These factors can have an effect on total income and capital accumulation.

Research Gap

According to the literature map in Figure 1, the majority of studies examining the economic effects of remittances utilized both conceptual and empirical approaches. I felt it was important to add to the growing body of information by providing a different approach (i.e., a mathematical method) for trying to clarify the financial implications of remittances, despite the fact that the increasing debate is vital for the constant endorsement and modifying of the most recent advances in remittances and migration. Thus, policies aimed at boosting the beneficial consequences of remittances and moderating their adverse impacts would be backed by both actual and theoretical data. Tehseen Jawaid (2012) clarifies the significance of foreign remittances to Pakistan's economic expansion. He involves 113 nations information for the time of 2003-2009 for his investigation. His findings indicate a positive and significant connection between these nations' economic growth and the amount of money sent back home. His findings demonstrate that, in contrast to high-income nations, low- and middle-income nations are rapidly convergent. Pablo Acosta (2007) explores the importance of remittances for economic progress of the country. The author finds impact of remittances on poverty, education and health in 11 Latin American countries. His findings show that remittances play important role in poverty reduction. It has positive and significant effect on education and health. [Irfan (1986) ; Khan, (1985); Rashid (1983); Amjad (1986); Gilani (1981); Abbasi and Irfan (1983)] has empirically indicated that if the remittances continue to fall it will be difficult to maintain a high rate of growth and Pakistan will face balance of payment problems. The recent development in Gulf directed towards the problem of return migration which has resulted in significant decline in remittances. As reported by World Bank, Pakistan would lose 480 million US\$ (about 10 billion rupees) during 1990 which is about 6.2 percent of GDP and about 25 percent of total remittances (Daily Dawn, October, 1990)

The Macroeconomic and Influences of Remittances

Because the majority of research have concentrated on labor-sending nations (receiving-remittances nations), economic research on the influence of foreign labor remittances on GDP



growth in nations receiving the workforce (send remittances nations) is exceedingly scarce and inadequate. These inquiries can be split into two types in general:

- a. There are a numerous of research on the impact of ELR on the economy of remittance-receiving nations such as Turkey, India, Pakistan, and Egypt.
- b. The scarcity of research and analyses on the consequences of these payments on the economies of the countries receiving labor, particularly (GCC) nations and, in particular, Saudi Arabia.

Sghaier (2021) examined the impact of remittance flows and FD on EG for the 7 MENA nations using panel information from 2000 to 2018. The GMM technique discovered that EG, remittances, and FD are all positively connected in the MENA region. Determining factors that are crucial to the flow of remittances. Remittances are typically discouraged by high transaction costs, while bigger remittance inflows to the recipient countries are attracted by lower transaction costs. According to studies conducted by Ali Bare et al. (2022) analyzing the intermediary effect of FD in the link between investment in human growth and remittances for Africa that is sub-Saharan, when remittances communicate with FD, the influence of remittances becomes greater and empirically influences human capital. Pandikasala, Vyas, and Mani (2022) investigated the connections between remittances and foreign direct investment in the Indian economy and observed that FD substantially boosted remittance inflows as remittance users used different kinds of financial services for saving and investing these foreign funds in stronger industries.

Jushi et al. (2021) examined the influence of remittances on the economic growth in eight European countries: Greece, Serbia, Macedonia, Kosovo, Montenegro, Albania, and Kosovo, using data from 2000 to 2017. According to the study's use of the VAR model, remittances had no effect on economic development, although trade and FDI did. Between 1996 and 2017, Chuc et al. (2021) investigated the effects of remittance flows and financial integration on the growth of the economy in 60 nations with low or middle incomes.

The study by Jena, N. R., and Sethi, N. (2021) investigates the impact of foreign aid, remittances, and investment on the South Asian region's economic growth prospects. For this research, a sample of eight South Asian countries from 1990 to 2017 is being considered. The data consists of numerous variables, including GDP, foreign aid, remittances, FDI inflow, domestic investment, inflation rate, and trade. Hassan et al. (2021) investigate the relationship between



Pakistan's, Income Inequality, Poverty, Democratic Accountability and Investment Portfolio. For this purpose, the study's 35-year annual data set from 1984 to 2019 is utilized. A few of the components of the data are employment, population, remittances, investment portfolio, democratic accountability, destitution, and income inequality.

Onoja and Chagwiza (2020) investigated how macroeconomic stability and remittance inflows in Nigeria affected poverty. Time series data from the years 1977 to 2014 are used in an econometric modelling technique (ARDL, co integration analysis) to determine their impact. The investigation suggests the following in order to alleviate poverty, the Nigerian government implement appropriate remittance management rules.

Focusing on how well remittances from overseas effect inflation and economic growth, Ali and Yasmin (2020). From 1972 through 2018, the data used in this study were collected annually. For this purpose, 35 years of annual data, from 1972 to 2017, were used in the study.

"Are remittances complaints relationship with government consumption and trade?" Williams (2020) looked into. Based on data from 99 nations between 1980 and 2018, this analysis. The goal of this research project was to find out why remittances influence the connection between spending by governments and trade. The dependent variable chosen was government consumption, which was influenced by trade, remittances, inflation, population, urban, and per capita GDP. For analysis, a fixed-effect model using OLS was used.

Abduvaliev and Bustillo (2020) looked into how remittances affected CIS countries' economic development and efforts to combat poverty. Remittances, secondary enrollment, the Gini, inflation, governmental consumption expenditure, and trade openness were independent factors in the first model. In the following model, income inequality, real GDP per capita, this research project came to the conclusion that poverty in CIS countries had a favorable impact on remittances through both channels.

Azizi (2019) investigated how remittances from employees affected inequality and poverty in emerging nations. The primary focus of this analysis is to examine how the transfer of cash affects inequality and poverty getting data from 103 under developing countries between 1990 and 2014. Variables in this study included per capita GDP, per capita remittances, poverty gap, poor headcount, Gini coefficient, poverty intensity, broad money, FDI, inflation, and political



unrest. The findings of this study demonstrated that poverty and inequality in developing nations are significantly reduced by remittance influx.

Capital inflows and growth of country in the Pacific region and developing Asia were described by Jongwanich and Kohpaiboon (2019). Based on panel data from 43 states between 1993 and 2013, this analysis. The main goal of the subsequent paper was to determine whether remittances and financial development could coexist in some capacity. The dependent variable was deemed to be economic growth. The independent variables included human capital, initial GDP per capita, remittances, venture government spending, trade openness, inflation, FDI, variety investment, and other stock movements.

Using a global sample, Tu et al. (2019) investigated an empirical analysis of remittance flow of money, financial inclusion, and economic development. In this study, panel data from 2004–2017 were used. This study discussed how financial inclusion and remittances have an impact on development. In this study, remittance was the dependent variable and other explanatory variables were used.

Quadri & Olayungbo (2019) examined the monetary growth, remittances, and growth in economy of the Sub-Saharan African nations. From 2000 through 2015, this study used panel data from 20 states. Personal remittances, FDI, inflation, relationship between economic growth, broad money supply, financial sector development, and population growth were independent factors, but GDP was a dependent variable. In this work, we employed mean group ARDL, pool mean group, cross-sectional dependence test, pool mean group, panel unit root investigation, and co-integration test. The findings of the subsequent study demonstrated a positive relationship between remittances and Gross Domestic Product over the short and long terms, with financial development acting as an auxiliary.

A dynamic panel analysis of credit and remittances in developing and developed states was established by Fromentin and Leon (2019). The following study's goal was to investigate how remittances affected credit in 27 developed and 30 developing states between 2000 and 2014. The study's variables included remittances, GDP, inflation, household credit, company credit, and foreign direct investment.



"Are remittances complaints relationship with government consumption and trade?" Williams (2020) looked into. Based on data from 99 nations between 1980 and 2018, this analysis. The purpose of this study was to investigate how remittances affect the relationship between government expenditures and trade. The dependent variable chosen was government consumption, which was influenced by trade, remittances, inflation, population, urban, and per capita GDP. The study's findings indicated that trade has a positive and significant impact on government expenditures in countries that receive few remittances.

Methodology

Design of Research: The study will use econometric analysis, a type of quantitative research, to look at how expatriate payments affect Pakistan's economic growth.

Data Collection Methods : The study includes secondary data from numerous sources, including the World Bank, the SBP, the Pakistan Bureau of Statistics, and other pertinent institutions. The data will span the years 2001 to 2019 to assess the influence of remittances on Pakistan GDP over the long term.

Ref: [State Bank of Pakistan \(sbp.org.pk\)](http://sbp.org.pk)

Ref: <https://data.worldbank.org/>

Sampling Design : The sample size will depend on the availability of data for each state of Pakistan. The study will use data from the SBP and the Pakistan Bureau of Statistics, and other relevant sources. The sample size related to variables are gathered from 2001 to 2019 (09 year).

Data Analysis Technique : The data was dealt with using the regression tool, and the results were analyzed using the E-views software and numerous statistical techniques, including the pair-wise two-tail analysis for testing the hypothesis. Prior to data processing, diagnostic procedures were carried out

Augmented Dickey-Fuller Test

Correlogram

Hausman-Test

Durban- Wats



Due to a shortage of stationery, data stationery is tested using the dickey fuller test, which is preferred to panel stationery. When descriptive variables are related to one another, autocorrelation and multi-collinearity arise, resulting in standard error and T-value effects. The null hypothesis must be accepted, and the Hausman-test is utilized to identify which model to adopt. If the null hypothesis is rejected, it is necessary to compare pooled OLS and fixed effect models. In the natural world, the influence of independent factors on dependent variables (or variables) is evaluated in a linear manner and the current research's model is applied to choose the model that is most effective.

Measurement of Variable: Expatriate Remittances: This variable will be measured in US dollars and will represent the amount of money transferred to Pakistan by expatriates from 2001 to 2019. The data will be collected from the State Bank of Pakistan and other relevant sources.

Economic Growth: This variable will be measured by the real Gross Domestic Product (GDP) in constant prices. It will represent the overall economic performance of Pakistan from 2001 to 2019. The data will be collected from the Pakistan Bureau of Statistics.

Result

Table 1

Null Hypothesis: R_G has a unit root

			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-15.99695	0.0000
Test critical values:	1% level		-3.857386	
	5% level		-3.040391	
	10% level		-2.660551	

The data above show the findings of the Augmented Dickey Fuller (ADF) test, which is used to locate roots of units in a time series and provides more evidence of non-stationary. It is recommended that information gathered from time series be stationary. Because this study involves time series data, a unit root test was utilized to determine data stationary. The previous result indicates that the parameter REMITTANCE is stable



at the 5% significance level because the value of the p-value is below 0.05. If the significance level (p-value) is below 0.05, the null hypothesis should be rejected in favor of the other hypotheses.

Table 2
 Augmented Dickey-Fuller Test Equation
 Dependent Variable: D (R_G)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
R_G(-1)	-0.987589	0.061736	-15.99695	0.0000
C	0.117440	0.022481	5.223964	0.0001
R-squared	0.941155			
Adjusted R-squared	0.937478			

The above table displays the model's regression results. REMITTANCE has been determined to be the Independent variable. We use the Least Squares Method, and our sample size ranges from 2002 to 2019. Now we can see that the coefficient for remittances is (-0.987589), suggesting an adverse effect on Economy that isn't statistically noteworthy. We will now look at the R-Square, F, and Durbin-Watson stats. Begin with an R-Square value of 94% to see what proportion of the dependent variable GDP can be explained by the independent variable, which includes remittances. This score shows that independent factors can explain 94% of the R-square changes in the dependent variable.

Table 3
 Null Hypothesis: D (GDP_G) has a unit root

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.397160	0.0261
Test critical values:	1% level	-3.886751	
	5% level	-3.052169	
	10% level	-2.666593	



The above table displays the results of the Augmented Dickey Fuller (ADF) test, which is used to discover one or more root units in a time series and gives more evidence of non-stationary. For time series data, stationary is recommended. Because this study makes use of time series data, data stationary has been assured using a unit root test. This test was run on every variable in the research. This test's null hypothesis is that the data has unit out, but the alternative hypothesis is that the data has unit root. The preceding result suggests that the variable GDP is stationary at the 5% significance level because the p-value is below 0.05. P-values below 0.05 indicate that the null hypotheses were rejected in favor of alternative hypotheses.

Table 4
Augmented Dickey-Fuller Test Equation
Dependent Variable: D (GDP_G,2)

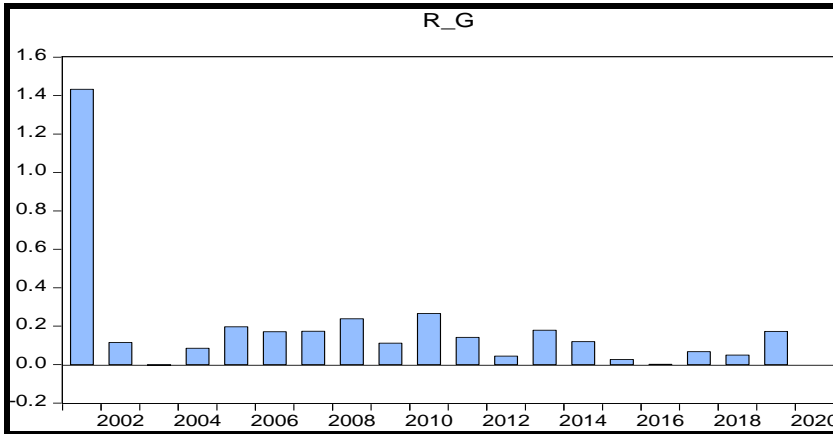
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GDP_G(-1))	-0.778164	0.229063	-3.397160	0.0040
C	-3.77E-05	4.10E-05	-0.919726	0.3723
R-squared	0.434830	Durbin-Watson stat		2.218110

The above table displays the regression result of the model. It has been found that GDP is the dependent variable. The method we use is Least Square Method and sample size from 2002 to 2019. Now we can see that GDP coefficient is (-0.778164) and its show that negative impact and it's not statistically significant. Now we talk about R-Square, F-statistic, and Durbin-Watson statistic. Start with R-Square value 43% indicate how much of the dependent variable GDP can be explained by the independent variable including Remittance that's show 43% of R-square fluctuate in the dependent variable explained by independent variables. Now Durbin-Watson value is greater than 2 its means that there is negative autocorrelation if it is more 2% its negative correlation.



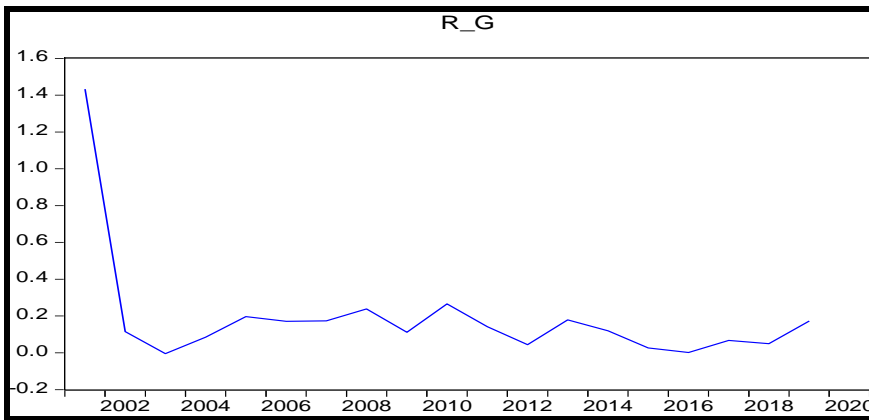
Figure 2.

Remittance_growth



The above show that the distribution of the data in line form. We can see that the highest Remittance was around 1.4% in early 2002. But later on there is no positive on GDP in 2003 and the yea 2016 there is lowest remittance found in the recent past year.

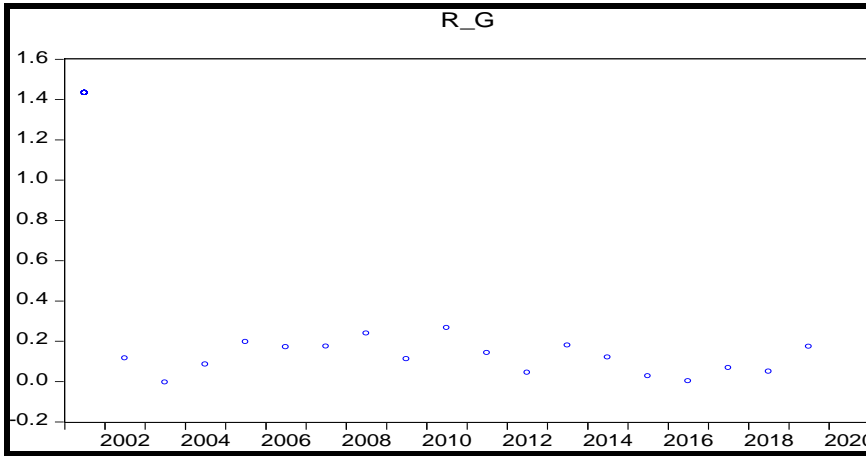
Figure. 3



The above show that the distribution of the data in line form. We can see that the highest Remittance was around 1.4% in early 2002. But later on there is no positive on GDP in 2003 and the yea 2016 there is lowest remittance found in the recent past year.



Figure 4



The above show that the distribution of the data in line form. We can see that the highest Remittance was around 1.4% in early 2002. But later on there is no positive on GDP in 2003 and the year 2016 there is lowest remittance found in the recent past year.

Table 5 Regression Analysis

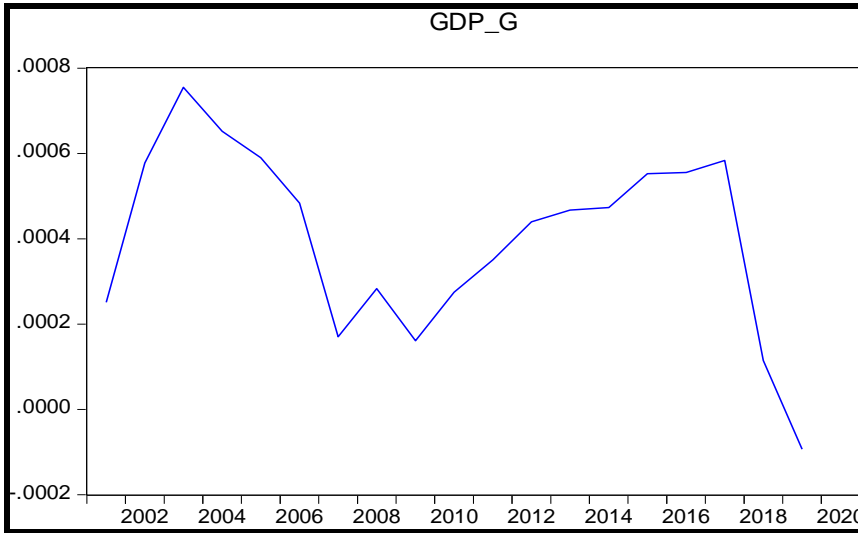
Dependent Variable: GDP_G Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
R_G	-0.000187	0.000163	-1.146366	0.2675
C	0.000437	5.81E-05	7.526794	0.0000
R-squared	0.071756		Durbin-Watson stat	0.612355

The above table shows the regression result of the model. It has been found that REMITTANCE is the Independent variable. The method we use is Least Square Method and sample size from 2002 to 2019. Now we can see that Remittance coefficient is (-0.000187) and its show that negative impact on GDP and it's not statistically significant. Now we talk about R-Square, F-statistic, and Durbin-Watson statistic. Start with R-Square value 7% indicate how much of the dependent variable GDP can be explained by the independent variable including Remittance that's show 7% of R-square fluctuate in the dependent variable explained by independent variables. Now Durbin-Watson value is less 2% its means that there is positive autocorrelation if it is more 2% its negative correlation.

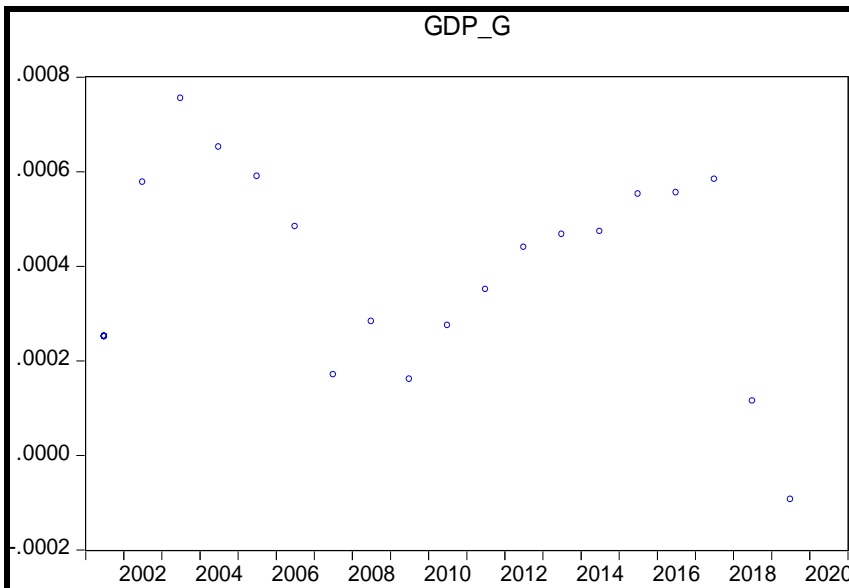


Figure 5



The above show that the distribution of the data in line form. We can see that the highest GDP was around 8% in early 2003 and the year was 2019 there is negative growth found in the recent past year 2019.

Figure 6



The above show that the distribution of the data in line form. We can see that the highest GDP was around 8% in early 2003 and the year was 2019 there is negative growth found in the recent past year 2019.



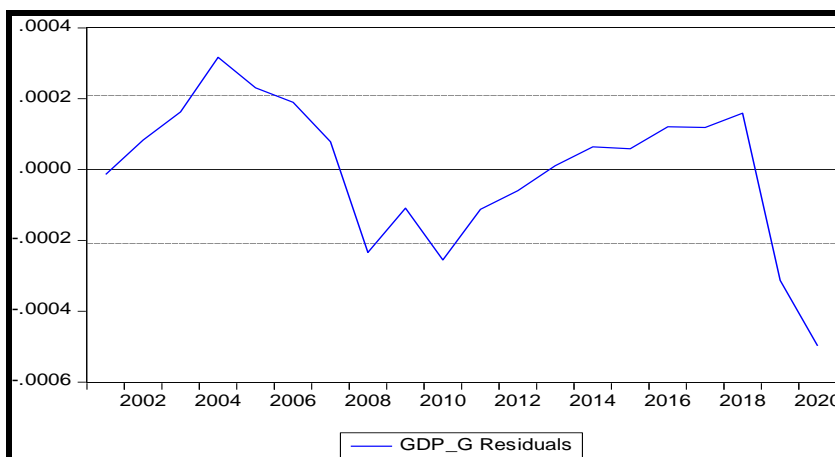
Table 6 Dependent Variable: GDP_G1

Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
REM_G	-6.51E-05	0.000140	-0.464446	0.6482
C	-1.13E-05	5.00E-05	-0.226733	0.8233
Prob(F-statistic)	0.648221	Durbin-Watson stat		1.567272

The above table shows the regression result of the model. It has been found that REMITTANCE is the Independent variable. The method we use is Least Square Method and sample size from 2002 to 2019. Now we can see that Remittance coefficient is (-6.51E-05) and its show that negative impact on GDP and it's not statistically significant. Now we talk about R-Square, F-statistic, and Durbin-Watson statistic. Start with R-Square value 7% indicate how much of the dependent variable GDP can be explained by the independent variable including Remittance that's show 1% of R-square fluctuate in the dependent variable explained by independent variables. Now Durbin-Watson value is less 2 its means that there is positive autocorrelation if it is more 2 its negative correlation.

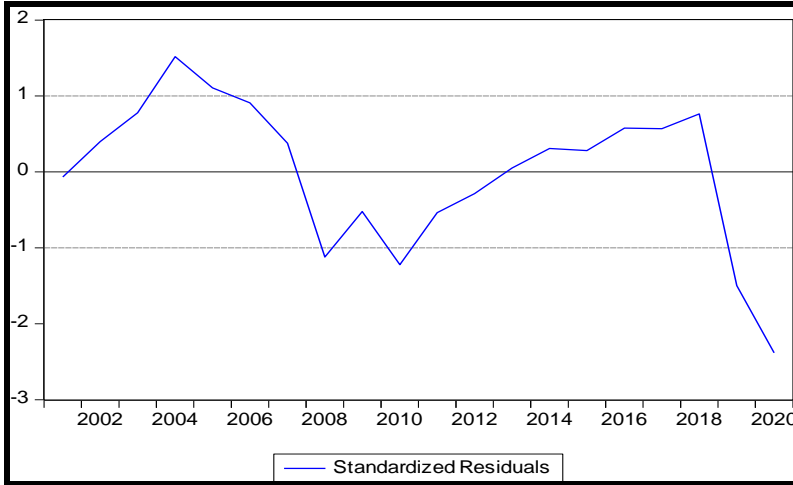
Figure 7





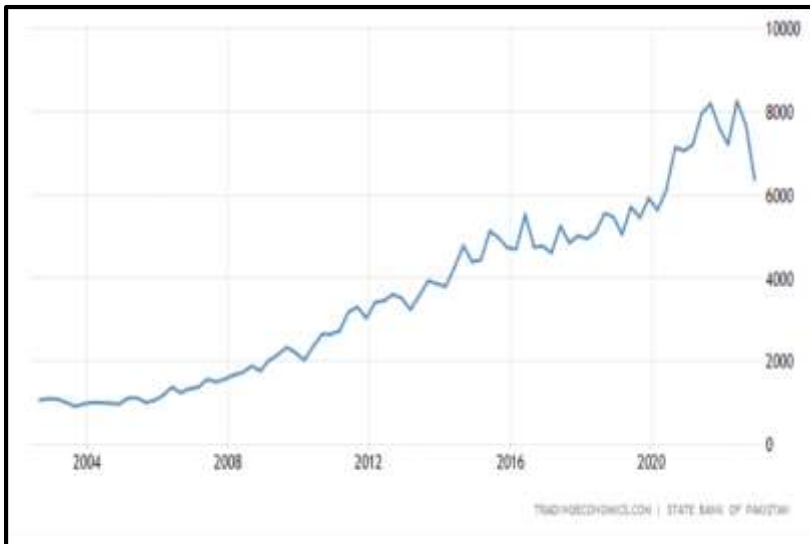
The above show that the distribution of the data in line form. We can see that the highest GDP was around 8% in early 2003 and the year was 2019 there is negative growth found in the recent past year 2019.

Figure 8



The above show that the distribution of the data in line form. We can see that the highest GDP was around 8% in early 2003 and the year was 2019 there is negative growth found in the recent past year 2019.

Figure 9



Source: tradingeconomics.com



Table 7

Actual	Previous	Highest	Lowest	Time Period	Unit	Frequency
6365.00	7685.00	8260.00	906.00	2002 – 2022	USD Million	Quarterly

According to data Remittance of Pakistan shows constants increase from 2002 to 2022. Actual Remittance of Pakistan is \$6365 Billion USD in 2022. The maximum Remittance of Pakistan was \$8260 Billion USD in 2021 and the minimum Remittance of Pakistan was \$906 Billion USD in 2003.

Conclusion

Using the ARDL estimating approach, the current research investigates the connection between remittances, the development of finance, and the country's GDP growth. Based on concrete proof, we assume that GDP and individual remittances have a positive connection. Remittances send money from abroad into the host country, improving the trade balance. On the other side, remittance money may pass through several hands, resulting in revenue generation. For example, investing money in a company will have a favorable impact on the local economy. Financial stability promotes economic growth favorably by encouraging saving-investment decisions. However, an established financial system motivates migrants to send funds to their family via banks and their families back home to enhance investment and savings by lowering transaction expenses and easing usage of financial services. To boost remittances, the government should reinforce its institutions so that international penalties have the least possible impact on our economy. Based on the results, this research recommends that policymakers restructure the financial system to try to tackle systemic challenges in the country and reduce the expense of remittance processes in favor to motivate migrants to utilize this financial channel for transfers of money.



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