

## IMPACT OF REMITTANCES ON ECONOMIC GROWTH AND POVERTY

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### ABSTRACT

*The study focused on the importance of remittances inflow and its implication for economic growth and poverty reduction in Pakistan. By using ARDL approach we analyze the impact of remittances inflow on economic growth and poverty in Pakistan for the period 1973-2010. The district wise analysis of poverty suggest that overseas migration contributes to poverty alleviation in the districts of Punjab, Sindh and Balochistan however NWFP is not portraying a clear picture. The empirical evidence shows that remittances effect economic growth positively and significantly. Furthermore the study also finds that remittances have a strong and statistically significant impact on poverty reduction thus suggesting that there are substantial potential benefits associated with international migration for poor people in developing countries like Pakistan. So the importance of remittance inflows cannot be denied in terms of growth enhancement and poverty reduction that consequently improves the social and economic conditions of the recipient country.*

*Keywords: economic growth, foreign remittances, poverty*