

**THE IMPACT OF INTERNATIONAL MIGRATION AND
REMITTANCES ON
POVERTY IN PAKISTAN
2000-2015**



Anam Khalid Khan

Lahore School of Economics

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Supervised by:

Dr Rashid Amjad

ABSTRACT

The main aim of this research is to investigate and analyze the impact of remittances on poverty levels of Pakistan during the time period of 2000-2015 and to test if this impact changed over the period covered as growth considerably slowed down post 2007. The results of previous studies have shown that migration from Pakistan and the resulting remittances have played a central role in increasing household income of families and moving them out of poverty. Our aim is to examine and extend the results of the earlier studies especially as regards the recent slowdown in economic growth. Our results based on ARDL regression analysis show that both economic growth as well as remittances had a significant and positive impact on poverty during the earlier years of relatively high growth. However, the results show that post- 2007 as growth drastically slowed down increasing remittances contributed to the continuing decline in poverty, though its impact was less as compared to the earlier period. Other factors including the direct income support BISP, launched in 2008, appear to have played an important role in reducing poverty. While the overall focus of the study is on the 2000-2015 period the analysis is also extended to a longer time 1975-2015 to show the strong relationship between remittances and poverty.

Our results point to the need for the government to focus on new poverty reduction initiatives and programmes as with the current downturn in oil prices and cuts in development expenditures by Saudi Arabia and the UAE remittances role would be further reduced. Also, the recent falling trend in oil prices and budget cuts in UAE and Saudi Arabia has caused an alarming situation, as remittances are expected to fall for Pakistan. Thus this study is an important contribution to the existing literature on poverty of Pakistan as it attempts to analyse the recent challenges faced by Pakistan with important implications for future directions for reducing poverty.