

Remittances, income inequality and non-linearity: evidence from Pakistan

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Present paper demonstrates the evidence on the relationship between international remittances and distribution of income. Our empirical findings support that international remittances increase income inequality while local migration improves income distribution. Increase in per capita income pushes income inequality to upward direction, which means, inequality is encouraged by an increase in per capita income. Improvements in human capital formation worsen the situation of income distribution. Inflation lowers the purchasing power of poor individuals in the economy and raises inequality. Increase in government consumption worsens the income inequality, which indicates that rich households use their political powers to exploit the poor.

Key words: Migration, International remittances, Income inequality

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