

PIDE WORKING PAPERS

No. 147

PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS



**Remittances for Growth: Initiatives
for Remitters and Remittances**

Atiq ur Rehman

February 2017

PIDE Working Papers
No. 147

**Remittances for Growth: Initiatives
for Remitters and Remittances**

Atiq ur Rehman

Pakistan Institute of Development Economics, Islamabad

PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS
ISLAMABAD
2017

Editorial Committee

Dr Abdul Qayyum
Dr Durr-e-Nayab
Dr Anwar Hussain

Head
Member
Secretary

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without prior permission of the Publications Division, Pakistan Institute of Development Economics, P. O. Box 1091, Islamabad 44000.

© **Pakistan Institute of Development
Economics, 2017.**

Pakistan Institute of Development Economics
Islamabad, Pakistan

E-mail: publications@pide.org.pk
Website: <http://www.pide.org.pk>
Fax: +92-51-9248065

Designed, composed, and finished at the Publications Division, PIDE.

C O N T E N T S

	<i>Page</i>
Abstract	v
1. Introduction	1
2. Role of Remittances in Pakistan's Economy	2
2.1. Management of Current Accounts Deficit	2
2.2. Management of Exchange Rate	3
2.3. Consumption Needs of Families of Remitters	3
2.4. Spill Over	3
2.5. Investment	4
3. Real Estate-remittances Nexus	4
4. The Problems with Real Estate Investment	4
5. Initiatives for Remitters	6
6. Reshaping Role of Remittances: A Need of Time	7
7. Characteristics Required in Alternate Investment	8
8. Alternative Investment Model	8
8.1. Capital	8
8.2. Management/Supervision	9
9. Ensuring Success and Sustainability of The Venture	9
9.1. Trustworthy Supervisory Board	10
9.2. Ensuring Risk Free Return	10
9.3. Liquidity of Bonds	10
9.4. Proper Legislation	10
9.5. Real Estate Sector Reforms	10
9.6. Media Campaign	11
10. Advantages of Fund Raising from Remitters	11
11. Remittances, Growth and Unemployment	11
12. Conclusions	12
References	12

ABSTRACT

The inflow of remittance in Pakistan reached US\$ 19.9 billion during financial year 2015-16. On the other hand, the budget reserved 'employee related expenditures' in defense services was US\$ 3.26 billion only. This implies that the salaries of more than 0.6 million defense employees are manageable within US\$ 3.3 billion only. This amount makes only 15.6% of the amount of remittances received by the country through formal channels. If we assume that the marginal propensity to save for the families of remitters is only 16%, the savings should be sufficient to finance salaries of an army of 0.6 million people. The remittances sent by remitters are converted into local currency and paid to the families of remitters in Pakistan. Therefore, an amount of PKR 2089 billion comes into the hands of the families of remitters. Nobody knows that what proportion of this amount is consumed by the families of remitters and what happens to the amount leftover after consumption. Since the employment financed by the remittances is very small, this implies that the investable part of remittances is invested in non-productive and capital intensive business. Few small scale studies show that most of this amount is invested in purchase of plots. The problem with purchase of plots is that, even if you invest billions in a plot, no employment opportunity could be guaranteed. This paper argues that by some monetary and fiscal reforms, the investable part of remittances could be diverted to labour intensive and development projects, creating hundreds of thousands employment opportunities and provides an outline of such reforms.

Keywords:

1. INTRODUCTION

Pakistan is one of the largest recipients of the remittances in the world with an inflow of US\$ 19.9 billion during the financial year 2015-16. At the same time, a huge amount of remittances flows into economy through informal channel including cash transfer by hands. The size of inflow through informal channel is unknown and different researchers have different estimates for the size of this informal transfer. An estimate by Arif (2009) suggests that 60 percent of total remittances come into country via informal channel, which imply that total remittances could be as high as US\$ 48 billion per year.

The foreign currency received by banks serves to manage the current account. Rupees are paid to the families of remitters inside the country in exchange of foreign currency. Therefore, an amount of about PKR 2080 billion is paid to the families of remitters in Pakistan. The remittances reserved by the banks play extremely important role in management of balance of current accounts. The trade deficit of Pakistan is approximately same as the amount of these remittances and this deficit is being financed by remittances. However, what happens to the 2080 billion rupees paid to the families of remitters, this is largely unknown. On the other hand, what happens to the PKR 2080 billion paid to the families of remitters in exchange of foreign currency, nobody knows much about this.

As usual, a portion of rupees coming into hands of families of remitters would be fulfilling their consumption need and remaining should be available for investment. For convenience, let me call this investable amount as 'Domestic Investable Fund (DIF)'. The estimates of DIF differ substantially. Arif (2009) finds that investment and saving to formulate 39 percent of the remittance inflow, whereas in an earlier study, Arif (1999) estimates 67 percent share of saving and investment. Let's take a very careful estimate, and assume that the investable part is only 35 percent of formal remittances. Thus the investable amount could be at least US\$ 7 billion (PKR 735 billion). This estimate is referred as DIF-1 in forthcoming discussion. A more optimistic estimated could be obtained if we assume that an equal amount of DIF is available from the remittances flowing through informal channels (most of previous studies infer that informal flow of remittances is more than the formal inflow), thus the total amount of DIF could be as high as US\$ 14 billion. I will refer this estimate as DIF-2 in forthcoming discussion.

What is the potential of DIF could be estimated by following examples. The total budget reserved for employee related expenditures for the defense employees for financial year 2015-16 is PKR 326 billion. This is less than 50 percent of DIF-1 and less than 25 percent of DIF-2. The budget reserved for running civil government for 2016-17 is about PKR 326 billion of which the budget for salaries is only PKR 194 billion. Thus the amount allocated for salaries forms 28 percent of DIF-1 and only 14 percent of DIF-2. An FDI of US\$ 51 billion is expected to flow to Pakistan as a part of China Pakistan Economic Corridor (CPEC) in coming 15 years. This makes an average of US\$ 3.4 billion per year. This amount is less than 50 percent of DIF-1 and less than 25 percent of DIF2.

However, nobody knows that where this huge and respectable amount is going. DIF could easily finance millions of jobs opportunities, if utilised in labour intensive investments. However, no significant contribution of these funds could be seen in terms of employment generation, poverty reduction, growth and production. This is because most of the remittances are invested into real estate and real estate is extremely capital intensive business creating too little jobs for too large investment. Most often the real estate investment comprises only transfer of ownership without any real value addition to the economy, especially in terms of employment opportunities. This paper urges that if these investable funds are invested in some labour intensive business or energy sector, the problem of unemployment from the society could be eliminated. This paper develops a model for utilising the remittances for energy sector and urges that fund raising from remitters is much better compared to acquiring foreign debt.

2. ROLE OF REMITTANCES IN PAKISTAN'S ECONOMY

In Pakistan, the remittances played extremely important role in the stability and survival of economy. Remittances not only provided livelihood to families of the remitters, but also played very important role in management of current accounts deficit. The functions that remittances performed are briefly summarised as under:

2.1. Management of Current Accounts Deficit

At present, Pakistan is suffering a trade deficit of more than US\$ 18.6 billion. The Pakistani imports during 2015-16 were recorded to be US\$ 40.3 billion and the exports were recorded to be US\$ 21.7 billion only. On the other hand, the remittance receipts during FY 15-16 were recorded to be US\$ 19.9 billion. Thus the trade deficit was approximately same as the amount of remittances received by the country. If there were no remittances, it would be extremely difficult to manage this huge trade deficit. But fortunately, the remittances are present to rescue. The remittances inflowing through the formal

channel are used by State Bank to manage this trade deficit. The State Bank pays Pakistani rupees against the dollar/foreign currency it receives. This is the most important function at macroeconomic level to which the remittances contribute.

2.2. Management of Exchange Rate

The remittances are to be converted into local currency for usage in Pakistan; therefore they increase the demand for rupee. This helps in management of exchange rate. The remittances that are coming through informal channel do also contribute in national economy by increasing the demand of rupee comparative to dollars or other foreign currencies. The remittances that are incoming from informal channel, are to be converted into rupee for use in Pakistani market. Therefore these remittances are also important for maintaining the exchange rate. If there were no remittances, the price of rupee could depreciate which may lead to manifold increase in the amount of external debt measured in local currency.

2.3. Consumption Needs of Families of Remitters

The second most important use of remittances is for consumption needs of the families of remitters. The State Bank converts dollar into rupees and pays to remitter's families. Therefore a huge amount of rupees enters into economy every year. The first utilisation of this amount is the consumption needs of families of remitters left behind¹. The Pakistani Diaspora consists of about 7 million people. These 7 million people serve about seven million families in Pakistan. A number of studies including Irfan (2011), Siddiqui, and Kemal (2006), Adams and Page (2005) have shown that the income and poverty profile of remittance recipients are much better than the comparable communities receiving no remittances. The study of Arif (2009) indicates that about 25 percent of the remittances are utilised for food, health and educational needs and about 30 percent is used for loan repayment, consumption on durables and marriages with the expenditure for marriages forming major part (17 percent). About 40 percent of the remittances are used for real estate, investment and saving.

2.4. Spill Over

Besides fulfilling the economic needs of migrants families, consumption of remittances bring a boom in economy and enhance the business activity. The demand for consumption will boost all the sectors from which this demand is fulfilled. Therefore, agriculture, industry and services, all of the sectors are

¹Economic and Social Impacts of Remittances on Households: The Case of Pakistani Migrants Working in Saudi Arabia.

strengthened. However, estimating the monetary worth of these advantages is beyond the scope of this study.

2.5. Investment

The study of Arif (2001) indicates that about 40 percent of the remittances are utilised for real estate and agricultural investment and saving. The analysis presented in introduction shows that amount which could be invested could be from PKR 700 billion to PKR 1400 billion. On the other hand, the salaries and other expenditures of 0.6 million defense employees of the federal government counts PKR 300. Thus the investable fund should be sufficient to several millions of job opportunities countrywide. If DIF is used to finance development projects it should be sufficient to finance the entire development budget of the federal government. However, as many studies including Arif (2009) indicate, most of remittances are invested in capital intensive real estate business, contributing very little to real economic activities and employment generation. Haider (2014) reports results of his survey and estimates that 80 percent of remittances are utilised to purchase plots and/or gold coins.

3. REAL ESTATE-REMITTANCES NEXUS

At present the real estate is the most attractive option for the investable funds. Real estate has several characteristics that make it most attractive for remitters.

- Real estate business is extremely Capital Intensive: very little entrepreneurial panic is required for this business. The remitters residing outside their homeland have no chance to personally invigilate a business in Pakistan. Therefore they need a business that does not require much of labour or entrepreneurial job. Therefore real estate becomes a feasible option for them.
- Real Estate business is safe: there is no chance of theft, robbery or depreciation of the capital.
- Real Estate business is profitable: the upper bound on the supply of real estate and boundless demand for real estate ensure safe profit for the investor.
- The taxation structure is also favours of real estate: suppose you earn 100 million on a piece of land, you have to pay no tax.

For these reasons, the real estate got the status of ideal investment for the remitters.

4. THE PROBLEMS WITH REAL ESTATE INVESTMENT

Though the real estate is most suitable for a remitter, it is extremely undesirable for a labour intensive economy like Pakistan. Suppose we invest 100 million in purchase of plot, it could not guarantee creation of a single job. A

person who earns millions from the sale of plots would not feel employed because he has to work only for few days in whole year.

Let us take a real example, a farm house in Gulberg Green needs about 20 to 50 million investment. If there are only 100 farm houses in the town, the total value of investment would be PKR 2 billion to PKR 5 billion. This amount will generate employment for about a dozen of property dealers and about 100 security guards. Average capital employed for creation of one job is 15-40 million rupees. On the other hand, the same amount is financing about 2,000-5000 employees of defense services if we look at the averages calculated from budget estimates.

There are many businesses where this amount could create hundreds of jobs. The Sericulture (Silkworm rearing) business could be started with an investment of PKR 25,000. Therefore by an investment of PKR 2 billion, about 80,000 jobs could be created.

The real estate also covers construction sector and construction creates jobs, therefore some people may disagree the above stated arguments. But the construction sectors also creates job for limited time. And for a luxury construction project, capital to labour ratio is very high. I will explain by example that how much capital intensive this business is; the total worth of Bahria town as per statement of Malik Riaz in 2010 was US\$ 2.5 billion (PKR 250 billion)¹ of which he was providing jobs to 15000 people. So, average capital for one job is about PKR 16 million. This estimation is based on what was admitted by the owner of Bahria town himself. My personal estimate about worth of Bahria Town exceeds US\$ 20 billion. In that case the capital creating one job will be about 120 million rupees. On the other hand, you may find feasibility reports for many kind of businesses on Small and Medium Enterprise Development Authority (SMEDA)'s website where capital to job ration is 0.3-0.5 million.

The real estate business also causes inequality and accumulation of wealth. This could be observed in form of mega real estate developer surrounding us. For example the total area of Bahria Town is about 55000 acres in Islamabad which is larger than area of 70 sectors of 2km X 2km. If we assume that 30 percent area is not saleable (parks, roads etc.), the price of remaining area at a minimum rate of 5 million per kanals will be about PKR 1500 billion (US\$ 15 billion). In addition to this, the revenue generated from developed plot, revenue from services provision and the revenue from towns in other cities indicate billion of dollar to his credit. Bahria Town's website claims to finance 25000 employees. Therefore average capital engaged for one job opportunity is about PKR 60 million.

¹http://www.bahriatown.com/index.php?option=com_content&task=view&id=281&Itemid=

Pakistan is a country where 22 percent (40 million) of population lives below \$1.25 poverty line. The total annual income of these 40 million people sums to US\$ 3.8 billion only. On the other hand, one property tycoon owns more than US\$ 15 billion. This comparison makes us realise how much inequality is created because of this business. As a signatory of United Nations Millennium Declaration (Assembly, 2000), we are bound to decrease the inequality and concentration of wealth. But this business is leading the country in quite opposite direction.

5. INITIATIVES FOR REMITTERS

It is understandable that to increase the flow of remittances through formal channels, an easy solution is to pay higher price of dollar or whatever foreign currency is there than the market price. For example if market price of dollar is 100 rupees, but SBP and the scheduled banks pay 103 rupees for a dollar, everyone will try to send the remittances through formal channel. However, this solution is not practical because the price of dollar will appreciate. People can purchase the dollar from domestic market and send them back from foreign to exploit the difference.

I propose that in order to increase the formal inflow, SBP should subsidise the formal inflow. However, the subsidy should not be directly incashable. Instead of this, the subsidy is paid following way:

- Half of the subsidy is deposited to the premium for health and life insurance of the remitter and his/her family.
- Half of the subsidy is deposited to a welfare fund for remitter. The welfare fund is to be invested in some profitable business. The amount deposited to the fund along with the profit is payable to the remitter when he/she quits overseas job, or when he/she intends to finance the business of any of his heirs.

For example, if someone is sending \$100, the sum equal to market price of these \$100 is directly paid to the family of remitter sitting in Pakistan which they can use as per their convenience. In addition, a 3 percent subsidy is allocated for the remitter, a half of which goes into the health and life insurance of the remitter and his family and remaining half goes to 'welfare fund' which is invested in some profitable business. The profit on this investment is re-invested until the remitter claims its withdrawal.

The remitter is allowed to withdraw the amount from the welfare fund in two situations:

- (a) The remitters quits job and wants to come back in the homeland. The welfare fund will help him establish his/her own business and there will be no burden of unemployment on the economy.

- (b) Someone of his/her heirs of remitters wants to initiate a business and the remitter wants to support him.

Beside an increase in flow of remittances, there are many other advantages in this kind of favour provided to the remitters which are mentioned below:

- (a) This will be a goodwill gesture from the government for the remitters. This puts a message for the remitters that since you are caring for the economy of Pakistan, so Pakistan is caring for your health and economic security.
- (b) Most of the remitters, who belong to lower class, face a lot of difficulty while they are serving overseas. The health insurance for their families will give them a peace of mind so that they can devote their energies for the jobs they are working on.
- (c) There is no or very little chance of currency depreciation giving this kind of subsidy.
- (d) Initiating a business in Pakistan would become easy for the families of remitters and the return migrants.

6. RESHAPING ROLE OF REMITTANCES: A NEED OF TIME

As stated above, the amount remittances available for investment purpose are about US\$ 14 billion which is comparable with the budget of the federal government of Pakistan. About 14 Most of this amount goes into the real estate business which is extremely non-productive and capital intensive business. If this amount was entering into labour intensive businesses, it should be sufficient to create millions of jobs and to finance all the development projects of the country. Therefore it is the need of time to design some procedure for utilising these remittances.

The rapid rise in remittances in the world is relatively new phenomenon and to the best of my knowledge, no work has been done on how to utilise the remittances for development projects. There are few studies investigating the relation between remittances and economic progress, and these studies emphasis the improvement of institutional quality for the better utilisation of the remittance, however, what specific institutions are required and what should be operational strategy, I did not find a specific academic work on this issue. Therefore there is need to build a strategy by constructive debate and dialogue. The following section proposes a strategy which can be used for starting point of such debate.

7. CHARACTERISTICS REQUIRED IN ALTERNATE INVESTMENT

At present remittances are going into the extremely capital intensive business of real estate. Pakistan is a labour abundant country and has the world highest proportion of youth with age 15–25. Millions of youth will enter into job market in near future. Therefore it is the need of time to utilise our resources in labour intensive industries. However, we have to keep in mind that government or any other institution does not have any legal claim on the investable remittances. Therefore to redirect the investment into any other sector, the incentive structure of that sector is to be changed so that the remitters feel it safe and profitable for their funds. Further, the remitters residing outside homeland are unable to manage the business personally. Therefore a separate trustworthy and effect institution must be established to invest the funds in a desired business.

Despite the fact that there are many industries which demand low capital for a job, it is hard to ensure a safe return on any investment without proper prior investigation. However, investment in energy sector has very high chance of being safe and profitable. Energy provision is most serious challenge for the Pakistan economy today. The demand for energy is already very high compared to its supply. Therefore the energy project is sure to have high market value. Furthermore energy is lifeblood of the economic activities and will enhance job opportunities in all sectors of economy. Therefore energy sector could be targeted as alternative investment opportunity for the remitters.

8. ALTERNATIVE INVESTMENT MODEL

There are three essential component of a business plan:

- (1) Capital
- (2) Management
- (3) Workforce

Pakistan is one of most labour abundant countries and provision of workforce is not a problem for any investment. However, capital and management are to be focused for an alternative model. In the proposed model, the capital is to be provided by the private investors, whereas the management is mainly responsibility of government. Therefore this model could be regarded is a public private partnership model for alternate investment. The components of this model are discussed separately.

8.1. Capital

The capital for financing the project is to be provided by the remitters. The fund could be collected via bonds/sakuks. Suppose the government want to finance a solar park whose cost is about 100 billion. These 100 billion can be

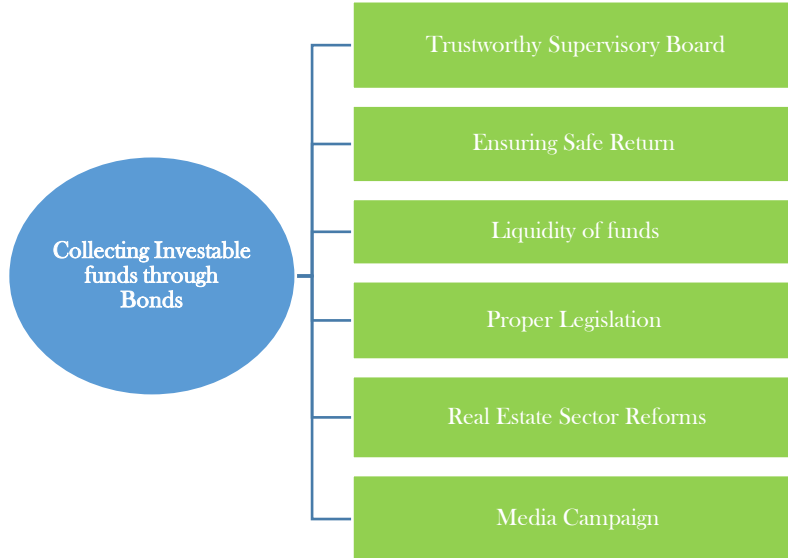
collected through 100,000 bonds each of price 1000 dollar. These bonds can be made available in the foreign branches of Pakistani Banks and Pakistani community centres throughout the world. Government can insure the investors to disburse their share in profit whenever the project is operational.

8.2. Management/Supervision

There are two main stakeholders in this investment model, remitters and the government. The remitters are unable to supervise a business since they are working outside their homeland. Therefore the responsibility of management is to be taken by Government. However the remitters/bond holders should be allowed to send their nominees in the management to take care of their concerns. Therefore the management of such project is a joint venture of government and investors

9. ENSURING SUCCESS AND SUSTAINABILITY OF THE VENTURE

Collecting funds for development project is not a complicated task. Suppose has to raise funds for an energy project, she can do it by issuing bonds in the name of that energy project. Pakistani Diaspora is truly patriot and if a strong appeal by government is made for purchasing these bonds, it may be very fruitful. However, in order to make this venture profitable, sustainable and to establish confidence of Diaspora in fund collection and return disbursement procedure, the funds collection must be accompanied by certain measures. These measures are illustrated in the diagram below:



These measures are explained in the following:

9.1. Trustworthy Supervisory Board

Remitters are unable to personally invigilate any business. Therefore they need an investment which requires safer return without entrepreneurial panic. For this purpose they must have trust in the investment they are making. Therefore for any project which is to be financed by remittances, a trustworthy supervisory board is necessary. The supervisory may consist of (i) the elected representative/nominees of remitters, (ii) representative of concerned government institutions (iii) technical experts. Therefore this board should reflect the proper combination of nominees by government and the investors.

9.2. Ensuring Risk Free Return

The second thing that any investor will desire is a risk free return. At present the real estate business is providing such an opportunity. There are many other investments which have very low chance of running in loss. For example the demand of energy is already much higher compared to the supply. Therefore a power project has no chance of difficulty in marketing. The proper cost management can ensure safe return on the investment. Furthermore, government can ask for an insurance of a business initiated on basis of fund collection so that the probability of negative return could be minimised.

9.3. Liquidity of Bonds

The bonds in the name of a project should be liquid. An investor can cash his bond whenever he is need of money. The resale of bond should be allowed in the selling points of bonds.

9.4. Proper Legislation

The investment via bonds should be protected by proper legislation. The operating procedures, return, liquidity, and all other things related to such investment project should be protected by the appropriate regulatory framework duly approved by competent forums.

9.5. Real Estate Sector Reforms

Reforms in the real estate sector are necessary for sustainable growth in the proper utilisation of investable remittances. At present the fiscal structure of the country is biased toward the real estate business. Suppose a person buys a plot for Rs 1 million and sells in Rs 5 millions within one year, he has to pay nothing on his profit of Rs 4 million. On the other hand, a government servant has to pay tax when his earning exceeds 0.4 million per annum. The housing for sake of personal need may be subsidised by not imposing any tax; however real estate as

investment should be discouraged. Huge property tax should be imposed for holding large number of plots and building in possession. A second plot should be allowed to purchase only, if first plot is utilised in some productive use. A person purchasing too much plots, should be taxed heavily. Anyhow, the real estate should be made less attractive than the business so that the investor agrees to pull his investment from real estate into a productive business.

9.6. Media Campaign

Investing in a labour intensive business is a direct input in the employment opportunity. Therefore Government can ask national celebrities to appeal the remitters to invest in labour intensive business and business maintained by government using investable remittances. The religious scholars can also play a role in this regard.

10. ADVANTAGES OF FUND RAISING FROM REMITTERS

There are several advantages of fund raising from the remitters compared to borrowing from the international sources. These include

- (a) In case of borrowing from any international donor, the return is to be paid in excess quantity and in foreign currency. Therefore the demand of outflow of foreign currency in future will increase. In case of borrowing from remitters, the return will be paid in local currency and will put no burden on the foreign exchange reserves management.
- (b) The return to a foreign donor will transfer resources from the country to the foreign donor. In case return is given to a remitter, the return will transfer from one institution to another individual in the same economy. Resources will not flow out of economy.
- (c) The repayment to a foreign donor is to be made at a certain time and in bulk of quantity. The fund raised by bonds will not have to be returned on any such fixed date. Anybody who wants to cash his bond can do it any time. The bond holder will not have any specific preference about the date to sell his bond. Therefore the liquidity problem would be easier to handle.

11. REMITTANCES, GROWTH AND UNEMPLOYMENT

At present remittances contribute very little to the aggregate GDP growth and employment because of the reasons mentioned above. This is evident from the fact that in last decade, the average rate of GDP growth during last 10 years (2004-13) has been only 4.5 percent despite the fact that average growth of remittances in the same period has been 14 percent. The correlation coefficient between rate of GDP growth and rate of increase in remittances has been negative and insignificant. This paper has shown that the investable parts of

remittances is more than double of that of the expenditures of running civil government by the central government of the country. Therefore the investable part of remittances is sufficient to finance millions of job opportunities. However, since there is no systematic mechanism for utilising the remittances in productivity enhancing projects; most of the remittances go into capital intensive business especially real estate. This paper develops mechanism by which the remittances could be used for various projects. The consequence of this type of intervention will be increase in productivity, creation of employment opportunities, reduction in poverty level and improvement of several other macroeconomic indicators.

12. CONCLUSION

This paper shows that a huge amount of remittances is available in form of investable fund which is comparable with the budget of federal government of Pakistan. These investable funds are currently being invested in real estate market in Pakistan. The Real estate business is extremely capital intensive and produces too little jobs for too much money. Pakistan is labour abundant country, and needs labour intensive business instead. This paper proposes a model for utilising the investable remittances for the development projects like energy sector projects. This paper also shows that fund raising from the remitters is preferable to the foreign loans because of many reasons. In case of fund raising from remitters there will be no burden on foreign exchange reserves, the return will circulate inside the economy and the liquidity management will be relatively easy. Therefore this paper strongly recommends the reshaping the role of remittances in the betterment of economy and taking serious steps in better utilisation of remittances for removing the economic problems prevailing in the society.

REFERENCES

- Adams, Jr. R. H. and J. Page (2005) Do International Migration and Remittances Reduce Poverty in Developing Countries? *World Development* 33:10, 1645–1669.
- Arif, G. M. (2009) Economic and Social Impact of Remittances on Households: The Case Study of Pakistani Migrants Working in Saudi Arabia. International Organisation for Migration.
- Assembly, U. G. (2000) United Nations Millennium Declaration. *Resolution Adopted* 18.
- Bahria Town: http://www.bahriatown.com/index.php?option=com_content&task=view&id=281&Itemid=119
- Irfan, M. (2011) Remittances and Poverty Linkages in Pakistan: Evidence and Some Suggestions for Further Analysis. (Working Papers & Research Reports, 2011).

Ministry of Finance, Pakistan, http://finance.gov.pk/fb_2013_14.html

Siddiqui, R. and A. R. Kemal (2006) Remittances, Trade Liberalisation, and Poverty in Pakistan: The Role of Excluded Variables in Poverty Change Analysis. *The Pakistan Development Review* 45:4, 383–415.

Tribune: <http://tribune.com.pk/story/555329/federal-budget-2013-14-govt-employees-may-expect-10-salary-increase/>

Wikipedia: http://en.wikipedia.org/wiki/Pakistan_Armed_Forces

World Bank, <http://worldbank.tumblr.com/post/36217284197/which-developing-countries-received-the-most>