

UNIVERSITI TEKNOLOGI MARA

ANALYSIS ON DRIVING FORCES OF
REMITTANCE INFLOW OF HOME COUNTRY:
EVIDENCE FROM INDIA

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct Of my study and research.

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ABSTRACT

Remittances have played an increasingly large role in the economies of small and developing countries since the late 1990's. In 2015, India is one of the countries that received largest share of remittances. Remittances generally can lead to higher human capital accumulation and reduce the level and severity of poverty of country. A better result in the remittance inflow of a country can be seen when the determinants are being well-specified and significant. India, the largest remittance-receiving country worldwide, witnessed a near 9% drop in non-resident Indian (NRI) pay inflows to \$62.7 billion in 2016 over the previous year, as stated in a World Bank report 2016.

Much of this shortfall has been attributed to the economic downturn in Gulf Corporation Council (GCC) states. Thus, it is crucial to identify the contributing factors towards this issue of remittance in India. Problem arises from a slump of economic condition in India seems to give a declining trend in India's remittance inflow for 2002, 2003, 2008, 2013 and 2015. Therefore, a study regarding to this issues will be conducted in order to analyse whether the drop of remittances inflow that arises in India were also derived by other factors. This study which aim to examine the driving forces of remittance inflow will allow a strategic approach to be adopted in improving economic development and reducing level of poverty.

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TABLE OF CONTENTS

AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	
TABLE OF CONTENT	
LIST OF TABLES	
LIST OF FIGURES	x
LIST OF SYMBOLS	xii
LIST OF ABBREVIATIONS	xii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Backyound	2
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	5
1.6 Significance of the Study	5
1.7 Scope of the Study	6
1.8 Limitation of the Study	6
1.9 Definition of Key Terms	7
1.10 Summary	8
CHAPTER TWO LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Theory	9
2.3 Gross Domestic Product (Economic Growth) of Host Country	10
2.4 Interest Rate Differential	11
2.5 Inflation Rate	12
2.6 Exchange Rate	12
2.7 Gross Domestic Product (Economic Growth) of Home Country	143