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Interrelationship between Remittances and Economic Growth: Evidence from SAARC Countries

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ABSTRACT

The basic purpose of this paper is to investigate the role of foreign remittances in the performance of the economy of Pakistan. The selected variables in this study were gross domestic product (GDP), remittances (REM), gross fixed capital formation (GFCF), population (Pop), gross national expenditure (GNE), and imports (Imp). GDP is taken as the dependent variable and we investigate the impact of all remaining independent variables on GDP. This study used the panel data throughout 2002-2019. The data is collected from World Development Indicator (WDI). This study implies a unit root test to observe stationary of data and a model of Panel Auto Regressive Distributive Lag for Specification of data. To analyze short-run and long-run associations among variables, coefficients of variables are measured. Remittances, GFCF, and GNE have a positive impact on gross domestic product whereas Pop and Imp are negatively correlated with the GDP. However, remittances have strongly affected economic growth and play an important role to boost up economic growth of selected developing countries.

Introduction

The growth of an economy discusses uninterrupted and dynamic hard work of individuals and particular groups of a nation-state which improves the standard of living and economic prosperity of the state. Generally, a nation-state is sensibly settled in a better way if the well-being of people is elevated such as education, liberty, health, safety, and self-reliance.

The large-scale population has a prospective towards excessive economic development because additional individuals of a nation-state will be done further projects and additional work augmented the monetary worth in an economy. The excessive population is a positive signal in developed realms but in the underprivileged nation-states, the excessive population has adverse impacts on providence due to inadequate reserves.

Residents of SAARC countries increase significantly but the sustenance stream for the populace is augmented by calculations. So, these nations are hanging around poverty. In SAARC nations residents bear a lack of essential requirements such as unsoiled water, sustenance, adequate safety, vigor maintenance, and schooling. SAARC economies might be diverse in extent, the mass of population, and progress. Training that concerns monetary extension endures towards massive encouragement with a preference to recognize inequalities between locations. Accordingly, to enhance action plans which will support particular places that execute frequent extension which improved prospects related with existence. The mainstream of such individuals augmented in our current society that comes to pass in a subsequent World. Present statement assessments analysis which evaluates a few inferences of human development about profitable growth of these nation-states.

That is a complicated refrain to control because unfair insurance strategy exposure inside communal media has strained specific appalling critical results with the population explosion. Any execution with intellectual resources and that is surely not ascertained for the worth of several corrupt and respectable connections among progressions of society must be forced to contend with this type of complications with discussion.

Meanings of remittance are the allocation of reserves from intercontinental immigrants to their relatives in their home-based nation-state. It is diverse from further exterior assets influx alike FDI, external mortgages, and assistances. It is the main cause of overseas exchange earnings for evolving nation-states. These are isolated reserves of employees and relatives that are disbursed in the home-based realm for sustenance, sartorial and further expenses that determined the economy of the home state. Intended for several evolving states remittances from residents which are employed overseas make available a significant basis of considerable desired assets. In few belongings, assets from remittances will refer better subordinate from the established world and remain solitary surpassed by FDI. Remittances correlate to further exterior influxes that are extra imperative and perform a significant part in the growth of the economy.

Overseas remittances perform a significant execution at small as well as commanding extents. These are the significant initiators of earnings of addressee families in Pakistan and assisted to alleviate the fiscal adversities of families. Receiving families deposit them to several usages that take human well-being, scarcity, and evolution inferences.

Employees' Transmittals influence the economy in emerging nation-states but then again remittances are not a procedure to attain maintainable progress whereas utmost remittances are expended on exhaustion relatively on venture and savings. Thus, the administration must disrupt the sequence of dependency on remittance for development and progress.

Intercontinental relocation has embellished a dominant part of the monetary internationalization of the world and it is developed as a major aspect in intercontinental relations. International relocation spectacle will affect persons, groups, and nation-states. It has correspondingly replicated in a few features of intercontinental policymaking. These associations have admirable existence that reserved into the description in the legislative monetary executive. Every year a

considerable amount of dollars are transferred by migratory of employees to their home-based nation-states. Intended for some nations remittances formulate a substantial share of gross domestic product.

This paper is significant for the purpose that it gives passage to the administration to generate some policies which are convenient to increase remittances inflow and make them effective to promote economic progress.

Literature Review

Mayer and Shera (2017) investigated the effect of remittances on the growth of the economy. This study was established on panel data of 6 countries from 1999 to 2013. Multiple regression scrutiny was used to describe the relation of independent and dependent variables. GDP per capita workers remittances, GFCF, real exchange rate, household absolute consumption outlay, current account balance, population growth, the ratio of school enrollment, and government debt were used in this study.

Hor and Pheang (2017) explored the examination of contributing factors' influence on migratory workforces' remittances stream to CLMV realms. CLMV stances for Cambodia, Laos, Myanmar, and Vietnam. Panel data from the period of (2000-2015) was used in this paper. A key objective of the following investigation was to check the influence of remittances flow due to macroeconomic determinants. Personal remittance was a dependent variable. Per capita GDP, inflation rate, number of international migrants, and political instability were independent. Host countries of migrants were Thailand and Malaysia. Results showed that the per capita GDP of the host country, political instability index of the home country, and exchange rate have negatively substantial impacts on remittance influx to CLMV countries and they also concluded that more migrants will increase remittance inflow in home-based countries.

Fromentin (2017) analyzed the short-run and long-run effects of remittance inflow on monetary progress in emerging states. 3 Panel data set of various states from 1974 to 2014 were used in this paper. Pool means group approach, cross-sectional dependence test, panel unit root test, and cointegration test was implied on data. Financial development was dependent while remittances, GDP per capita, inflation, exports, money supply, credit, and FDI were independent variables in this paper. The conclusion of this study showed remittances have an optimistic impression on monetary expansion in long run in all countries while in the short-run remittances have different impacts on financial development with respective countries.

Issahaku et al. (2017) examined banks, remittances, and stock markets: Panel indication from emerging states. This paper was based on a panel study using data from 1999-2013. Remittances, stock market development, inflation, investment, banking sector development, trade openness, institutional quality, per capita GDP, and Foreign Direct Investment were used in this study. Methodological techniques used in this study were 2SLS (two-stage least squares), OLS (ordinary least squares), random and fixed effect estimates. This study concluded that remittances would increase the development of the banking sector while decreasing the development of the stock market in low remittances receiving countries.

Azizi (2018) examined the influence of workers' remittances on labor supply and human capital in emerging states. This study was based on panel data of 122 states from 1990 to 2015. The variables used in this study were remittances, education, health, labor supply, and human capital. The results of this study showed that remittances can rise investment in human capital and have an optimistic and momentous influence on education and health consequences in emerging states.

Tung (2018) studied remittances inflows' influence on the trade balance in emerging states. Panel data of 17 countries were used in this study from 1980 to 2015. The trade balance was a dependent variable. Remittances, GDP, and exchange rate were used as explanatory variables. Methodological techniques used in this study were ordinary least square, 2 stages least square, and PGMM (panel generalized method of the moment). Data was collected from the Asia-Pacific region which was the largest remittance recipient region in the world. Results showed that there was a positive relationship between exchange rate and trade balance. While GDP and remittances hurt the trade balance.

Eggoh et al. (2019) observed that "Do remittance spur economic growth?". Following study based on panel data of 49 emerging states from 2001 to 2013. Panel smooth transition regression (PSTR), difference, and system generalized the method of movement (GMM) was used to identify the relationship between variables. This study is based on two regimes. Remittance foreign aid and FDI, Financial development, investment, and consumption were independent variables. Remittance has a significant impact while foreign aid and FDI have insignificant relation with GDP. The results showed a nonlinear association among growth and remittance which rely on investment and monetary expansion.

Azizi (2019) examined the impacts of workers' remittances on poverty and inequality in developing countries. The basic persistence of this investigation is present to analyze the influence of transfer of funds on inequality and poverty by using data of 103 evolving nations from 1990-to 2014. Per capita GDP, per capita remittances, poverty gap, poverty headcount, Gini coefficient, poverty severity, broad money, FDI, inflation, and political instability were variables of this study. The least-square with fixed and random effect models were used for analysis. Results of this study showed that remittances inflow have a substantially decreasing influence on inequality and poverty in world emerging states.

Jongwanich and Kohpaiboon (2019) explained economic growth and workers' remittances capital inflows in the Pacific region and developing Asia. This study was based on panel data of 43 states from 1993 to 2013. The main purpose of the following paper was to discover some amount of sustainability among remittances and financial development. Economic growth was treated as the dependent variable. Human capital, Initial GDP per capita, remittances, venture government expenditure, trade openness, inflation, FDI, assortment investment, and other stock flows were used as the independent variable. A generalized method of the moment was used to analyze the relationship between variables. The following paper accomplished that transmittals have a negative but significant impact on GDP.

Tu et al. (2019) examined an empirical analysis of remittance inflow, financial inclusion, and economic development by using a world sample. Panel data from 2004-2017 was used in this study. GMM and SEM (structural equation model) were applied

to examine the relation of variables. This study described the developmental influence of remittances and financial inclusion. Remittance was used as the dependent variable and various explanatory variables were used in this study.

Olayungbo and Quadri (2019) analyzed financial development, remittances, and growth of the economy in the countries of Sub-Saharan Africa. This study applied panel data from 20 states from 2000 to 2015. GDP was a dependent variable while personal remittances, FDI, inflation, trade openness, broad money supply, financial development, and population growth were independent variables. Panel unit root examination, co-integration test, pool mean group, cross-sectional dependence test, and mean group ARDL were used in this study. Results of the following study showed that there was optimistic relation among remittances and Gross Domestic Product both in the short and long run and financial development represented as an auxiliary in remittance-growth relation.

Dridi et al. (2019) explored the importance of sectoral linkages in the presence of remittances on economic activity. This study was based on the countries of Sub-Saharan Africa. The basic purpose of the following study was to centrality measure some sectors that play the role of main participant providers in the economy. Then by following the increase in remittances inflow these measures are used to identify the impacts of sectoral links on sectoral and total output. Data used in this study they from 2011 to 2015. Data was collected from the Multi-Regional input-output (MRIO) database provided by EORA. The results of this study showed that an increase in remittances will improve the sectoral performance in recipient countries.

Mehedintu et al. (2019) founded migration, remittances, and gross domestic product from Romania's perception. The main purpose of the following study was to analyze the progression and tendencies of part of remittances in GDP and the stimulus of immigration on transfers in Romania. Time series data throughout 2008-2017 was used in this study. Polynomial-time regression and the differential1 equation model were used in this study. Nominal GDP and per capita GDP were played the role of dependent variables. Independent variables of this paper were MG (no. of emigrants), remittances received from European countries, remittances received from worldwide, the share of remittances in Europe, and the share of remittances worldwide. This study concluded that both nominal and per capita GDP were permanently increased in Romania and have positively correlated with independent variables.

Khan et al. (2019) explained private investment and remittances inflow. This study was a south Asian economies case study. Data of 5 major south Asian countries from 1990 to 2016 was used in this paper. Pooled Ordinary Least Square, fixed influence with group estimation, ECM, and pooled mean group analysis were used for estimating results. The dependent variable of this study was private investment while remittance inflow, real interest rate, economic growth, and business freedom were used as independent variables. Results of this study showed that remittances inflow have an optimistic and momentous influence on private investment.

Fromentin and Leon (2019) founded a dynamic panel analysis of credit and remittances in developing and developed states. The purpose of the following study was to examine the influence of remittances on credit in 27 developed and 30 developing states during the period of 2000-2014. Cross-section dependence, Panel unit root, co-integration test, and panel error correction with pooled mean group

(PMG) method were used for analysis. ARDL was used to identify the relationship between variables in long run. Variables of this study were household credit, firm credit, remittances, GDP, inflation, and FDI. This study intricated that in developing countries remittances arouse credit in the long run which leads to a rise in domestic credit. It is also found that in developed states remittances inflow will increase credit and also be beneficial for firms.

Williams (2020) investigated "Do remittances complaint association among government consumption and trade?" This study was based on data from 99 countries from 1980-to 2018. In this study, the researcher wanted to examine the impact of remittances on the association between government consumption and trade. Government consumption was taken as the dependent variable and it was affected by trade, remittances, inflation, population, urbanization, and per capita GDP. OLS with a fixed-effect model was used for analysis. Results of this study showed that there was an optimistic and momentous influence of trade on government consumption in low remittances receiver states. While in extraordinary remittances receiver states trade harmfully affected government consumption.

Sutradhar (2020) studied the impact of remittances on economic growth in Bangladesh, India, Pakistan, and Sri Lanka. Panel data of 1977-2016 was used in this study. To evaluate the effect of remittances fixed effects regression, Pooled OLS, dummy variable interface models, and a random-effects regression model are applied. GDP, FDI, GFCF, remittances, exchange rate, and exports were used in this study. The consequences designated those remittances to have a negative influence on the growth of the economy of Pakistan, Bangladesh, and Sri Lanka and an optimistic influence on India's economy.

Abduvaliev and Bustillo (2020) investigated the impact of remittances on economic growth and poverty reduction amongst CIS countries. This study was based on 10 commonwealth independent states from 1998 to 2016. This study has two models to estimates the results. In the first model remittances, secondary school enrollment, Gini coefficient, inflation, government consumption expenditure, and trade openness were autonomous variables. In the next model, poverty was taken as a reliant variable while income inequality, real GDP per capita, remittances, human capital, inflation, government expenditure, and trade openness were independent variables. OLS with fixed and random effect models were employed to estimate the results. This study concluded that in both channels' remittances were positively affected by poverty among CIS countries.

Ekanayake and Maslares (2020) examined that "Do remittance encourage the growth of the economy and diminish poverty?" Countries of Latin America were used for evidence. Panel data of 21 Latin countries due to the period of 1980-2018 was used in this study. Panel fully-modified least squares (FMOLS) and Panel least squares were implied in this study. To find short and long-run relations between core variables ARDL-ECM approach was used in this study. The dependent variable of this study was real GDP while no. of employed workers, capital stock, human capital, remittances, poverty rate, foreign aid, government effectiveness, regulatory quality, control of corruption, rate of law, political stability, and accountability were played the role of independent variables. The following paper determined that remittance has

optimistic relation with GDP in long run on the other hand in the short-run remittance has mixed relation with GDP in different countries.

Material and Methods

In the following section, issues of data and methodology are deliberated. The variables are illuminated which are desirable to identify the impact of remittance on the growth of the economy.

Time Period

This investigation depends on panel data from 2002 to 2019. This is adopted to examine the inducement of workers' remittances in the growth of the economy. The convenience of data intended for particular states is a critical and exhausting work that is accomplished efficiently.

Source of Data

On the way to understand the consequences of remittances inflow in the economic progress of selected nation-states, panel data at subordinate extent is held on and data is accumulated from World Development Indicators.

Selection of Countries

To examine outcomes of remittances on economic development of some SAARC States which are determined and associated with low-mid income extent. Selected nation-states are Pakistan, India, Bangladesh, Nepal, and Sri Lanka. If remittance inflow increases then the income intensity of remitters household upgrades which causes an increase in the economic well-being of developing countries.

Model Specification

The fundamental persistence of this study is identified association among economic growth and remittances in selected states. This study puts pressure on causality intercorrelation between variables even though this association is on a similar course of action or diverse approaches.

$$GDP=f\ (Rem, GFCF, Pop, GNE, Imp)$$

In above model GDP (economic growth) is dependent variable while remittances, Pop (population), GFCF (gross fixed capital formation), GNE (gross national expenditure) and Imp (imports) are independent variables. The above model shows that GDP is the function of Rem, GFCF, Pop, GNE, and Imp. For better results now we compose a log model which indicates the association between dependent and independent variables.

$$\log (GDP_{it}) = \beta_0 + \beta_1 \log (Rem_{it}) + \beta_2 \log (GFCF_{it}) + \beta_3 \log (Pop_{it}) + \beta_4 \log (GNE_{it}) + \beta_5 \log (Imp_{it}) + \varepsilon_{it}$$

Here,

Log (GDP) = log of gross domestic product

Log (Rem) = log of remittances

Log (GFCF) = log of gross fixed capital formation

Log (Pop) = log of population

Log (GNE) = log of gross national expenditures

Log (Imp) = log of imports

Results and Discussion

Cross-sectional dependence test

This test is ascribed to the result of a few overlooked expected facts also joint to entire units and distressing to each of them.

Ho= There is no dependence between any two cross-sections.

H1= There is dependence between any two cross-sections.

Table 1
Results of Cross-sectional dependence test

Test	log GDP	log REM	log Pop	log GFCF	log GNE	log Imp
Breusch-Pagan LM	171.2301***	172.1366***	171.8383***	158.7406***	170.1534***	163.8463***
Pesaran scaled LM	34.93410***	35.13681***	35.07010***	32.14139***	34.69335***	33.28304***
Bias adjusted LM	34.78704***	34.98975***	34.92304***	31.99433***	34.54629***	33.13598***
Pesaran CD	13.08400***	13.11892***	13.10503***	12.59462***	13.04257***	12.79661***

Notes: 1%, 5%, and 10% levels of significance signifies by ***, ** and*, correspondingly.

Table 1 depicts the cross-sectional dependence of all variables. The entire variables are significant at 1%. Thus, we reject our null hypothesis which shows that there is no interdependence between cross-sections. So, we accept our alternative hypothesis.

Panel co-integration Test

Before investigating the stimulus of remittances for economic progress of particular SAARC states by panel autoregressive distributed lag (ARDL) approach, we primarily applied Pedroni-test which is used for panel co-integration results.

Table 2
Panel Co-Integration Test Results

Assumption	With trend
Panel v-statistic	-2.691422 (0.9964)
Panel rho-statistic	2.500736

	(0.9938)
Panel PP-statistic	-2.856097*** (0.0021)
Panel ADF-statistic	-3.928594*** (0)
Group rho-statistic	3.456204 (0.9997)
Group PP-statistic	-6.826394*** (0)
Group ADF-statistic	-5.316908*** (0)

Notes: 1%, 5%, and 10% levels of significance signifies by ***, ** and*, correspondingly.

Numbers in braces are values of probability. Number of panel associates or countries (n) = 5 and intervals of time (t) = 18. Lags are repeatedly chosen with the Akaike information criterion (AIC).

Table 2 determines the results of the panel co-integration test. The first pillar illustrates different types of statistics which are assumed to evaluate consequences. And the second column displays outcomes with trends. The null hypothesis of this examination shows that there is no co-integration among variables. Results of the co-integration analysis presented that there is 4 out of 7 null hypotheses are rejected at 1o%, 5%, and 1% levels of significance. Accordingly, inside the dimension model is co-integrated and also among magnitudes. Thus, there is a sign of a longstanding link between explanatory variables and dependent variables in particular SAARC states.

Panel ARDL Technique

Panel ARDL method is used to find the result of personal remittances inclusion in the advancement of particular SAARC states' economic progress. This technique exhibits long-run as well as the short-run relationship between explanatory and dependent variables. Error correction model (ECM) technique is applied to classify short-run association among variables and this technique helps to sustain long-run relations among independent and dependent variables of the model. In the following table long-run outcomes exist:

Table 3
Results of Long run analysis through panel ARDL procedure
Dependent Variable = GDP
No. of Observations = 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Long Run Equation				
LOG_REMITTANCES	0.036289	0.013120	2.765908	0.0082
LOG_POPULATION	-0.806830	0.158271	-5.097764	0.0000
LOG_GFCF	0.206044	0.052122	3.953099	0.0003
LOG_GNE	0.807540	0.047746	16.91331	0.0000
LOG_IMPORTS	-0.137761	0.024274	-5.675279	0.0000

Source: Specific estimation of the researcher by using E-views 9

Table 3 clarifies the long-run relation between GDP and all explanatory variables which are estimated by panel autoregressive distributed lag approach. Personal remittance which is an explanatory variable has a probability value is 0.0082 and a coefficient value is 0.036289. The result of remittance inflow shows a significant and positive connection with the gross domestic product (GDP) which presents the growth of an economy and this outcome specifies that a one percent rise in remittance inflow gives rise of 0.036289 percent in gross domestic product.

The coefficient value of the population is -0.806830 and the value of probability is 0.0000 which indicates a significant and negative relationship with the gross domestic product (GDP). The result of population illustrates that a one percent rise in population will be the source of 0.806830 percent decline in GDP which is our endogenous variable.

The Gross fixed capital formation (GFCF) coefficient value is 0.206044 and the probability of GFCF is 0.0003 which shows a positive and significant association between GFCF and Gross Domestic Product. This consequence specifies that a 1 percent rise in GFCF gives rise to 0.206044 percent in economic growth.

The coefficient value of gross national expenditure (GNE) is 0.807540 and the value of probability is 0.0000 which shows a highly significant and positive relation between gross national expenditure. This outcome describes that a one percent rise in GNE will source a 0.807540 percent increase in the gross domestic product (GDP).

In the end imports (Imp) has a coefficient value (-0.137761) and the probability value of imports is 0.0000 which highlights the negative but highly significant interconnection between imports and GDP growth. The result of imports signifies that a one percent rise in imports will source of 0.137761 percent decline in gross domestic product.

Thus, the entire outcomes of the long-run analysis of the Panel autoregressive distributed lag (ARDL) approach clarify the substantial influence of personal remittance on GDP growth of particular SAARC states. From all selected variables REM, GFCF and GNE have a significant and positive with GDP growth but Pop and Imports have a significant and negative association with GDP growth.

Table 4
Results of Short-Run Analysis Through Panel ARDL

Short Run Equation				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.***
COINTEQ01	-0.691	0.287	-2.405	0.020
D(LOG_PERSONAL_REMITTANCES)	-0.003	0.0251	-0.132	0.895
D(LOG_POPULATION__TOTAL)	-26.572	17.029	-1.560	0.125
D(LOG_POPULATION__TOTAL (-1))	-10.814	9.090	-1.189	0.240
D(LOG_GROSS_FIXED_CAPITAL_)	-0.087	0.093	-0.937	0.353
D(LOG_GROSS_NATIONAL_EXPEN)	0.428	0.240	1.779	0.081
D(LOG_IMPORTS_OF_GOODS_AND)	-0.023	0.055	-0.420	0.676
C	13.110	5.586	2.346	0.023

Source: Specific estimation of the researcher by using E-views 9.

Table 4 illustrates outcomes of short-run analysis by applying the technique of Panel autoregressive distributed lag (ARDL). Consequences association of short-run analysis express the relationship between remittance inflow and economic progress of particular SAARC states. In outcomes of short-run analysis, the co-integration value is -0.691126 and the probability value is 0.0203 which depicts general significance. But then in the analysis of the short-run few variables are significant and few are insignificant with GDP which exposes that there is no influence exists of these variables on economic progress.

Conclusion and Policy Implication

The foremost basic aim of this chapter is to accomplish the entire results of remittances on the GDP of particular SAARC states. There are approximately positive as well as negative impacts of personal remittances on economic progress. The basic aim of this study is to inspect the impact of remittances on the development of the economy in particular SAARC countries. This study is based on the accomplishment of a specific supposition which stated that remittance inflow will positively affect economic progress.

Gross domestic product (GDP) is the dependent variable of this study while remittances (REM), population (Pop), gross fixed capital formation (GFCF), gross national expenditure (GNE), and imports (Imp) are independent variables. Selected states are India, Pakistan, Sri Lanka, Bangladesh, and Nepal.

These states are selected to examine the influence of remittances on financial progress. The following study relies on secondary data over some time of 2002 to 2019. Conferring to outcomes of panel unit root test Panel ARDL technique is fitted to observe impacts of remittance inflow on the gross domestic product (GDP) in SAARC nation-states and as well as this approach is beneficial to explore long-run and short-run connotation between variables. Subsequently, this chapter has relied on the perception of complete research exertion and inferences of strategies. Specific propositions of the researcher are correspondingly debated in the present chapter.

A consequence of this study is cooperative for policy implication to enhance the efficiency of remittances to improve the economic conditions of SAARC countries. There are several factors in the economy that spur the remittances so policies are suggested for this area. Some predictions are essential by conforming to our results of the analysis. For this purpose, there are some ideas to implement several policies for improvement in the growth of the economy in particular SAARC states through remittances, population, gross fixed capital formation, gross national expenditure, and imports. In this regard following policies are suggested:

1. Selected developing countries should transfer manpower to technologically advanced countries that have an optimistic and substantial effect on the economy of developing countries.

2. The government of selected countries should expand gross domestic product (GDP) without diminishing the remittances inflow.

3. Government should formulate such policies that inspire the remitters about the prospective paybacks of remittances.

4. Government should arrange eye-catching speculation chances to fascinate additional remittances inflow.

5. It is essential to control population (Pop) and to enlarge effective workforce to boost the economic progress of SAARC states. Government should provide guidelines for the benefits of the population while in another way rise in population might be the cause of low per capita income, unemployment, and poverty.

6. Government should form strategies that increase gross fixed capital formation (GFCF) for the fast evolution of economic growth of selected developing countries.

7. Government must take action to increase tax and duties on imports of goods and services. In this way, consumption of imported goods is controlled and economies could gain trade surplus. This situation has an optimistic influence on the growth of the economy of developing states.

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