

# Remittances and Household Dependence: Evidence from Bangladesh

Adesola Sunmoni<sup>1</sup>; Md Shahadath Hossain<sup>2</sup>; Estiaque Bari<sup>3</sup>

<sup>1</sup>University of Reading, UK, <sup>2</sup>University of Houston, TX, USA <sup>3</sup>East West University, Dhaka, Bangladesh

## Research Questions

- What is the effect of remittances on Household Dependence in Bangladesh?
- Do remittances increase both the likelihood and amount of non-remittance income generated by households in Bangladesh?

## Data Source

- Household survey data from the Bangladesh Survey on the Use of Remittances, 2013
- Nationally representative survey of 8,995 households with temporary male migrants
- Cross-sectional data with rich information about Migration patterns, Remittances received, Remittance uses, Migrant characteristics, Socio-economic profiles of family members left behind

## Empirical Methodology

Empirical strategy examines effect of remittances on:

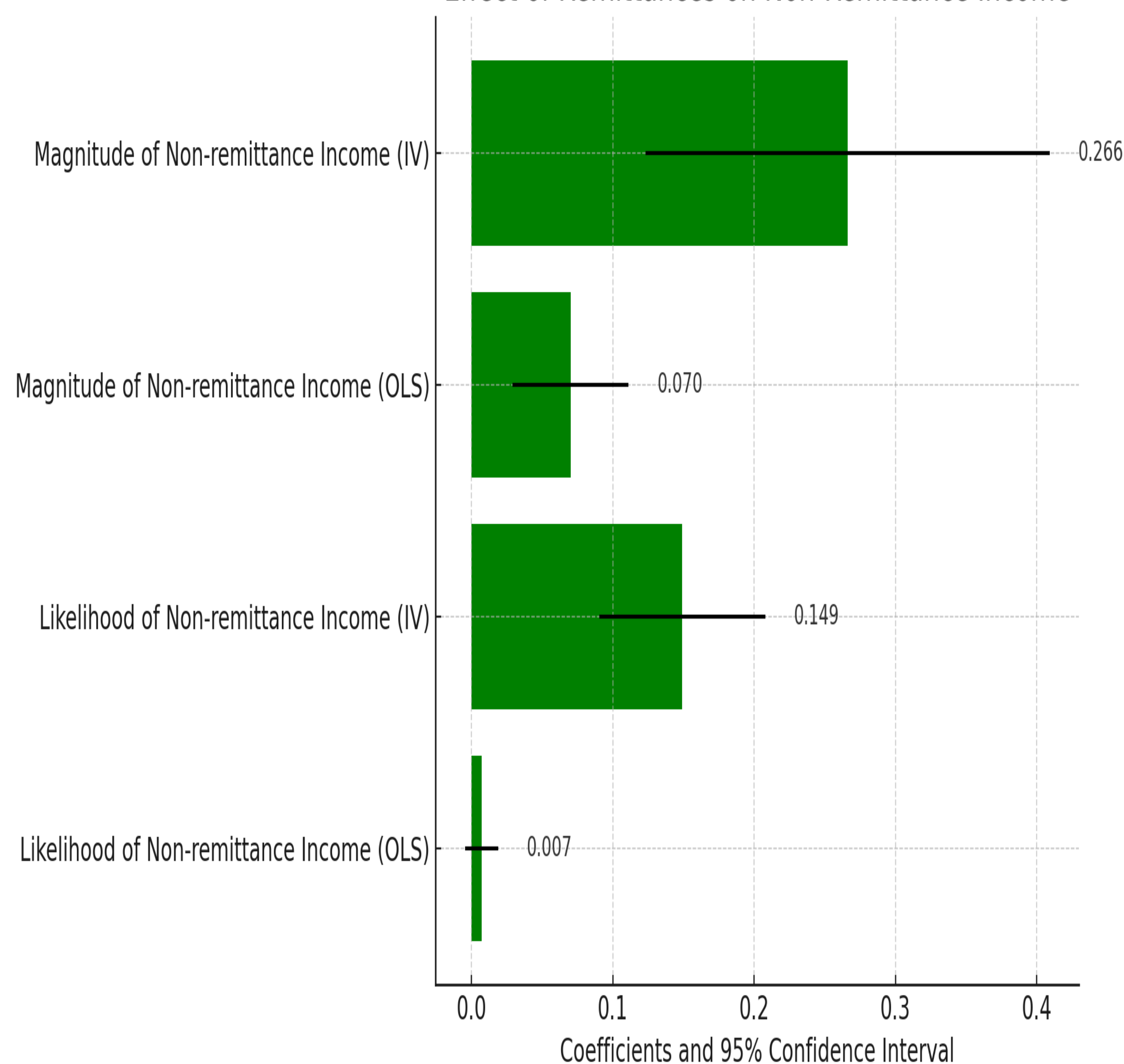
- Likelihood of having non-remittance income (extensive margin)
- Amount of non-remittance income (intensive margin)

Baseline model: Linear regression of remittances on dependence indicators

- Address endogeneity concerns using instrumental variable (IV) approach
  - Instrument is change in economic fitness of destination countries
  - Economic fitness measures country's capability for complex production
  - Positive change → reduced demand for low-skilled labor → lower migrant income and remittances
- Explore sensitivity to exogeneity assumption using imperfect IV method
  - Allows for non-zero correlation between instrument and error term
  - Generates bound estimates instead of point estimates

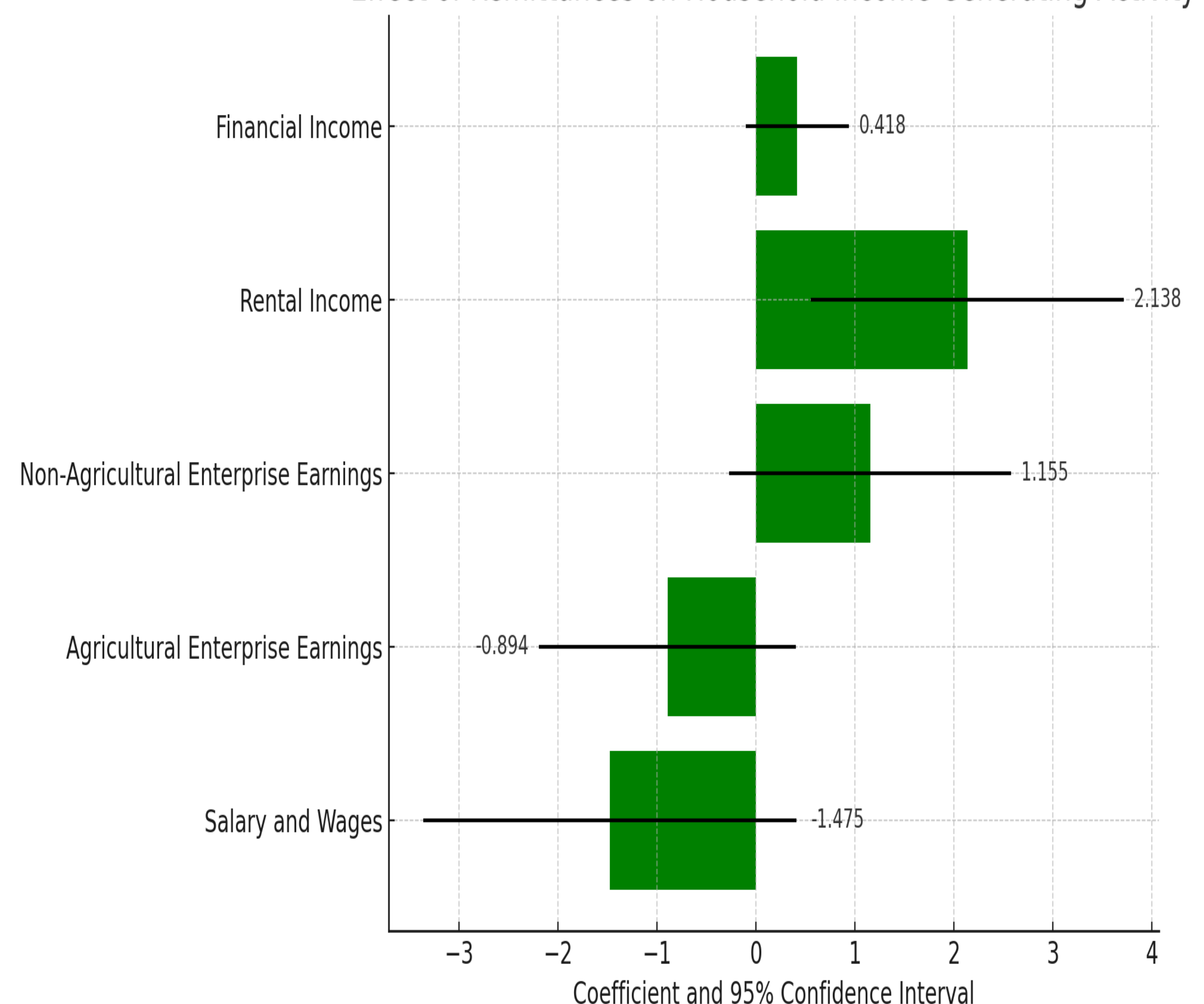
## Key Results

Effect of Remittances on Non-Remittance Income



## Additional Results

Effect of Remittances on Household Income Generating Activity



## Mechanisms

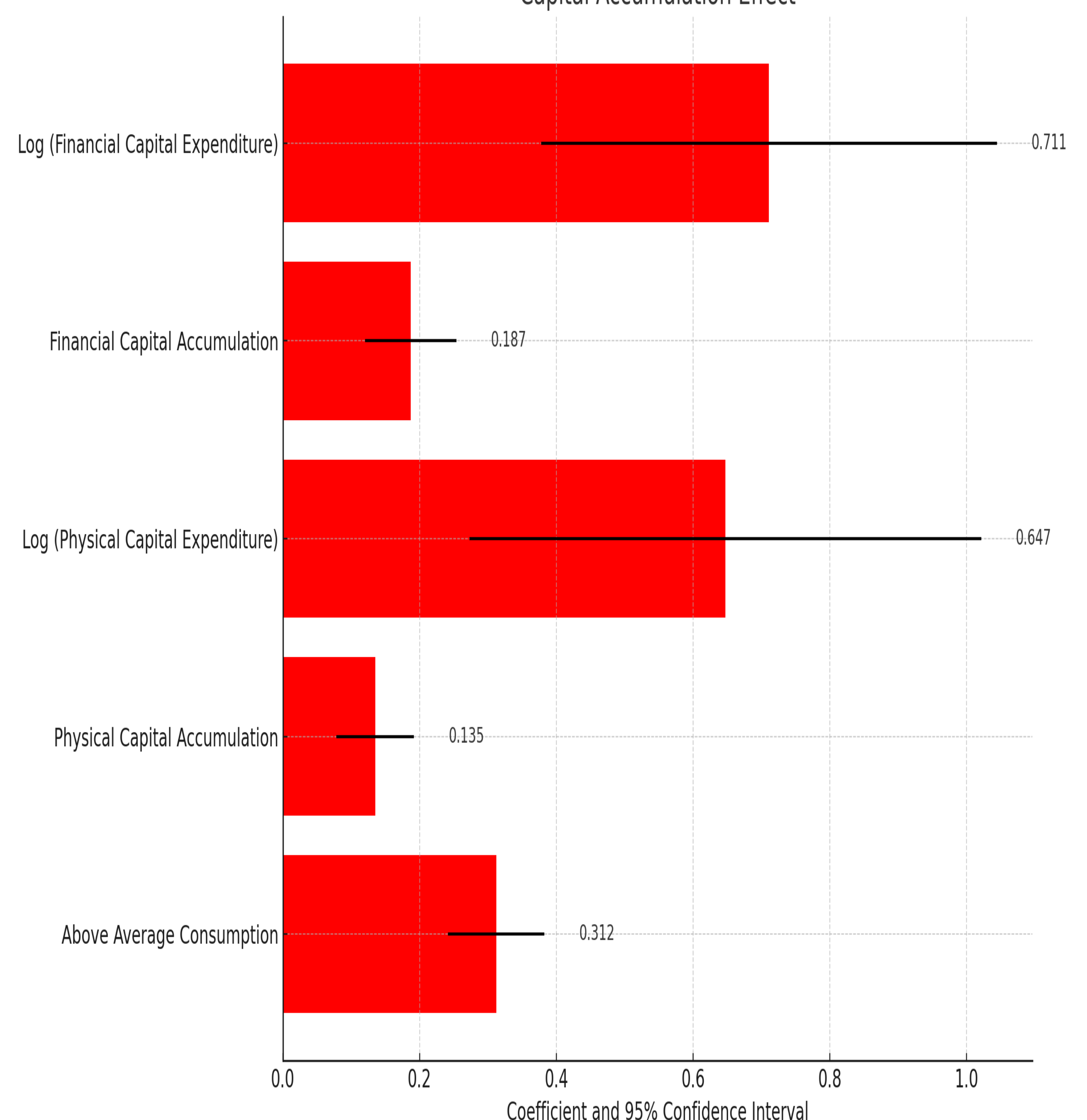
### Health productivity effect:

Remittances improve health → increased productivity → more income generation

### Capital accumulation effect:

Remittances → physical & financial capital accumulation → facilitates non-remittance income

Capital Accumulation Effect



## Contact

Name: Adesola Sunmoni; Md Shahadath Hossain; Estiaque Bari  
 Organization: University of Reading; University of Houston, TX; East West University, Dhaka  
 Email: [a.sunmoni@reading.ac.uk](mailto:a.sunmoni@reading.ac.uk); [mhossai7@central.uh.edu](mailto:mhossai7@central.uh.edu); [estiaque@ewubd.edu](mailto:estiaque@ewubd.edu)

## Conclusion

- Remittances promote income generating activities and reduce dependence through rental income.