

The Impact and Sustainability of Remittances on Sri Lanka's Economic Development

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Abstract

Workers' remittances consist of goods or financial instruments transferred by migrants living and working abroad to residents of the home of the migrants. There is no doubt that workers' remittances can spur economic development. Evidence abounds that workers' remittances in many nations have helped in no small way in the development of the countries. The impact of remittances on development is both at the macro and micro level. Have remittances impacted on Sri Lanka's economic development? Could the impact be sustained? And, for how long could it be sustained? The objective of this study is to find out the impact of remittances on economic development in Sri Lanka, and the sustainability or otherwise of the foreign capital inflow into Sri Lanka. Secondary data was collected and used for this study. The study confirmed that remittances have impacted positively on the economic growth and development of Sri Lanka at both macro and micro level, but the study found that sustaining such inflow of foreign capital may be hampered by growing resentment against foreign workers in many countries of the world, macroeconomic instability across nations that is becoming more frequent et cetera.

Keywords: Economic Development, Economic Growth, Impact, Remittance, Sustainability