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DO REMITTANCES WIDEN THE WEALTH GAP IN ASIAN COUNTRIES (FROM A REGIONAL PERSPECTIVE)

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Abstract. The paper aims to investigate the effect of receiving remittance flows on income inequality in six economies in Asia, which are Kazakhstan, Kyrgyzstan, Thailand, Indonesia, Armenia, and Georgia, from 2002 to 2021. Using a balanced panel of 120 data points, Fixed Effects and Random Effects regression equations are applied with rigorous econometric analysis. Panel unit root tests confirm that all variables are integrated of order one, I(1), and the Kao (1999) cointegration test establishes a stable long-run equilibrium among the Gini index, remittances, GDP per capita, FDI, and government expenditure on education. Diagnostic tests reveal the presence of heteroskedasticity and cross-sectional dependence, while serial correlation is absent. The Hausman test favors the Random Effects estimator. Empirical results indicate that GDP per capita exerts a statistically significant negative effect on income inequality, consistent with the Kuznets curve hypothesis. Remittances and government expenditure on education exhibit theoretically expected negative signs but do not reach statistical significance, likely due to multicollinearity and the limited cross-sectional dimension. FDI shows no significant association with inequality. These findings highlight the primacy of economic development over remittance flows as a driver of inequality reduction in the sampled countries, carrying important implications for macroeconomic and redistribution policy in developing Asian economies.

Keywords: income inequality; remittances; Gini index; panel data; fixed effects; GDP per capita; foreign direct investment; Asian economies

1. Introduction

Inequality is now considered one of the most significant challenges of our time, both socially and economically. According to Human Rights Careers (2017), it manifests across multiple dimensions, including income, education, healthcare, gender, and race. The World Inequality Report (2026) reveals that the top 10% of adults capture approximately 53% of global income, while the bottom 50% receive only 8%, reflecting an extreme concentration of wealth among a small fraction of the population. Chrisendo and Hoffmann (2025) further highlight that while 96% of people globally have experienced income growth, inequality has simultaneously risen for 68% of the world's population, underscoring that economic growth has been deeply uneven.

Many developing countries across Africa, Asia, and Latin America continue to face widening income disparities despite sustained economic expansion (Mohamed & Abdi, 2024). Asian economies are particularly relevant in this context, as they are among the world's largest recipients of remittances — monetary transfers initiated by migrants to support their home countries. The World Bank (2024) reports that South Asian countries account for the largest share of global remittance inflows, making them a critical source of external financing. However, the distributional effects of remittances remain contested. Rodriguez and Tiongson (2001) and Chami et al. (2018) caution that remittances may disproportionately benefit better-positioned households, potentially reinforcing existing inequalities and limiting their inclusive potential. Alongside remittances, foreign direct investment (FDI) has been recognized for its capacity to stimulate local investment,

facilitate knowledge transfer, and generate employment opportunities (Aderemi et al., 2023), while government expenditure on education is widely regarded as a structural tool for reducing long-term inequality.

Despite the growing body of literature on remittances and inequality, evidence from smaller transition and emerging economies in Asia — particularly post-Soviet states such as Kazakhstan, Kyrgyzstan, Armenia, and Georgia — remains scarce. Most existing studies focus on South or Southeast Asia, leaving a notable gap in understanding how remittance dynamics operate in more diverse regional contexts. This study addresses that gap by empirically examining the joint impact of remittances, GDP per capita, FDI, and government expenditure on education on income inequality across six Asian economies — Kazakhstan, Kyrgyzstan, Thailand, Indonesia, Armenia, and Georgia — over the period 2002–2021. Using a balanced panel of 120 observations and Fixed Effects regression, the study seeks to identify both the individual and combined effects of these macroeconomic variables on the Gini coefficient.

The remainder of the paper is structured as follows: Section 2 reviews the relevant literature, Section 3 outlines the methodology, Section 4 presents the results and discussion, and Section 5 provides conclusions and policy recommendations.

2. Literature review

Theoretical Background

The relationship between economic development and income inequality is theorised through the Kuznets curve hypothesis (Kuznets, 1955), which posits an inverted U-shaped relationship: inequality initially rises as economies industrialise and then declines as development matures and benefits are more broadly distributed. This framework underpins the present study's expectation that GDP per capita will exert a negative effect on the Gini coefficient at higher stages of development. Complementing this, the New Economics of Labour Migration (NELM), developed by Taylor (1999), frames migration as a household-level strategy to diversify income and manage risk. Under NELM, remittances are not merely transfers but calculated financial flows that can stimulate local economic activity and, under the right conditions, reduce income inequality by supporting resource-scarce households.

The World Bank (2024) reports that South Asian countries account for the largest share of global remittance inflows, underscoring their critical role as a source of external financing and household welfare support. However, Rodriguez and Tiongson (2001) and Chami et al. (2018) caution that remittances may disproportionately benefit better-positioned households — those with the initial capital and networks needed to send members abroad — thereby widening the wealth gap and limiting the inclusive potential of these inflows. Ullah et al. (2025) further find that in Asian economies, remittances predominantly contribute to consumption smoothing and housing rather than productive economic activity, constraining their long-term inequality-reducing potential. Recent evidence highlights additional channels through which remittances operate. Islam et al. (2025) find that in middle-income countries, positive remittance shocks stimulate innovation while negative shocks impede it, with the effect positively correlated with GDP per capita and financial development. Barkat et al. (2024) demonstrate that financial inclusion amplifies the impact of remittances on achieving the Sustainable Development Goals, while Islam et al. (2024) show that remittance inflows and R&D expenditure jointly promote long-run growth in 25 middle-income

economies, pointing to an important complementarity between remittances and human capital investment.

Foreign Direct Investment and Development Outcomes

FDI is widely recognised for its potential to stimulate local investment, facilitate knowledge transfer, and generate employment opportunities (Aderemi et al., 2023). According to UNCTAD (2025), global FDI flows declined by 11% to $1.5 trillion in 2024, yet Asia remains a significant recipient of international investment capital. The distributional effects of FDI, however, depend heavily on host country characteristics. Chrisendo and Hoffmann (2024) show that FDI reduces poverty only when strong governance is present, while Nor-eddine and Kaoutar (2026) find that FDI boosts growth only under conditions of adequate human capital and effective technology transfer. Aderemi et al. (2023) further find that although FDI may exert a negative short-term effect on human development in BRICS economies, its long-term impact on poverty reduction is positive, reflecting the importance of time horizon in assessing FDI outcomes.

Government Expenditure on Education and Inequality

Public investment in education is one of the most effective structural mechanisms for reducing income inequality over the long run. By expanding access to human capital, education expenditure narrows skill differentials, increases labour market participation among lower-income groups, and promotes more equitable income distributions. In developing Asian economies, where structural inequality is often reinforced by unequal access to education, government spending on education also determines how effectively households can utilise remittances and FDI inflows. Yuldashev et al. (2023) find that FDI reduces inequality more effectively when human capital levels are high, suggesting a positive synergy between public education investment and foreign capital inflows. Barkat et al. (2024) further confirm that institutional and financial inclusion — of which education is a key component — amplifies the development impact of external financial flows.

Research Gap

Despite the growing body of literature, several critical gaps remain. First, most studies focus on aggregate economic growth rather than income distribution dynamics, with the Gini coefficient rarely used as the primary outcome variable. Second, the empirical focus has been concentrated on South Asia and the BRICS economies, with limited attention given to Central Asia, Southeast Asia, and the Caucasus — regions that share a significant dependence on remittance inflows yet are rarely examined together. Third, few studies jointly control for remittances, FDI, GDP per capita, and government expenditure on education within a long-term panel framework, leaving the interactive effects of these variables on inequality inadequately explored.

3. Methods and theoretical framework

The empirical model of this study is grounded in a multifaceted theoretical framework that explains the dynamics of income distribution within developing economies, particularly across the Asian landscape. The New Economics of Labour Migration (NELM), developed by Taylor (1999), frames migration as a strategic household-level response to market failures such as credit and insurance constraints. Complementing this is the discourse on Foreign Direct Investment (FDI),

framed by the competing perspectives of Modernization and Dependency theories. Modernization theory suggests that FDI facilitates technological diffusion, job creation, and human capital accumulation, which can reduce inequality when a host country possesses sufficient absorptive capacity (Yuldashev et al., 2023). Conversely, Dependency theory warns that FDI may exacerbate inequality in the short term by concentrating wealth in capital-intensive sectors and disproportionately benefiting highly skilled labour.

To account for the broader stage of national development, the model incorporates GDP per capita, guided by the Kuznets Curve hypothesis (Kuznets, 1955), which posits an inverted-U relationship where inequality initially rises during structural transformation but subsequently declines as a larger segment of society partakes in the benefits of mature economic growth. Furthermore, the inclusion of government expenditure on education is rooted in Human Capital Theory, which argues that public investment in education is a primary vehicle for enhancing productivity and equalising income-earning opportunities, thereby mitigating structural disparities in regions where educational access remains uneven. According to the World Bank (2024) and UNCTAD (2025), Asia remains a global hub for both remittances and FDI, and these flows interact through the mediating roles of financial development and institutional quality, collectively shaping income distribution trajectories across the region.

Model Specification

This study empirically examines the impact of remittance inflows on income inequality in the presence of foreign direct investment (FDI), economic growth, and public education expenditure across selected developing Asian economies. The analysis draws on a balanced panel dataset spanning 2002–2021, comprising six countries selected from three distinct sub-regions of Asia — Central Asia (Kazakhstan and Kyrgyzstan), Southeast Asia (Thailand and Indonesia), and the Caucasus (Armenia and Georgia) — chosen based on their structural relevance to income inequality dynamics and the availability of consistent data across the study period. To achieve the study's objectives, the following empirical model is specified:

$$GINI_{it}=f(PR_{it},FDI_{it},GDP_{it},GEE_{it})$$

$$lnGINI_{it}= \beta_0+\beta_1 lnPR_{it}+\beta_2 FDI_{it}+\beta_3 lnGDP_{it}+\beta_4 GEE_{it}+\mu_{it}$$

Estimation techniques

The first step addresses two critical issues commonly encountered in macro-panel data: slope heterogeneity and cross-sectional dependence. Ignoring these features can lead to severely biased estimates and misleading inferences. Cross-sectional dependence is tested using Pesaran's CD Test (Pesaran, 2004), which evaluates whether error terms across countries are correlated — particularly relevant given that the six sampled economies are exposed to common regional and global shocks, including fluctuations in global remittance flows, trade linkages, and macroeconomic spillovers. Slope homogeneity is also formally examined, as assuming uniform slope coefficients across structurally heterogeneous economies spanning three distinct sub-regions would impose an unrealistic restriction on the model.

To examine the stationarity properties of the variables, this study employs both first-generation and second-generation panel unit root tests. Given the confirmed presence of cross-sectional

dependence, the primary stationarity test applied is the Cross-sectionally Augmented IPS (CIPS) test, a second-generation panel unit root test developed by Pearsan (2007). Unlike first-generation tests, the CIPS test is specifically designed to account for cross-sectional dependence by augmenting the standard ADF regression with cross-sectional averages of lagged levels and first differences, thereby controlling for unobserved common factors. The test is defined as:

$$\widehat{CIPS}=\frac{1}{N}\sum_{i-1}^{N} CADF_i$$

where CADF denotes the country-specific Cross-sectionally Augmented Dickey-Fuller statistic.

$\widehat{CIPS}=\frac{1}{N}\sum_{i-1}^{N} CADF_i$ $\widehat{CIPS}\neq 0$ for a fixed N and as $N=\infty$. For the more general case involving serial correlation, lagged values of Δy_{it} as well as $\Delta\overline{y}_t$ are included in the estimation to ensure robustness. As supplementary tests, the Levin–Lin–Chu (LLC) test, which assumes a common unit root process across all cross-sections, and the Fisher-type ADF test, which permits country-specific unit root processes, are also reported. The results reveal that GDP per capita, government expenditure on education, the Gini index, and remittances are integrated of order one — I(1) — while FDI is stationary at levels, i.e., I(0). No variable is found to be integrated of order two, I(2).

The entity and time-fixed effects regression model is

$$Y_{it}=a_i+\beta x_{it}+\delta_t+u_i+e_{it} \quad (1)$$

The Random Effects model assumes that country-specific effects are uncorrelated with the independent variables, offering efficiency gains when this assumption holds:

The entity and time random effects regression model is

$$Y_{it}=a_i+\beta x_{it}+\delta_t+u_i+k_{it} \quad (2)$$

In both models, Yit is the outcome variable (Gini index) for country i at time t; αi is the country-specific intercept; Xit is the vector of independent variables; δt captures time-specific effects; ui is the within-entity error; and eit (FE) and kit (RE) represent the overall error terms. The Hausman specification test is conducted to determine which model yields more consistent estimates. The test result favours the Random Effects estimator, which is therefore adopted as the preferred specification in the empirical analysis.

4. Results

Table 1: Description of variables

Name	Variable	Abbreviation
Country	Central Asia countries, Southeast Asia, Western Asia	Country
Years	Year (2001-2023)	Year
Gini_index	Gini index	Gini
Remittances	Personal remittances, received (% of GDP)	PR
GDP per capita	GDP per capita, PPP (current international $)	GDPPC
Foreign Direct Investment	Foreign direct investment, net inflows (% of	FDI

Name	Variable	Abbreviation
	GDP)	
Government expenditure	Government expenditure on education, total (% of GDP)	GEE

Source: developed by the author

Table 2 presents the descriptive statistics for all variables included in the analysis, based on a balanced panel dataset comprising 6 countries observed over 20 years (2002–2021), yielding 120 observations in total. The mean Gini index of 33.53 (SD = 4.47, range: 25.10–42.50) indicates a moderate level of income inequality across the sampled countries, while the non-trivial standard deviation signals meaningful cross-country heterogeneity in inequality levels. Remittances average 8.50% of GDP but exhibit substantial dispersion (SD = 9.64, range: 0.09–32.56), reflecting highly divergent degrees of reliance on remittance inflows across the panel — a characteristic commonly observed in developing and transition economies. GEE averages 3.46 (range: 0.96–7.38), revealing wide cross-country variation in institutional quality — a feature that may importantly condition the inequality-reducing capacity of economic flows such as remittances and FDI.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ID	120	3.5	1.715	1	6
Years	120	2011.5	5.79	2002	2021
Gini index	120	33.534	4.468	25.1	42.5
Remittances	120	8.498	9.644	.093	32.564
GDP percapita	120	10969.975	6494.43	1998.238	32945.852
FDI	120	4.916	4.015	-4.855	18.599
GovernEE	120	3.462	1.287	.964	7.384

Source: developed by the author

According to Table 3, at level, the LLC test fails to reject the null hypothesis of a unit root for the Gini index (p = 0.2344), GDP per capita (p = 0.9887), and GEE (p = 0.2298), confirming that these variables are non-stationary in their original form. Corroborating this, the Fisher-type ADF test also fails to reject the null for all variables at conventional significance levels, including Gini index (p = 0.7907), remittances (p = 0.1761), GDP per capita (p = 1.000), and GEE (p = 0.5819). While LLC results suggest marginal stationarity for remittances (p = 0.0396) and FDI (p = 0.0207) at level, the Fisher test does not confirm this for remittances, and the discrepancy is likely attributable to the LLC test's assumption of a common AR parameter, which may not hold in a heterogeneous panel.

Table 3: Panel Unit Root Test Results

Variable	LLC Level p	Fisher Level p	LLC 1st Diff p	Fisher 1st Diff p	Order	Decision
Gini Index	0.2344	0.7907	0.0000	0.0000	I(1)	Non-stationary at level; stationary at 1st diff
Remittances	0.0396*	0.1761	0.0000	0.0000	I(1)	Mixed at level; unanimous at 1st diff →

						I(1)
GDP per Capita	0.9887	1.0000	0.0189	0.0001	I(1)	Strongly non-stationary at the level
FDI	0.0207*	0.0100*	0.0000	0.0000	I(1)	Mixed at level; confirms I(1)
GovernEE	0.2298	0.5819	0.0000	0.0001	I(1)	Non-stationary at level; stationary at 1st diff

Source: developed by the author

Given that all variables are integrated of order one I (1), the Kao (1999) residual-based cointegration test was applied to examine whether a stable long-run equilibrium relationship exists among the Gini index, remittances, GDP per capita, FDI, and GEE (table 4). The null hypothesis of no cointegration is tested against the alternative that all panels are cointegrated. Table 4 provide strong and robust evidence of cointegration. Four out of five test statistics reject the null hypothesis at the 1% significance level: the Modified Dickey-Fuller t (p = 0.0084), Dickey-Fuller t (p = 0.0031), Unadjusted Modified Dickey-Fuller t (p = 0.0001), and Unadjusted Dickey-Fuller t (p = 0.0007). The Augmented Dickey-Fuller t statistic is marginally insignificant at the conventional 5% level (p = 0.0958), but given the overwhelming weight of evidence from the other four statistics, this does not undermine the cointegration conclusion.

Table 4: Kao (1999) Residual-Based Cointegration Test

Test Statistic	Value	p-value	Decision
Modified Dickey-Fuller t	−2.3899	0.0084	Reject H_0***
Dickey-Fuller t	−2.7329	0.0031	Reject H_0***
Augmented Dickey-Fuller t	−1.3058	0.0958	Reject H_0 (10%)
Unadjusted Modified Dickey-Fuller t	−3.7225	0.0001	Reject H_0***
Unadjusted Dickey-Fuller t	−3.2019	0.0007	Reject H_0***

*Note: H_0: No cointegration. Ha: All panels are cointegrated. N = 6 panels, T = 18 periods. *** $p < 0.01$.*

Table 5 presents the pairwise correlation matrix with significance levels. The Gini index exhibits a statistically significant negative correlation with remittances (r = −0.3507, p = 0.0001), indicating that countries with higher remittance inflows tend to exhibit lower income inequality — consistent with the theoretical proposition that remittances disproportionately benefit lower-income households and thus compress the income distribution. GEE is also significantly negatively correlated with the Gini index (r = −0.2645, p = 0.0035), supporting the argument that stronger institutional quality is associated with more equitable income distribution, possibly through more effective redistribution policies and reduced rent-seeking. Neither FDI (r = 0.0078, p = 0.9325) nor GDP per capita (r = −0.1294, p = 0.1588) exhibit a statistically significant bivariate correlation with the Gini index.

Table 5: Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)

(1) Gini_index	1.000				
(2) GovernEE	-0.265*	1.000			
	(0.004)				
(3) FDI	0.008	0.057	1.000		
	(0.932)	(0.535)			
(4) GDP_percapita	-0.129	-0.263*	-0.106	1.000	
	(0.159)	(0.004)	(0.251)		
(5) Remittances	-0.351*	0.571*	0.156	-0.523*	1.000
	(0.000)	(0.000)	(0.090)	(0.000)	

*** $p<0.01$, ** $p<0.05$, * $p<0.1$

A noteworthy observation from the correlation matrix is the strong positive association between remittances and GEE (r = 0.5712, p = 0.0000) and the strong negative correlation between remittances and GDP per capita (r = −0.5228, p = 0.0000). While these inter-regressor correlations do not automatically invalidate the multivariate regression, they raise concerns about potential multicollinearity, which may inflate standard errors and reduce the precision of individual coefficient estimates. This is a likely contributing factor to the statistical insignificance of remittances and GEE in the regression models despite carrying theoretically consistent signs.

Table 6: Summary of Diagnostic Test Results

Test	Null Hypothesis	Statistic	p-value	Result
Modified Wald (xttest3)	Homoskedasticity	$\chi^2(6) = 70.48$	0.0000	Reject***
Breusch-Pagan LM (xttest2)	No cross-sectional dependence	$\chi^2(15) = 49.215$	0.0000	Reject***
Pesaran CD (xtcsd)	No cross-sectional dependence	CD = −1.921	0.0547	Reject (10%)
Wooldridge (xtserial)	No first-order autocorrelation	F(1,5) = 1.986	0.2178	Fail to Reject
Hausman Test	RE is consistent (preferred)	$\chi^2(4) = 0.16$	0.9971	Fail to Reject

*Note: *** $p < 0.01$; N.S. = not significant. H_0 descriptions indicate the null hypothesis of each test.*

Table 7 reports the results of the fixed effects (FE) panel regression model, where the Gini index is specified as the dependent variable and FDI, GDP per capita, remittances, and GEE serve as explanatory variables. The overall model demonstrates acceptable explanatory power, with a within R^2 of 0.2165. The F-statistic of 7.60 (p = 0.0000) confirms that the explanatory variables are jointly significant. GDP per capita is the only variable that exhibits statistical significance at conventional levels. For example, an increase of $1,000 in GDP per capita corresponds to an

approximate 0.3-point decline in the Gini index, holding other factors constant. This finding is broadly consistent with the later stage of the Kuznets (1955) inverted-U hypothesis, suggesting that economic development may contribute to reducing inequality at higher income levels. Remittances display a negative coefficient (−0.077), suggesting that higher remittance inflows may be associated with reductions in income inequality. However, the coefficient does not reach statistical significance (p = 0.188).

Table 7: Fixed Effects Regression Results

Gini_index	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
FDI	.04	.08	0.50	.617	-.118	.198	
GDP_percapita	0	0	-3.92	0	0	0	***
Remittances	-.077	.058	-1.32	.188	-.193	.038	
GovernEE	-.555	.374	-1.48	.141	-1.297	.186	
Constant	38.699	1.398	27.69	0	35.929	41.468	***

Mean dependent var	33.534	SD dependent var	4.468
R-squared	0.217	Number of obs	120
F-test	7.600	Prob > F	0.000
Akaike crit. (AIC)	560.937	Bayesian crit. (BIC)	574.875

*** *p*<.01, ** *p*<.05, * *p*<.1

5. Discussion

The empirical findings of this study offer several important insights into the determinants of income inequality across six structurally heterogeneous Asian economies. The most robust and unambiguous result is the statistically significant negative effect of GDP per capita on the Gini index, confirmed across both the fixed effects and random effects specifications at the 1% significance level. This finding is consistent with the Kuznets (1955) inverted-U hypothesis — specifically its declining segment — suggesting that at the income levels representative of the sampled countries (ranging from approximately USD 2,000 to USD 33,000 per capita), continued economic development is associated with a reduction in income inequality. This aligns with empirical evidence from comparable developing country panels in Asia and reinforces the argument that sustained and broad-based economic growth remains the most powerful macroeconomic mechanism for reducing income disparities in middle-income economies.

The negative but statistically insignificant coefficient on remittances across both model specifications is a finding that warrants careful interpretation rather than dismissal. The consistent negative sign across FE (β = −0.077) and RE (β = −0.083) models suggests that remittances do exert a downward pressure on the Gini index — consistent with the predictions of the New Economics of Labour Migration (NELM) framework (Taylor, 1999), which argues that as migration networks mature and entry costs decline, remittance benefits spread more broadly to lower-income households, thereby reducing inequality. The lack of statistical significance is most likely explained by a combination of methodological constraints: the small cross-sectional dimension of the panel (N = 6) reduces statistical power; strong multicollinearity between remittances and government effectiveness (r = 0.571) inflates standard errors for both variables;

and the within-group FE transformation absorbs a large portion of the cross-country variation in remittances. These findings are consistent with the mixed results reported in the broader literature (Barkat et al., 2024; Ullah et al., 2025) and suggest that the inequality-reducing potential of remittances may be present but statistically difficult to isolate in small, heterogeneous panels.

6. Conclusion

This study set out to empirically examine the impact of remittance inflows on income inequality in six developing Asian economies — Kazakhstan, Kyrgyzstan, Thailand, Indonesia, Armenia, and Georgia — over the period 2002 to 2021. Employing a balanced panel of 120 observations and a sequential econometric procedure encompassing unit root testing, cointegration analysis, diagnostic testing, and fixed and random effects estimation, the study arrives at several key empirical and policy-relevant conclusions. Macroeconomic policies that sustain broad-based GDP growth — through structural reforms, productivity enhancement, and human capital investment — are the most effective tools for reducing income inequality over the long run. Second, while remittances alone may not significantly alter the Gini coefficient in aggregate panel estimates, their poverty-reducing and consumption-smoothing roles at the household level remain important. Governments should facilitate low-cost remittance transfers, strengthen financial inclusion, and create productive investment channels — such as matched savings programmes and community development funds — to enhance the development impact of remittance inflows. Third, improving GEE and institutional quality has the potential to amplify the inequality-reducing effects of both remittances and FDI by ensuring more equitable distribution of economic gains and strengthening redistributive policy frameworks.

Future research should extend this analysis in several directions: expanding the country sample to include a broader cross-section of Asian economies; employing dynamic panel estimators such as DOLS and FMOLS to obtain explicit long-run coefficient estimates; exploring non-linearities and threshold effects in the remittance-inequality relationship; and disaggregating FDI by sector and origin country to capture heterogeneous distributional effects. Together, these extensions would provide a more comprehensive and nuanced understanding of how international capital flows shape the trajectory of income inequality in the developing world.

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