



REMITTANCE INFLOW, BANK DEPOSITS, AND ECONOMIC GROWTH IN SRI LANKA: A VECTOR AUTOREGRESSIVE (VAR) MODEL ANALYSIS

Selvamalai T.

Faculty of Economics, South Asian University, New Delhi, India

selvam3088@gmail.com

ABSTRACT

The study investigates that how remittance inflow affects bank deposits and economic growth in Sri Lanka from 1982 to 2014. Data of study was gathered from World Bank database and used multivariate models of times series econometrics especially vector autoregressive (VAR) model and Granger causality test. The study found that remittance inflow did not have any significant impact on economic growth and bank deposits during the study period. There are no any significant causal relationships between remittance inflow, economic growth and bank deposits at 5 percent significant level. Even at 10% level, only the causality from bank deposit to remittance inflow was significant.

Keywords: Remittance, Deposits, Economic Growth, Vector Autoregressive (VAR) model