

## **Remittances-Environment-Led Hypothesis in India: An ARDL Approach**

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**Abstract:** Remittances are the largest source of foreign funds and are crucial to India's economic development. However, at the same time, its linkages with ecological degradation with regard to India is still unexplored. In this context, we examine the role of remittances in India's rising CO<sub>2</sub> emissions. This relationship is analysed under the Environmental Kuznets Curve (EKC) framework. The model uses inward remittances and its square as the independent variable and GDP growth and financial system deposits to GDP as control variables to study their impact on CO<sub>2</sub> emissions. The ARDL-bound testing approach is applied to test the hypothesis. The results establish that growth in remittances positively impacts CO<sub>2</sub> emissions in the short run, while the squared remittances exhibit a negative relationship with CO<sub>2</sub> emissions, thereby establishing the presence of a Kuznets Curve in the long run.

**Keywords:** CO<sub>2</sub> Emissions, Remittances, EKC, GDP

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