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## **THE EFFECT OF REMITTANCES OF MIGRANT WORKERS OF UKRAINE ON THE ECONOMIC DEVELOPMENT**

### **ABSTRACT**

The main factor of the financial impact of international migration on economic development of the workforce is migrating flows of remittances.

After FDI remittances it is the second in importance of financial flows to developing countries, nearly three times the amount of official aid exceeding this group of countries. Feature of remittances is that firstly, they do not create any obligations of recipients. Second, they are spent primarily on providing basic living conditions of households. Thus, they contribute to the formation of human development on the micro level, including life, education and health. To convert remittances into a powerful factor of economic development and human development on the macro level, governments have to take into account the objective nature of these funds, to study the mechanisms of their effects on the economy and using these mechanisms, create appropriate social and economic conditions for maximum realization of potential migrants' money transfers.

The main reason for migrants to obtain overseas income and financial support for their households at home. In some countries, cash transfers of international migrants reach 20-30% of the local population, 30-40% of GDP, 70-100% of the state budget and significantly larger than other types of international capital [1, p. 139]. Given the scale of domestic migration flows and remittances of

migrants is important to consider these cash transfers as an alternative source of investment in the economy of Ukraine.

Remittances have a positive impact on the economy. Their volume is estimated at \$ 6-7 billion per year, which contributes to lower deficit. They also lead to an increase in private final consumption, which is typical for economic growth in Ukraine, and thus improve the welfare of families of migrants. In addition, funds received from remittances are also used to repair old and the purchase of new housing. A certain fraction of remittances received is spent on teaching children of migrants. However, remittances have a limited impact on the business, which can be attributed to an unfavorable business climate in Ukraine. In particular, it is a complicated tax administration, while according to business regulatory environment prevents the development of entrepreneurship.