

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKERS: Randall Akee (Tufts University) & Devesh Kapur (Univ of Pennsylvania)

TITLE: Remittances and Rashomon

TIME: 11:30-1:00 P.M.

DAY & DATE: Friday 22nd July 2011

PLACE: Seminar Room 2, New Building

Abstract:

The paper examines the massive discrepancies on remittance data among different data sources. Utilizing a novel data set on remittance data for India that matches household surveys to administrative bank data, we investigate the differences in self-reported and actual deposits to Non-Resident Indian (NRI) accounts. There is a striking difference between the perceived and actual frequency and amount of deposits to NRI accounts. Our results indicate the presence of non-classical measurement error in the reporting of remittances in the form of deposits to NRI accounts. As a consequence, regression analyses using remittances as an explanatory variable may contain large upward biases instead of the usual attenuation of results under classical measurement error. Instrumental variables estimates are no better; the estimated coefficients from these regressions are more than three times the size of the OLS regression results. We also find that measurement error has macroeconomic consequences as well; estimates of total aggregate remittances differ by an order of magnitude between administrative and self-reported remittances. We conclude with some questions about NSS and BOP data.

<http://www.isid.ac.in/~pu/seminar.html>