Editor's Comment:

My editorial decision is to publish as is with minor corrections.

I suggest revised title: "Rural Migration and Income Inequality in South Asian countries: Econometric Descriptive Analysis."

The article is well-written, most interesting and important. The author's main conclusions make good common sense to me.

These findings suggest that migration from rural to urban regions increases income by enhancing income equality within cities (Liddle, 2013; Snow \& Pavan, 2013). Since cities tend to produce ample opportunities, and the relative importance of city areas is more vital than the rural areas, cities tend to attract rural migrants (Liddle, 2017). Thus, rising urbanization may lead to more money-earning options, thereby decreasing income disparity in cities and across the nation. The results show the non-linear relationship between GDP per capita and income inequality for the control variables, thereby confirming the Kuznets (1955) hypothesis. Precisely, the GDP per capita is positive with a minimal coefficient and the GDP per capita squared coefficient is negative, which depicts the position of South Asian economies have reached the threshold level of the Kuznets inverted-U curve. These results show that as the per capita income increases, inequality will decrease. GDP per capita and GDP per capita square are statistically significant at the 1\% level across all three models.

Abstract. Moreover, during the last few decades, several nations and regions have seen a rise in economic disparity owing to migration. Others find a non-linear link between rural migration and income disparity and dependent on the level of growth. In this way, to find the extent of inequality in the developing countries, South Asian nations continue to be understudied. This article used a balanced panel dataset for eight South Asian nations from 1995 to 2022 to explore the correlation between rural migration and income inequality to determine the amount of inequality. The panel supports Kuznets' inverted-U hypothesis by showing a negative link between growth and income inequality.

Keywords: Good. Maybe add: Kuznets' inverted-U hypothesis

I. Introduction. Additionally, the reasons could be social, such as the desire to provide a better education for their children, the improvement of health care facilities, and the availability of entertainment facilities as opposed to working seven days on the farms. Sometimes these reasons are linked together. Urban centers have historically been economic engines. Having a variety of wealth and resources within a city is also one of the reasons for the world's growing urbanization (Liddle, 2017). in this way, there are strong direct and indirect relationships between rural migration and growth. Increased rural-to-urban migration might have positive and ominous implications on people's well-being, including structural change, economic development, and human welfare (Liddle \&Messinis, 2015). United Nations reports say that by 2050, almost 66 per cent of the world's population may be living in urban areas. Interestingly, less than 30\% of the world's population lived in cities in 1950 (United Nations, 2014). Despite this, these connections are not thoroughly understood even today. By 2050, urban areas are expected to grow fastest in Asian developing countries, which are not well prepared for such steady flows of migrants or are not capable of absorbing them within reasonable timeframes.

Review of literature. Kuznets (1955)uncovered an inverted U-shaped relationship between income disparity and economic development in his study. He continued that as countries shifted from agriculture to industry, industrialization and urbanization altered the pattern of wealth distribution in economies. Rural people would migrate from low-productivity agricultural sectors to high-productivity non-agricultural

sectors in urban areas. Because urban inhabitants have better per capita productivity than rural dwellers, Kuznets hypothesized that economic inequality would increase as countries urbanize. Robinson (1976)suggested a model comprehending the association between urbanization and income disparity based on previous research (e.g., Adelman. He assumed the economy was divided into subsistence and capitalist structures, with high-wage non-agricultural sectors and low-wage agricultural. He said that a developing nation should anticipate growing or steady income disparity throughout its middle stage of economic growth for a considerable amount of time in the absence of counterbalancing measures. For developing nations, Liddle and Messinis (2015) discovered that economic growth positively affects urbanization, but economic growth is negatively impacted by urbanization's others found positive (Siddique et al., 2014; Jones \& Kone 1996) or non-linear results(Wu \& Rao, 2017; Robinson, 1976; Kuznets, 1955).For instance, the wage gap may expand if rural residents move to cities without the necessary education or training to do the jobs required by urban businesses. They may also be compelled to work in menial jobs that pay much less. Urbanization, on the other hand, may reduce income disparity if rural migrants are able to find work in the formal sector in metropolitan regions (Jones \& Kone, 1996; Siddique et al., 2014).

II. Data and empirical strategy. G is the Gini index, R is the rate of urbanization, Z is a vector of various income inequality covariates as stated above, and i and t are the country and time indexes, respectively. $\beta0$ represents the intercept,$betaI$ represents the rural migration slope parameter, R_{it} a vector of coefficients for the other variables, δ_i represents nation fixed effects, t represents random effects, and E_{it} the error term. FE or RE models can be used to estimate using Eq. FE models consider I and t as regression parameters, whereas RE models consider them part of the error term (Stern \& Common, 2001; Stern, 2008). If i and t are correlated, FE models produce consistent results, whereas RE models produce inconsistent results. As a result, the FE models are the ones to go with. If the slope parameters from the FE and RE models are significantly different, a Hausman test can be used to determine this (Hausman, 1978; Stern \& Common, 2001).

III. Discussion on results inequality. Table 1 Summary Descriptive Statistics. Per head, income is low in Afghanistan with a value of US\$ 213.22, while found high in the Maldives with a value of US\$ 10197.09. the average GDP per capita is 2165.91\$. The Maldives has the lowest share of 4.6\% of agricultural produce to total GDP, compared to Afghanistan, which is the highest share of agriculture produce to total GDP with 47.38 per cent; the overall average is 20.4\%. FDI averaged 1.91, while trade openness is 60.55\% of the total GDP.

Table 2 results of Correlation Matrix. Table 3 Results of RE, FE, and pooled regression for the relation between rural migration and income. According to the modernization hypothesis, income inequality must first increase before it may decrease when nations attract FDI. The concept is that FDI infusion into a developing country enhances marginal productivity, savings, and spending tendencies. Since the percentage of the population employed in the low-income agriculture sector is often high in the early phases of development, as nations develop and move toward non-agricultural industries, foreign direct investment (FDI) increases, and individuals transfer from agriculture to non-agricultural sectors, income disparity will decline. Also, FDI helps reduce income inequality when it is used to take advantage of much low-wage, unskilled labour (Deardorff \& Stern, 1994) or when capital, whether domestic or foreign, stimulates economic growth and its benefits spread to the whole economy in the long run (Pan-Long, 1995). Some scholars have also said that, like FDI, trade liberalisation reduces income inequality (Celik \&Basdas, 2010).

IV. Conclusion. This study analyzes data from eight South Asian countries over the period 1995 to 2022 to explore the relationship between rural migration and income inequality. The findings reveal a clear and statistically significant negative correlation between rural migration and economic inequality in these

countries. This means that as rural migration increases, income inequality tends to decrease. These results are consistent across all the models used in the research. This study contrasts with previous research that identified a positive relationship between rural migration and income inequality (Chen et al., 2016; Kanbur \& Zhuang, 2013; Kuznets, 1955). Instead, it aligns with studies demonstrating a negative (Jones \& Kone, 1996; Kanbur \& Zhuang, 2013) and those highlighting a non-linear association (Wu \& Rao, 2017; Robinson, 1976; Liddle, 2017). These findings suggest that the relationship between rural migration and economic inequality is context-dependent, varying according to the economic development levels of different nations and regions. Consequently, this relationship cannot be regarded as universal or uniform across all contexts. As economies continue to modernize, it becomes crucial for South Asian governments to consider the social impacts of migration and urbanization.

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