

IMPACT OF FOREIGN DIRECT INVESTMENT FOR ECONOMIC GROWTH IN SRI LANKA

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Abstract

The relationship between Foreign Direct Investment and growth postulated a negative association for developing countries (Sahoo, P.) The growth of international production is driven by economic and technological forces. It is also driven by the ongoing liberalization of Foreign Direct Investment (FDI) and trade policies. (Athukorala P.P.A) The growth of foreign direct investment (FDI) has been focused in several studies examining the channels of transmission between FDI and growth. Economic models of endogenous growth were combined with studies of diffusion of technology in an attempt to show the effect of FDI on the economic growth of several economies (Balamurali N. and Bogahawatte, N.). The theory of foreign direct investment (FDI) has so far been built most extensively around industrial organization economics (Ozawa, T).

This paper seeks to identify that is there any relationship between foreign direct investment and economic growth in Sri Lanka. I use secondary evidence for my data collection Data get from central bank report in Sri Lanka. I use regression model for data analysis. This analysis conduct by assuming there is relationship between foreign direct investment for economic growth in Sri Lanka.

Key words: Foreign Direct Investment, International production, Economic models