

**Effect of Government Debt on Gross Domestic Production:  
Evidence from Sri Lanka**

Silva, N. L. C.<sup>1</sup>, Silva, N. K. L.<sup>2</sup> and Perera, P. R. M. R.<sup>3</sup>

This paper investigates the relationship between government debt and gross domestic production in Sri Lanka. Objective of this study is to find the relationship between these two variables and the impact of government debt on economic growth. Data was collected through Central Bank of Sri Lanka and the data set proven to be normally distributed. Correlation and Linear Regression Model is used to ascertain relationships. Data sample represent annual time series data for the period of 15 years starting from 2000 to 2014. Results of the study is consistent with the Keynes View which proves that there is a positive impact of government debt on economic activities.

**Keywords:** Government debt, Gross Domestic Production, Economic growth, Keynes view

<sup>1</sup> Department of Accountancy, Faculty of Commerce & Management Studies, University of Kelaniya, Sri Lanka. (silvanl\_2013@kln.ac.lk)

<sup>2</sup> Department of Accountancy, Faculty of Commerce & Management Studies University of Kelaniya, Sri Lanka. (silvank\_2013@kln.ac.lk)

<sup>3</sup> Department of Accountancy, Faculty of Commerce & Management Studies University of Kelaniya, Sri Lanka. (malinthar\_2013@kln.ac.lk)