

## **The Impact of Foreign Direct Investment on Economic Growth in Sri Lanka**

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The growth of international production is driven by economic and technological forces. It is also driven by the on-going liberalization of Foreign Direct Investment (FDI) and trade policies. The growth of 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. The FDI is assumed to benefit to underprivileged country like Sri Lanka, not only by adding internal investment, but also in terms of employment creation, transfer of technology, increased domestic competition and other positive externalities. According to the Sri Lankan context Sri Lanka follow the attractive policies to accept FDI in to the country. As the result of this FDI has increased last year's gradually. This paper seeks to identify that is there any relationship between foreign direct investment and economic growth in Sri Lanka. Data is collected by using secondary evidence. Data get from central bank report in Sri Lanka. Data is analysed using regression method. According to the data analysis there is positive relationship between FDI and Economic growth in Sri Lanka however the relationship is not significant.

**Keywords:** Foreign Direct Investment, Domestic investment, Gross Domestic Production, Economic growth