

## **Foreign Direct investment and Economic Growth in Sri Lanka.**

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### **Abstract**

Foreign Direct Investment an increasingly important channel for developing countries to enhance their economic growth. Sri Lanka is also not an exclusion to this exercise. Existing studies shows that FDI inflows are useful in refining the production process in the host country. In addition to that some studies shows that FDI inflows will contribute to quality exports and the economic growth of Sri Lanka. This research is designed at finding the impact of FDI in promoting economic growth in Sri Lanka by using the time series annual data from 1950 - 2020. Unit root test, cointegration and the Vector Auto Regression models will be employed to estimate the impact of FDI on economic growth. The E-views-08 software were used for data analysis. The foreign direct investment, Gross domestic product Labor force, domestic investment trade openness will be used to investigate the impact of FDI on economic growth. The findings of this study will suggest that how FDI influence on economic progress in Sri Lanka. Finding will further provides a useful indication to the policymakers in order to gear up the barriers for the economic growth of Sri Lanka.

**Keywords:** Foreign Direct Investment (FDI), Gross domestic product (GDP), cointegration, FDI inflows, Sri Lanka