



The Nexus of FDI and Economic Growth; Evidence from SAARC Countries

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Foreign Direct Investment (FDI) is a major contributor to a nation's economic growth, and to better observe the relationship between FDI and the economic growth in South Asian Association of Regional Cooperation (SAARC) countries, the present study used a panel data analysis for the 2010-2020 period, by considering FDI net inflows and Gross Domestic Product (GDP) per capita as variables. The findings of the panel Granger causality revealed that there was a non- directional causal relation between FDI and GDP in the eight (8) SAARC countries, and based on the findings, the study recommends emphasis on flexible trade policies to attract more FDI into SAARC countries as well as to enhance inflows of resources such as aid and FDI from the developed world to achieve a higher economic growth.

Keywords: *Economic Growth, Foreign Direct Investments, SAARC Countries*