

Impact of Foreign Direct Investment, Remittances and Government Expenditures on the Economic Growth of Pakistan

Zubia Rashied

MSE Scholar, Pakistan

Abstract

This study investigate the impact of the foreign direct investment (FDI), remittances (REM) and government expenditures (GE) on economic growth of Pakistan through applying Auto regressive distributed lag (ARDL) co-integration method for the time period of 1992- 2016. Secondary data of GDP, FDI, REM and GE was taken from world data bank (WDI). ARDL reveals long run and short run relationship between the dependent and independent variables. Results indicate that FDI has significant and negative impact on the economic growth while it has positive and insignificant impact in short run. Remittance has positive significant impact on GDP of Pakistan in long run while it has negative and significant impact in short run. Government expenditure has significant but negative impact on GDP in short and long run.

Keywords: Foreign Direct Investment, Government Expenditure, Remittances, GDP of Pakistan.