
FOREIGN CAPITAL INFLOWS AND ECONOMIC GROWTH OF PAKISTAN

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Declaration of Authentication

I, hereby, declare that no portion of the work referred to in this thesis has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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DEDICATION

I dedicated my dissertation work to my parents and family members. A special feeling of gratitude to my caring parents for always supports and shows words of encouragement & motivation that push me to fulfill my dreams.

I also dedicate this dissertation to my family member, who has supported me throughout the process. I will appreciate all they have done, significantly to develop my research skill.

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ABSTRACT:

Foreign capital inflows have significant relation with economic growth of Pakistan. The main capital inflows are FDI, Foreign debt and remittances by overseas Pakistanis. These three components are crucial solving financial issues of Pakistan. However, all three has different repercussions on economy. In order to find out relation between these three components we used quantitative method which substantiated our arguments statistically. We have found that FDI is the most beneficial component for the economy of Pakistan. Second is remittances by overseas Pakistanis. Although it doesn't help in significant growth of economy; however, it helps Pakistan in resolving balance of payment crisis. Last component is foreign debt. It also has a significant relation with GDP; nevertheless, it is negative relation. Therefore, it would be appropriate to say that Pakistan needs to increase FDI as it is most beneficial foreign capital inflow. Hence, government needs to make the social milieu conducive for foreign investment. Government can increase FDI by politically stabilizing the country. Moreover, government needs to eradicate corruption by increasing the usage of Information technology and vigilant system of accountability. Besides it, Government should overhaul its taxation system so that its dependence on foreign investment can be reduced and it can truly become an independent country. Then Pakistan's economic and social indicators will be improved and Pakistan will prosper.

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