

# **THE IMPACT OF FOREIGN REMITTANCES, FDI, & IMPORTS ON GDP: EMPIRICAL INVESTIGATION OF ECONOMIC GROWTH OF PAKISTAN.**

**By**

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**THESIS COMPLETION CERTIFICATE**

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**Supervisor-Student Meeting Record**

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	13/4/18	P-11	Literature Review	<i>[Signature]</i>
2	27/4/18	P-11	Methodology	<i>[Signature]</i>
3	25/5/18	P-11	Results & Analysis	<i>[Signature]</i>

**APPROVAL FOR EXAMINATION**

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Thesis Title: The Impact of Foreign Remittances, FDI, & Imports On GDP: An Empirical investigation on economic growth of Pakistan.

I hereby certificate that the thesis of the above candidate has been completed to my belief and satisfaction, the standard of this thesis is up to the standards and is ready for submission for examination. The plagiarism test of this thesis has also been conducted using HEC prescribed software and the similarity index that was found is \_\_\_\_\_ that is within the permissible limit set by Higher education board for the MBA thesis. I have also found that the format of this thesis is recognized by the Department of Management Sciences.

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## ABSTRACT

**PURPOSE** - The purpose of this study is to find out the impact of external determinants such as Remittances, FDI and Import on economic growth of Pakistan. These external determinants have contributed greatly in the economy of Pakistan. This study also finds out the relationship of long run and short run impact on the economy of Pakistan.

**METHODOLOGY** - Data is taken from secondary source in this study from the World Development Indicators (WDI). Earlier there were not many studies have been conducted of all these variables together. In order to estimate the impact of independent variables data is taken from the 1977 – 2016. Unit root analysis is test to check stationarity problem, bound test is used for co-integration test, and ARDL model is used to estimate the long run and short run relationship.

**FINDINGS** - This study found the positive and significant relationship of Foreign Remittances and FDI on economic growth. These both variables have supported the balance of payment, in the context of Pakistan. However, Foreign Imports have shown negative relationship due to the multiple reasons that are impossible to pin down. Import is adversely affecting the economic growth of Pakistan in the long run as well as short run.

**LIMITATIONS** - Due to the limited size of available data this research is focused on 40 observations. This study is based on yearly data but most of the Pakistan sources were providing monthly and quarterly based data so foreign resource is used. Time constraint was another limitation of this study.

**RECOMMENDATIONS** - This study recommends that the economy of Pakistan shall not only depend on the foreign inflow of remittances or rather it should rely on other options such as exports to shrink the size of imports because it has the negative relationship between import and GDP. Foreign investors should be attracted to increase the size of FDI.

**KEYWORDS:**

Remittances, FDI, Import, GDP, Pakistan.