

According that
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positively affected
several

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According to the international monetary funds, many ways including; spillover effects, technology foreign direct investment, commonly known as FDI....” transfer, direct capital financing, productivity gains and Refers to an investment made to acquire lasting or long- the introduction of new processes and managerial skills run interest in enterprise, operating outside of the 1. economy of the investor.” The investment is a direct one Pakistan is historically a reputed investment area because the investor which could be a foreign company, where British companies dominated two hundred years. In group or individual person would seek to control, manage, 1970s, specifically in Zulfikar Ali Bhutto Regime, Pakistan or have significant influence over that business.

started to have nationalization process. However, after Economic growth of a country is influenced by multiple few decades, it has been realized to show the attitude factors. For all economies in general and developing towards privatization to catch-up globalization process. economies in particular, foreign direct investment (FDI) Pakistani economy is not matured enough to play a part has been identified and observed as a significant factor. in globalization process to get benefits to a large extent It affects the economic growth by the stimulation of and consequently this economy is facing difficulties. domestic investment, technological transfer and increase There are many studies on the relationship between in human capital formation and by providing external economic growth and foreign direct investment (FDI) with finance to those countries which have limited amount of reference to Pakistan. They show mix effects some 2, 3 capital.

say that FDI has negative impact on the economic growth. The relationship between Foreign Direct Investment of Pakistan, while others 4, 5 have just the opposite (FDI) and economic growth has been a major issue for result, finding that economic growth is positively affected several decades. The policy makers of a large number of by inflow of foreign direct investment. countries engaged in studying and providing incentives. The basic objective of the study is to examine to attract the inflow of investment, because it is assumed the impact of foreign direct investment on economic to effect the economic growth and development of the growth of Pakistan. According to the previous empirical host country positively. The inflow of foreign direct literature, the FDI inflows have a positive impact on investment (FDI) has been increased in almost every economic growth of host countries. This paper focuses region of the world for the past two decades.

There has on the FDI - led growth hypothesis in the case of been a long debate over the benefits and associated costs Pakistan