
**Nexuses Between FDI, Human Capital And Infrastructure Quality On
Economic Growth: Empirical Analysis In South Asia*****Noor-ul-ain Zafar***Affiliation: Office of the Ombudsman Punjab***Corresponding Author: noorulaintra@gmail.com***ABSTRACT:**

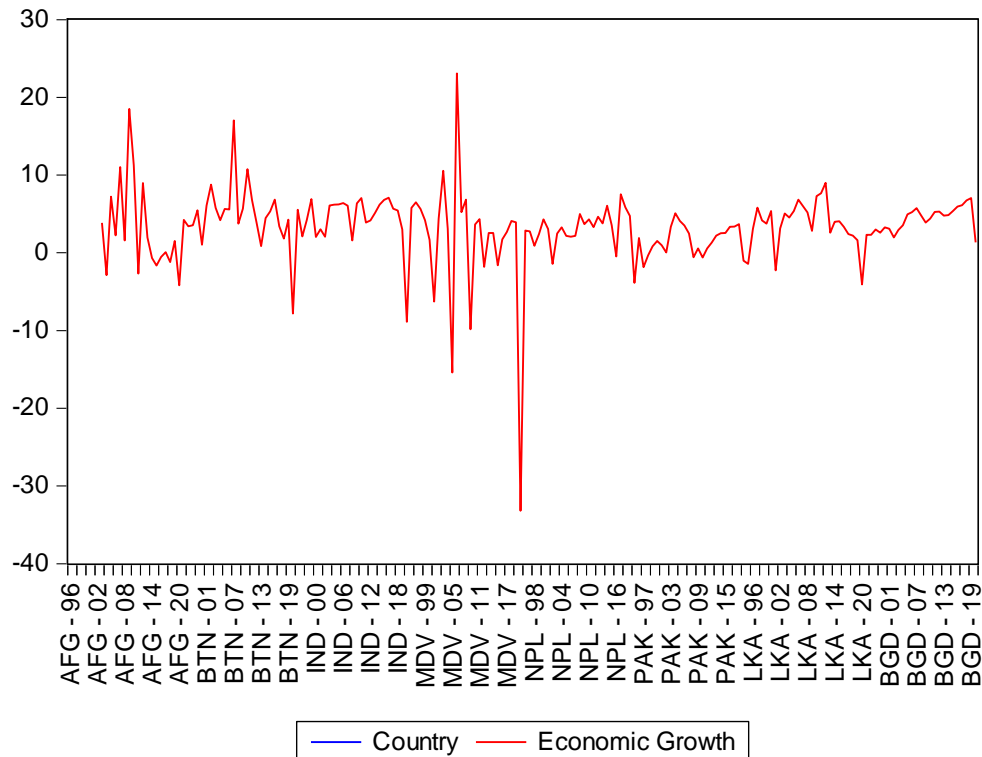
About the world's 40% population belong to the South Asia region which economy is gearing to rise through 7.2% in 2021 and 4.4% in 2022 which is mounting since significant lows in 2020 and bring into mark the region to a pathway of retrieval. The basic objective of this study is to regulate the nexus of Foreign Direct Investment (FDI), Human Capital, and Infrastructure Quality with economic development in South Asian Countries: Bhutan, India, Srilanka, Pakistan, and Bangladesh. To examine the impact of FDI, human capital, and infrastructure quality, the ARDL test with 2 and 1 lag is used to evaluate the impact of 25-year data extracted from WDI (World Development Indicator) of these countries. The results indicated that FDI and infrastructure quality negatively affect the economic growth of these South Asian countries whereas Human Capital has a positive impact on economic growth. The GDP is used as a proxy to amount the economic growth in the model. Interestingly this study results suggest investment in Human Capital to improve the quality of life which may contribute towards the positive economic growth of Bhutan, India, Srilanka, Pakistan, and Bangladesh. This study also suggests that the government of these countries should devise time effective policies for the development of human capital. The researchers may study comparative analysis of developed and developing countries to further examine the impact of FDI.

1. INTRODUCTION:

One of the fastest rising regions in the present world is South Asia. World's about quarter of the population and around 40% poor population resides in South Asia which needs to cater and maintain its growth to improve living standard in general and alleviate poverty. In developing countries infrastructure development is one of the vital determinants of economic growth. In addition investment in infrastructure development positively affects the situation of poor in several ways (Sahoo, Dash, & Development, 2012). Economic Growth has significance importance in

economics and is the most studied area in which numerous policies has been investigated. The economic development has been remained major problem to study as science. Adam Smith described many foundations of modern economics, to describe the difference between richest and the poor (Acemoglu, 2012).

Regional Trade Agreements (RTAs) has been mounting drastically. About 40 agreements are in operation since 1990 (Rao, Sethi, Dash, & Bhujabal, 2020). Projections of South Asia are gearing to surge by 7.2 percent in 2021 and 4.4 percent in 2022 which is ascending from historic slumps in 2020 and aligning the region to route of recovery. The progress and economic activity are below as per the estimates of pre Covid-19, because many businesses were going through loss and deteriorating inequalities. As per latest South Asia Economic Focus the South Asia region is recovering to achieve historical growth rate by 2022. But growth is irregular and economic movement decreasing in pre-COVID-19 estimates, as numerous businesses requirement to make up for lost revenue and millions of workforces, most of them in the informal segment, still spool from job losses, dropping incomes, deteriorating disparities, and human capital shortfalls. India, which encompasses the majority of the region's economy, is predictable to harvest more than 10 percent in the fiscal year 2021-22—a momentous upward revision of 4.7 percentage points from January 2021 forecasts. (World Bank).



The eclectic paradigm theory proposed that the magnitude of the firm, management and administration systems, labor, government policies, political stability and transportation costs effects the decision of the foreign investor. When foreign investors enters in foreign market they show more concern about risk factor and return before taking any investment decision (Lucas, 1993). Several developing nations have adopted policies to facilitate foreign investors and provide subsidies to attract foreign inflows and monitor FDI operations. The programs like financial sector adjustment, recovery programmes, economic partnership agreements and structural adjustments introduced (Asamoah et al. 2016). FDI have shown drastic increased since 1990, in which the South Asian Association of Regional Cooperation (SAARC), Sub-Saharan African countries and Central Asian countries the Association of Southeast Asian Nations (ASEAN) are included. Conceivably these developing countries are taking advantage from FDI inflows, for instance improved organisation skills, enhanced technology, and augmented capital accretion, higher productivity, exports, employment and economic growth (Li & Tanna, 2019).

The model of Romer (1986) and Lucas (1998) laid stress on investment in human capital and consider it an important factor towards economic growth (Abbas & Mujahid-Mukhtar, 2000). In these models accelerate continuous growth of from the activities of individuals in the economy.

Physical investment on human capital can be an additional factor which can be contributed to per capita income growth (Amna Intisar, Yaseen, Kousar, Usman, & Makhdum, 2020). This paper highlights the state of developing countries of South Asia in human capital investment for the growth of the economy. The continuous investment in the enrolment of the individual in major factor to boost the role of human capital as it will create job opportunity which ultimately contribute to the per capita growth. The gathered data reveal much larger skills shortfall in developing countries. The gross school enrolment data indicates that to mitigate the economic gap in contrast with developed countries, requires policy and structural changes in educational institutions (Hanushek, 2013).

Recent studies have revealed that economic restructurings in South Asian Countries have contributed in the economic growth. It is also evident that in India, Nepal, Sri Lanka and Bangladesh economic reforms bring positive impact. Ironically the economic developed goalmouths are not attained by Pakistan so far. During 1980-1989, Bhutan has achieved 10.02% annual growth rate among the region. Whereas India and Pakistan has also has inspiring growth rate in 1980-1989 with 5.69% and 63.86%, respectively (Khan, Khan, Jiang, & Khan, 2020). The main reason of less economic development on poor and developing countries in South Asia is weak infrastructure. Inefficient infrastructure is major barrier or obstacle in business and investment sector of South Asia (Affandi, Anugrah, & Bary, 2019). Hence to attract more foreign investors and increase in per capita income, it is impede that South Asia improve infrastructure quality and invest in energy, transport, internet & communication technology (ICT) (Roller) (Khan et al., 2020).

The existing literature is missing an inclusive research on the impact of infrastructure expansion in the economic development. Preceding researches did not study the gap of infrastructure on other measurements. Therefore, this paper also studies the other aspect of infrastructure quality taking transportation, internet subscription and telephone subscription (Khan et al., 2020). Further previous study only examine outcome of only Foreign Direct Investment and financial development on economic growth in Africa whereas our study explained other determinates impact such as FDI, Human Capital and Infrastructure quality contribution towards economic growth covering all South Asian Countries (Acquah, Ibrahim, & Investment, 2020). The foremost

resolution of the study is to analyse the nexuses of Foreign Direct Investment, Human Capital and Infrastructure quality on increase on Economic Growth of South Asia countries economy.

Research Questions:

1. What is the impact of Foreign Direct Investment (FDI) on Economic Growth?
2. What is the impact of Human Capital on Economic Growth?
3. What is the impact of Infrastructure Quality on Economic Growth?

2. LITERATURE REVIEW:

The bearing of the impact of FDI on financial development has been fixated on neoclassical development hypothesis and endogenous development hypothesis which relates to growth theory and nee classical growth theory. According to neoclassical hypothesis assumptions short-run monetary development can be accomplished with the assistance of work, capital and innovation. Monetary development can be accomplished in the short run with the suitable mix or change of the three-factor inputs. For the neoclassical model of development, exogenous factors, for example, progress in innovation and expanded workforce could be the components to push since a long run financial development. Solow's (1957) neoclassical hypothesis system proposes that consistent mechanical progression, capital amassing and legitimate usage animate monetary development. (Acquah et al., 2020) The presumption of capital stirring monetary development in the short run yet stays unaltered over the long-haul works under the law of diminishing returns. Henceforth, as additional capital is cumulative and used, it digs monetary development in the short run period which it has no impact on financial development, particularly over the long period. The studies led by Solow (1957) uncovered that FDI spikes financial development in the short run however has no impact on monetary development in long run. This infers that FDI has restricted impact on monetary and such an impact is stroked in the short run. The neoclassical model of development doesn't outline the unmistakable job of innovation in improving financial development. This made the improvement of endogenous development hypothesis which clearly clasps the job of innovation in bracing financial development. (Feng, Wang, Du, Wu, & Wang, 2019) The connection among establishments and monetary execution has drawn in consideration from specialists and strategy producers throughout the previous few decades. North and Thomas (1973) accentuate monetary factor like capital collection, per capita income, and advancement are by all account not the only factors that make contrasts in a country's monetary development and

advancement; efficient contrasts in institutional excellence are likewise liable for those distinctions. For instance, North furthermore, South Korea have similar monetary characteristics yet vary in their financial results (for instance, South Korea has a higher per capita GDP than North Korea does) because of distinctions in their foundations (Acemoglu et al. 2006). Without a doubt, monetary organizations are significant in light of the fact that they figure the conduct of monetary entertainers and partners (Sabir and Zahid 2012).

In nations with secure very much ensured property rights, individuals are boosted to make homegrown what's more, unfamiliar speculations that support financial development. Something else, venture and development linger behind. Since 1990, contest upgraded among created nations and creating nations to draw in FDI inflows in term of diminishing expenses and giving endowments. Many agricultural nations received approaches to work with FDI inflows and screen FDI tasks (World Bank 2013).

Foreign Direct Investment and Economic Growth:

Gyimah-Brempong (2002) examined the effect of FDI on EG and how can it influence the pay dispersion that at last altogether effect on poor in African nations. This examination showed that the frail and delicate institutional set up of African countries, experiencing financial rebuilding by Structural Adjustment Program with the assistance of the IMF and World Bank. Besides, private area venture is little and feeble in African nations; thus, decline the degree of advancement in these nations. At last, as bigger nations getting outside guide, there are more possibilities for directed without incredible quality organizations as African nations previously encountering decreased FDI (both relative and outright) because of defilement, notwithstanding having massive regular assets (Das & Sethi, 2020). A few issues exist in the writing about the effect of FDI on have economies, including China. In the first place, past examinations depend on the supposition that there is single direction causality among FDI and development, which has been addressed and scrutinized (Kholdy 1995). Not exclusively can FDI impact GDP development, yet additionally GDP development can influence FDI inflows. The disregard of both of the causal relations can prompt one-sided and wasteful assessments. The excellent issue is that the causality between FDI and GDP can prompt a reproduction predisposition. Be that as it may, a solitary condition can't tackle the inclination (Quoc, Thi, & Law, 2018).

H1: There is a relationship between FDI and Economic Growth

Human Capital and Economic Growth:

Michael Funke, Holger Strulik (20, using a model that integrates characteristics of the classical theory of economic growth with the new theories of economic growth accentuate the presence of different effects of human capital in the phase of progress of the country. In their view, the prototypical provided by Uzawa-Lucas may elucidate the development apparatuses if output in the amassing knowledge is adequately high, but Grossman Helpman model for an economy with a extensive diversity of products can be explicated considering technological evolution as endogenous factor, which encompass momentous expenditure on search and development. Physical capital subsidizes importantly to the advance income per capita in the premature phases of development, when the gathering of information through enduring education and training interchange to higher stages of expansion (Pelinescu & Finance, 2015). Another examination was led for the examination created and immature nations to research the limit impact of human resources and monetary development. The outcomes were assessed by utilizing the summed up technique for minutes (GMM), which showed that human resources essentially affects financial development in the two districts (Pelinescu & Finance, 2015). Conversely, Abdullah, tracked down a negative connection between instruction and monetary development on account of Malaysia. This is certifiably not another relationship in the writing because of certain reasons. Comparable to existing issues, a few variables were referenced in past considers. To start with, training may not add to upgrade the creation level. Besides, it's anything but a factor of the creation cycle. Moreover, Pritchett [27] recommended that there is a high possibility that a few instructed individuals may be engaged with criminal operations that will decrease the economic growth. Another examination proposed by Awan and Naseem found that human capital has a fundamentally unfavorable relationship with economic growth, while wellbeing consumption raised the economic development (Amna Intisar et al., 2020).

H2: There is a relationship between Human Capital and Economic Growth

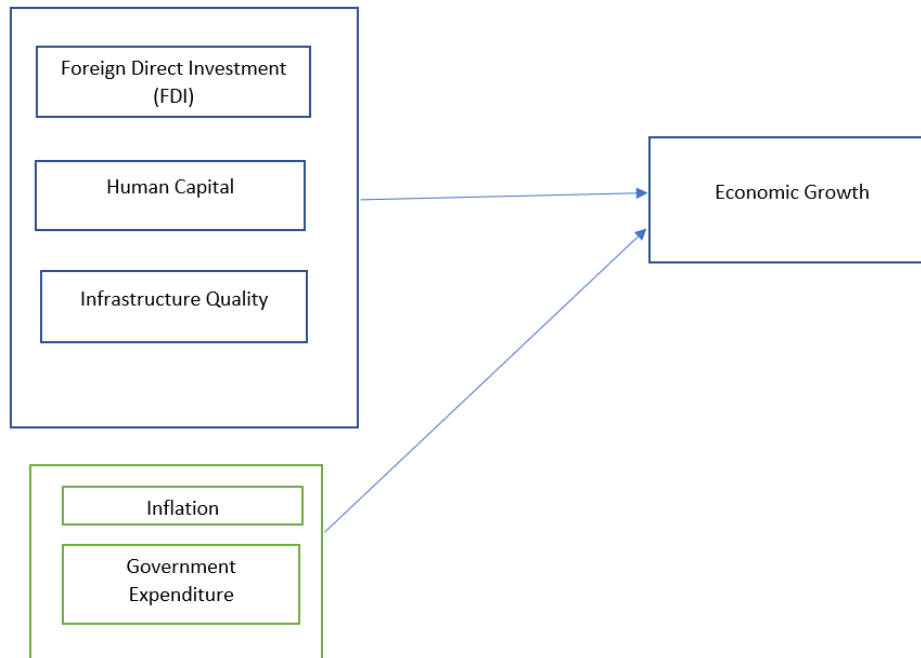
Infrastructure Quality and Economic Growth:

As of late, South Asia is the quickest developing region of the world amongst others, based on financial development. The expansion in financial development is attributed to the financial changes in South Asian nations (Vickers, 2017). The financial changes in 1990s acquire monetary advancement India, Nepal, Sri Lanka, and Bangladesh (Zergawu, Walle, & Giménez-Gómez, 2020). The framework stock differs amid South Asian nations. On level of country, it additionally

fluctuates amidst districts. In 2017, South Asia's economy is developed by 6.55 % (barring Afghanistan), which is a great rate; but as it may be, it is falling behind the agricultural nations as far as infrastructure (Vlahinić Lenz, Pavlić Skender, & Mirković, 2018). There is a colossal infrastructure hole in South Asia. In financial terms, the hole is \$ 2.5 trillion wide for the following ten a long time to be covered. The nations in the area need to fill the infrastructure hole towards control the evil of destitution and disparity (Raboloko, 2019; Roller). Numerous individuals living in South Asia stayed detached with transference organizations, comprehensive streets, sterile sewerage removal, a safe water supply, and a solid electrical network. In 2017, the metropolitan populace development rate came to up to 3.80 %, which is not exactly the development proportion in other creating countries. Still, numerous individuals don't approach power. Normal admittance to power (% of the populace) was 91.25 % in 2016. In Bangladesh, the rate is a lot of lesser, also, it is noted 75.92 %. Power is a significant wellspring of creation; consequently, without the legitimate accessibility of power, the financial development becomes most exceedingly terrible and at last influences neediness (Khan et al., 2020).

H3: There is a relationship between infrastructure quality and economic growth

3. Theoretical Framework



THEORIES BEHIND RESEARCH FRAMEWORK:

Neo Classical Growth Theory:

The Solow (1956) neo classical model and Swan (1956) has been the mainstay of economic growth for many decades. The model of Solow-Swan ascertain that in steady state equilibrium the per capita income determined by the prevailing state of technology which embodied in the production function and by the rates of savings, population growth and technical growth. The technical growth increase the per capita income if invested in right direction (Knight, Loayza, & Villanueva, 1993). There are two approaches in the economy. First is consumption, stable state, output, investment, capital. Second is the state in which low preliminary level of the capital standard, the economy may explicit growth rate greater than in evolving period in which economy congregates to its steady-state growth route. (Zhang, 2017). Neo-classical theory also assumes that economic growth can accelerate through proper utilization of resources and technological advancements (Acquah et al., 2020).

Endogenous Growth Theory:

The basic idea of growth theories of the second generation is that creation of new knowledge of investment by the firm, spontaneously reduced cost which in turn benefits the firm from other firms (Thach & Economics, 2020). The scope economic relevance emphasized on perpetual change in the growth economies due to advancement in technologies, innovations and investment in human capital. Adaptability towards change and innovation is the vital characteristic for the nation to become economic leaders of their time (Aghion, Howitt, Howitt, Brant-Collett, & García-Peñalosa, 1998). Different studies give a varied and unpredictable view of the role of infrastructure with unclear results using measurement approaches and other analytical techniques (Shi, 2012).

DATA SOURCE AND METHODOLOGY

This research relies on annual panel data from 1996-2020 including all South Asian countries; Bhutan, India, Sri Lanka, Pakistan and Bangladesh. The other countries Maldives and Afghanistan data of some variables is not available on WDI that's why these countries of South Asian regions are excluded from the study. Secondary data is used to explore the role of Foreign Direct Investment, Infrastructure quality and human capital in economic advancement. For purpose of this study the data is gathered from the World Development Indicators (WDI) for GDP growth of per capita income. For foreign direct investment (FDI) measure inflow of FDI as percentage of GDP, gross secondary school enrolment is used to measure the Human Capital, we used gross fixed capital formation to measure infrastructure quality which includes fixed telephone subscriptions, railways and individual internet subscriptions (Acquah et al., 2020). Inflation and Government expenditure are used as control variables. CPI (Consumer Price Index) is proxy used for inflation, we also include Government expenditure as control variable which is measures government ultimate consumption expenditure as a percentage of GDP.

Econometric Model:

$$EG = \alpha + \sum\beta_1 FDI + \sum\beta_2 HCAP + \sum\beta_3 IQ + \sum\beta_4 INF + \sum\beta_5 INF + \sum\beta_6 GE + \epsilon$$

Specific Economic Model

$$\text{Economic Growth } (\sum EG) = \alpha + \sum\beta_1 \text{ Foreign Direct Investment (FDI)}_t + \sum\beta_2 \text{ Human Capital (HCAP)}_t + \sum\beta_3 \text{ Infrastructure Quality}_t + \sum\beta_4 \text{ Inflation (INF)}_t + \sum\beta_6 \text{ Government Expenditure (GE)}_t + \epsilon$$

To simplify it taking all the variables in model we produce model as below:

$$EG = f(FD + HCAP + IQ).....(1)$$

$$EG = \alpha + \sum\beta_1 FDI + \sum\beta_2 HCAP + \sum\beta_3 IQ + \epsilon..... (2)$$

Now:

$$CONT = \sum INF + \sum GE..... (3)$$

Adding Eq (2) in Eq (1)

$$EG = \alpha + \sum\beta_1 FDI + \sum\beta_2 HCAP + \sum\beta_3 IQ + \sum\beta_4 CONT + \epsilon$$

4. RESULTS AND DISCUSSIONS

4.1 Observed Results

To predict variables whether they are stationary or not we test the time series features of all variables and figures which will prevent from false regression analysis. The general structure of panel unit root testing procedures are utilized in this research. ADF test is used in this study to scrutinise the stationarity of the panel data series to avoid the counterfeit relationship amid the variables used in model and results are shown in Table 1.

Table no 1. UNIT ROOT TEST

Variables	Level		1st Difference		Level of integration
	T-Statistics	P-Value	T-Statistics	P-Value	
Economic Growth	-1.99254	0.0232			I(0)
Foreign Direct Investment (FDI)	-2.44746	0.0072			I(0)
Human Capital	-1.13878	0.1274	-3.87727	0.0001	I(1)
Infrastructure Quality	-0.7041	0.2407	-3.82528	0.0001	I(1)
Inflation	-2.44026	0.0073			I(0)
Government Expenditure	-0.50877	0.3055	-5.2519	0	I(1)

The unit root test results indicate that Foreign Direct Investment, Economic Growth and Inflation are stationary at level whereas Human Capital, Infrastructure Quality and Government Expenditure are stationary at 1st Difference as describe in above table.

4.2 Descriptive Statistics

Table no: 2 Descriptive Statistics

	ECONOMIC GROWTH	FDI INFLOWS	Government Expenditure	HUMAN CAPITAL ENROLMENT	INFRASTRUCTURE GROSS FI
Mean	3.746647	0.88307	79.99287	0.956637	28.4033
Median	3.803477	0.772219	79.82702	0.99	26.1785
Maximum	17.03122	6.321598	96.35714	1.17	69.67277
Minimum	-8.870731	-0.675563	55.40735	0.62858	12.52063
Std. Dev.	2.854261	0.846748	8.543947	0.142403	12.15882

Skewness	-0.197944	2.961118	-0.307536	-0.435506	1.542803
Kurtosis	7.792044	16.93584	2.473607	2.10905	5.291884
Jarque-Bera	143.5392	1423.45	4.068956	9.638143	91.72005
Probability	0.0000	0.0000	0.1307	0.0081	0.0000
Observations	149	149	149	149	149

The above table of descriptive statistics shows that total inflow of Foreign Direct Investment (FDI) 0.88% whereas Human Capital enrollment in schools and infrastructure development is contributing 0.95% and 28% in South Asian Countries' Economic Growth per capita income. The rate of economic growth per capita of South Asian Countries is 3.7 % due to Foreign Direct Investment, Human Capital Infrastructure Development. Further in above test the net result of FDI is examine on the Economic Development of the country. The values of Jarque-Bera shows that data is normally distributed and further analysis can be conducted to interpret the hypothesis.

4.3 Correlation Statistics

Table no 3: Correlation Statistics

	ECONOMIC GROWTH PER CAPITA	FDI INFLOWS	GOVERNMENT EXPENDITURE	HUMAN CAPITAL ENROLMENT	INFRASTRUCTURE QUALITY GROSS FI
ECONOMIC GROWTH PER CAP	1				
FDI INFLOWS	0.12177141	1			
GOVERNMENT EXPENDITURE	-0.4093344	-	1		
HUMAN CAPITAL ENROLMENT	0.42658114	0.07940833	-0.522555464	1	
INFRASTRUCTURE QUALITY GROSS FI	-0.0896617	0.28982034	0.204685285	-0.130169974	1
	0.37678313	0.04233913	-0.703175361	0.602526236	

The correlation statistic table shows that variable FDI, Human Capital and Infrastructure Quality correlate positively with economic growth. However Human Capital amongst other variable positively and highly correlated at 0.42 with economic growth. The table also shows that human capital is highly and positively correlated to infrastructure quality at 0.6 whereas government expenditure negatively correlated with human capital showing no association between these two independent variables.

4.4 Kao Residual Co-Integration Test

Table no 4: Residual Co-Integration Test

Null Hypothesis no cointegration	t-Statistic	Prob.
ADF	-2.081452	0.0187
Residual variance	8.409625	
HAC variance	3.105795	

The residual cointegration test applied in panel data to test the long run cointegration among variable of model and the results are indicated in table 4. The result shows that there is found a significant long-run cointegration amongst the modeled variables. Therefore, it is appropriate to apply ARDL model to further probe short-run relationship.

4.5 Panel ARDL (Long Run Results)

Table no:5 Panel ARDL (Long Run Results)

Independent Variable	Selected Model: ARDL(2, 1, 1, 1, 1, 1)			
	Coefficient	Std. Error	t-Statistic	Prob.*
FDI	-0.69982	0.274467	-2.549738	0.0124
GOVERNMENT EXPENDITURE	-0.245808	0.045204	-5.437747	0
HUMAN CAPITAL	7.313864	1.305475	5.602456	0
INFLATION	0.103733	0.04761	2.178826	0.0318
INFRASTRUCTURE QUALITY	-0.138799	0.046244	-3.001422	0.0034

4.6 Panel ARDL (Short Run Results)

Table no:6 Panel ARDL (Short Run Results)

Selected Model: ARDL(2, 1, 1, 1, 1, 1)				
	Coefficient	Std. Error	t-Statistic	Prob.*
COINTEQ01	-0.937295	0.240823	-3.892042	0.0002
D(ECONOMIC GROWTH(-1))	0.253965	0.153361	1.655999	0.101
D(FDI)	0.112672	0.624762	0.180344	0.8573
D(GOVERNMENT EXPENDITURE)	0.17937	0.139085	1.289646	0.2003
D(HUMAN CAPITAL)	3.449964	15.40256	0.223986	0.8232
D(INFLATION)	0.004383	0.049874	0.087884	0.9302
D(INFRASTRUCTURE QUALITY)	0.883898	0.251567	3.513572	0.0007
C	19.40427	5.319958	3.647448	0.0004

ARDL model results indicate foreign direct investment has significant but negative relation with economic growth in South Asian countries which also indicates these South Asian countries does not required policy formulation or foreign investment in increase economic growth. So, the above results indicate that FDI has significant and negative relationship with Economic growth (-0.9372), ($P > 0.002$). However, the above results also indicate that infrastructure quality has significant and negative relationship with economic growth as (-0.138799) and ($P > 0.0034$). the infrastructure quality shows negative impact on economic growth which means that if South Asian countries spend on infrastructure quality it will only change or effect dependent variable economic growth negatively as compare to foreign direct investment. Whereas FDI significantly and negatively affect economic growth by 69% as indicated in table no: 5. Further Human Capital has significant and positive relationship with economic growth as (7.313) and ($P > 0$). The ARDL model results suggest that South Asian Countries economic growth will increase positively with the Human Capital.

5. Discussion:

This study examines the relationship of economic growth with foreign direct investment, human capital and infrastructure quality. The data used in this study is panel data of South Asian countries of last 25 years. In South Asian countries Government prepare strategies and policies for foreign direct investment to increase GDP per capita but the results of this study show that foreign direct investment have significant impact but it effects GDP negatively. The negative effect on economic growth of GDP per capita is because the foreign investments generate revenue which they take to their own countries so it does not aid in stabilizing economic growth(Acquah et al., 2020). It is also found that developed countries explicit high growth rate because of their business-friendly environment and modern infrastructure whereas most of the South Asian countries are in developing state(Mottaleb, 2007). The developing countries of South Asia cannot successfully attract foreign investors due to which in long run FDI has significant and negative impact on economic growth. In other study extant literature empirical results indicates that domestic investment influence economic growth positively. Hence, increase in foreign direct investment negatively influence the growth pathway (Bakari & Sofien, 2019).

The empirical results show that there is a significant and positive relationship between human capital and economic growth in long run. The study reveals that South Asian countries spend their budget on human capital education to increase their economic growth. Human Capital is important and vital source which accelerates economic growth. In modern age it is imperative for the productivity gains to invest on human capital (Affandi et al., 2019). The human capital is significant and increase in number of enrolments will increase economic growth as results depict in the ARDL test of long run. This also indicates that human development aid increment ion economic growth positively by investing in functional stability of infrastructure. For institutional development it is feasible to invest in growth of human capital (Barcenilla-Visús & López-Pueyo, 2018).

The results of relationship with infrastructure quality and economic growth show significant but negative relationship. For South Asian countries increase in infrastructure quality will negatively affect the economic growth. As South Asian countries economy is progressive and in developing stages so investing to improve infrastructure quality would not be feasible option(Khan et al., 2020). Infrastructure quality is accelerator for the developed economies

because they have sound policies and their human capital is contributing in the production. Developed economies' business situation is also favorable for investment which contributes positively in their economic growth (Taghizadeh-Hesary et al., 2021). So, in the long run the increase in infrastructure quality may negatively influence economic growth (Khan et al., 2020).

6. Conclusion:

The study was conducted to examine the impact of FDI, Human Capital and infrastructure quality on economic growth. It is noticed that the effect of FDI in South Asian countries is negative because these countries may have non-homogenous sectoral composition which create differential impact on economic growth. The findings also revealed that human capital is an impactful determinant for the economic growth of South Asian countries. Enrollment in school issued as proxy for human capital which showed that South Asian countries should invest in education and skilled human capital to boost up economy. This study also shows that developed countries can invest in infrastructure quality development because they have political stability and result oriented policies. Developed countries already build up their human capital, so FDI would accelerate their economy whereas in South Asia countries are in developing state.

7. Policy Implications:

After analyzing that FDI impact on economic growth it is suggested that government of South Asian countries should devised policy to stimulate FDI; because the reason for weak effect FDI is due low quality of human capital, increasing inflation rate and weak infrastructure quality. So to make effect of FDI positive on economic growth the government and key stakeholders of South Asian countries should invest more budget on human capital development. In this regard more schools and universities should be open and people should be encouraged to attend schools. Government should also adopt result-oriented monitoring and evaluation policies to accelerate enrolment in schools. It is suggested to Government and policy makers to critically invest in infrastructure quality because infrastructure quality is relatively weak due to low development of human capital.

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