Impact of Globalization on Commerce Development Under the Era of Modernization: A Review Paper

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ABSTRACT

Economic Growth is a vital condition for human Development, yet not adequate in itself to promise it; in this way, different measurements and determinants of human improvement must be explored by analysts. This examination investigates the effect of outside direct speculation (FDI), human advancement record (HDI) and remote settlement on monetary development in south Asian nations for the time of 1986-2016. Board ARDL test comes about uncover a long-haul connection between FDI, human advancement files and foreign remittance on economy development. In this way, to get ideal outcomes approach producers ought to know about and consider the upsides and downsides of on a few parts of FDI, Human Development list and Economic growth.

INTRODUCTION

Throughout the course of the most recent two decades, the role of foreign direct investment (FDI) has turned out to be an increasingly important component for developing countries. In fact, it expanded quickly amid the late 1980s and the 1990s in relatively every locale of the world. Worldwide FDI streams achieved a record of 1.1$ trillion out of 2006 and there has been a proceeding with ascend in FDI inflows to creating nations. As of late, FDI surges from vast creating nations are additionally on the ascent (World Bank, 2007). Settlement now creates countries. Its inflow increased from USD 96.5 billion to USD 160 billion, a 65% increase from 2001 to 2004; this figure again increased to USD 300 billion in 2007, USD 372 billion in 2011, and USD 401 billion in 2012, growing by 5.3 percent from 2011 and expected to grow at an 8.8% annual rate from 2013 to 2015 to $515 billion (World Bank, 2013). By and large, it is contended that higher formal instruction cause more financial development. Lucas Jr (1988) contends the amassing of human advancement is in charge of managed development, and instruction is the principle channel through which the human improvement gathers. Romer (1990)
demonstrated that human advancement, which produces developments, empowers development. As it is all around archived in the writing, training likewise builds overflow impacts, enhances the adjustment speed of business people to disequilibrium, and lifts inquire about profitability. Moreover, there is the conceivably input impacts from financial development to human improvement. It is contended that financial development could prompt human advancement amassing (Mincer, 1996). In this way, the causal chain between financial development and instruction inferred by the current macroeconomic ideal models appears to be moderately vague. The subject, thusly, with regards to the dynamic causal connections in the Granger sense stays questionable and is a down to earth one. The impact of human improvement advancement on monetary development lately is underlined on the development hypothesis (Lucas Jr, 1988). A fascinating thought in their work was that over the long haul, yield per unit of information could increment notwithstanding when inputs were thoroughly represented. In fact, propelled human advancement and a developing information base have all the earmarks of being a piece of this wellspring of development. A ramifications of Lucas’ speculation on human improvement is along these lines related with interest in man and his advancement as imaginative and beneficial assets (Harbison, 1962). Human advancement is the load of capabilities, learning, social and identity properties, including inventiveness, subjective capacities, exemplified in the capacity to perform work in order to deliver financial esteem (Adelakun, 2011).

Distant direct speculation (FDI) is an instant entry into production or business in a country by a person or organization of another nation, either by acquiring an organization or by expanding a present firm in that nation. Portfolio speculation—investing in foreign stocks and bonds—is different from outside direct venture. Kunle, Olowe, and Oluwafolakemi (2014) Outside direct investment concerns about macroeconomic and political stability and approach shift validity. Private financial professionals are confident in a stable macroeconomic environment. Reduce the red weight to maintain both external and internal balance and to inspire private sector investment (Dunning, 1993). FDI is defined by residency and the speculator’s objective having a prominent voice in the administration of procuring either long-term or short-term capital as seen in the country’s installment account explanation (Macaulay, Ivanova, Birnbaum, Sorg, & Skodny, 2012). Remote direct venture includes mergers and acquisitions, building new offices, reinvesting foreign project profits, and intra-company advancements. Remote direct venture means creating new offices. He believed FDI stimulates innovation and bridges the gap between locally available capital, distant commerce, and government revenue. It also boosts inventiveness and skills (Onu et al., 2012). National financial records include ODI. Distant direct speculation means investing in local buildings, gear, and organizations. "Physical resources or a lot of possession (stock) of an organization in another country to pick up a measure of administrative control" is FDI. Afghanistan nowadays is a commercial paradise (Rosen & Hanemann, 2009).

Remittances are money sent home from abroad. Foreign remittances are currently regarded a major contribution to economic growth and development due to their high numbers. For almost 50 years, economic development in developing nations has been hotly debated. Economic expansion comes from foreign direct investment (FDI), physical capital, human development investment, surplus labor,
technical advances, foreign assistance, and new ideas and research and development. Sen (1990), Owens, Sandefur, and Teal (2011), and Kaufmann, Kraay, and Mastruzzi (2006) have examined how institutional factors including political instability, freedom, voice, and liability affect economic growth and development. Economic growth is inflation-adjusted market value growth of commodities and services. Real GDP growth rate is the standard metric.

Several poor nations get more overseas remittances than exports, assistance, or FDI (Giuliano & Ruiz-Arranz, 2009). The World Bank (2006) found that foreign direct investment and government development aid have expanded slower than remittances. Due of their size and impact on developing nations' economy, remittances are receiving more attention. The research examines how FDI, foreign remittance, and human development affect south Asian economies. Foreign remittance, Investment, and human development are independent. Settlement's impact on economic growth is disputed. They are confident persons (settlements favorably effect financial development via increased speculation and human development) and worry warts (settlements negatively affect financial development through swelling and excellent hazards due to lower employment supply) (De Haas, 2007). Ncanywa and Makhenyane (2016) found that settlement positively affected financial development in South Africa, Ghana, and Nigeria. Davis and Lopez-Carr (2010) identified another unfavorable association in Nepal. Despite the growing importance of settlements in global capital flows, the direct or indirect relationship between settlements and financial development has not been sufficiently focused in many south Asian nations, instead being explored from a reducing neediness and disparity viewpoint. FDI also helped economic development. Hence, FDI, remittance, human development, and economic progress must be linked.

South Asian governments may utilize the research. That will show them how much remittances help the nation, including balancing the current account. This research will assist the government and other entities (public and commercial) create a system that enhances positive migration-economic growth relationships and reduces negative ones. The study will also help the government set up administrative structures and tools to use diaspora foreign inflows for national development and investment. Remittances strengthen financial systems, especially banks, hence this research benefits financial institutions. Several endogenous growth models show that reinforcing financial institutions in developing nations is important for development. Kenyans overseas need this knowledge to invest in south Asian economies.

**LITERATURE REVIEW**

**FDI and GDP:**

Transfers of monies back to a person's home country are known as remittances, and they may be made by a person living in one nation while working in another. Foreign remittances are increasingly recognized as a key contribution to the expansion and development of an economy because of the vast sums of money that are involved. For almost half a century, people have been engaging in heated debates on the factors that contribute to economic development in less developed countries. Foreign
direct investment (FDI), productive capacity, human development investment, excess labor, changes in technology, foreign aid, and an increment arising from exploring fresh concepts and study and development are the recognized origins of economic growth. These are classified as the sources of economic growth. Many researchers have focused their attention on the effect that institutional factors have on economic growth and development (Kaufmann et al., 2006; Sen, 1990). These factors include the presence of an unpredictable political climate, freedom to participate in politics, voice, and liability. The increase in the market value of goods and services after they have been modified to account for inflation over time by an economy is what is referred to as economic growth. Traditionally, it is calculated as the rate of rise in real gross domestic product expressed as a percentage.

For many developing nations, overseas remittances comprise a significant share of capital flows from the international arena. As a result, these remittances have surpassed income from exports, help from other countries, and foreign direct investment (FDI) (Giuliano & Ruiz-Arranz, 2009). According to research conducted by the World Bank in 2006, the rate of growth of registered remittances has been much faster than that of foreign direct investment or government development aid. As a consequence of this, there is a growing focus on recent financial transfers into developing nations in the form of remittances because of the quantity that these flows represent and the influence that they have on the economy of the countries that receive them. The goal of this research is to ascertain whether or not there is a connection between foreign direct investment, foreign remittances, and human development and the rate of economic expansion in south Asian nations. Foreign direct investment (FDI), foreign remittances, and human development are all independent factors. When it comes to the impact that settlement has on the expansion of the economy, there are a number of separate schools of thought that are at odds with one another. These are the people who are both self-assured (settlements positively affect economic development through the subsequent increase in speculation and human development) and worry warts (settlements negatively affect economic development through the swelling and good risks that come about as a result of decreased work supply) (De Haas, 2007). The influence of settlement on monetary development has been the subject of several studies, and Kunle et al. (2014) found that it had a significant positive impact on the country's economic growth in South Africa, Ghana, and Nigeria. Other researchers have found similar results. On the other hand, Davis and Lopez-Carr (2010) discovered a detrimental connection in Nepal. Despite the growing significance of settlements in total worldwide capital flows, the direct or indirect connection between settlements and economic development has not been enough concentrated in a number of south Asian nations. Instead, this connection has been examined from the perspective of decreasing neediness and disparity. Foreign direct investment was another significant factor that contributed to the expansion of the economy. For this reason, it is highly vital to understand the relationship between foreign direct investment (FDI), remittances, human development, and economic progress.

The government of south Asian countries will benefit from the research. It will be helpful for them to have this information since it will allow them to determine the extent to which remittances contribute to the nation in a variety of ways, such as by helping to offset the country's current account. This study will be helpful to the government as well as other institutions, both public and private, in establishing
a structure that will allow for the positive aspects of the relationship between migration and economic growth to be enhanced while at the same time reducing the effect of the negative aspects. The research will also serve to advise the government in the establishment of institutions in administration and tools for the government to build a base directly from diaspora foreign inflows as a resource for national growth and investment. Because of the significant role that remittances play in the expansion of the capabilities of financial systems, particularly in the banking industry, financial institutions also stand to gain from the findings of this research. In a wide variety of endogenous development models, which have been the subject of a number of studies, it has been shown that the strengthening of financial systems in less developed nations is a crucial component of growth. This information is crucial to expatriate Kenyans so that they may make informed judgments about investing in the economy of South Asian countries.

**Foreign Remittance and GDP:**

Hassan and Shakur (2017) investigated the impact that overseas remittances had on the growth of Bangladesh's per capita gross domestic product (GDP) between the years 1976 and 2012. They showed that the influence of remittances on development is initially unfavorable but ends up being notably beneficial at a later time. This finding provides proof of a non-direct link between the two factors. Inefficient usage of remittance payments was unregulated in the beginning when they were received by homeless families. But, improved social and financial speculations led to more lucrative utilization of remittance revenues in subsequent eras. This suggested that there is a link in the shape of a U between remittances and the growth of GDP per capita. Their evidence does not demonstrate that the impact of remittances on per capita GDP development in Bangladesh is appropriate in the context of budgetary advancement. This is in stark contrast to what is recommended in the writing, which states that the impact of remittances is more articulated in an economy that has been fiscally created less extensively, and their proof does not demonstrate that.

Matuzeviciute and Butkus (2016) investigated the impact that remittances have on the formation of long-run monetary policy. They used data from an uneven board covering an example of 116 countries over the period of 1990–2014 to investigate the relationship between remittances and the level of economic development, as well as the impact of remittances on long-term economic growth. This was done due to the fact that the effect of remittances could be influenced by the level of development in the countries that are accepting them. In the meanwhile, we looked into a notion that, as the total amount of remittances received by a country becomes larger, that country's capacity to benefit from remittances as a tool for promoting its long-term monetary growth is diminished. We utilized OLS (normal minimum squares) with FD (first contrasts) change and FE (grounded impacts) approaches and various controls of long-run development in order to control the endogeneity while examining the influence of remittance on long-run financial development. This allowed us to evaluate the effect of remittance on long-run financial development. Their findings indicated that, all things considered, remittances have a favorable influence on long-term monetary development; however, the effect might
vary depending on the amount of financial development already present in the country as well as the abundance of remittances in the economy.

Ajide, Raheem, and Adeniyi (2015) conducted research on the topic of the association between foreign remittance yield development and unsteadiness. The statistics collected are only applicable to 71 nations that are recipients of remittances. In the course of addressing endogeneity concerns, the research makes use of a system that summarizes the procedure each minute (GMM). The progression unsteadiness reducing effect of remittance flows was produced right off the bat. Second, in contrast to the surviving written work, the development of unconventionality in the capacity to reduce remittance was seen to be more assured inside working associations that had outstanding results. In conclusion, the correlation of remittance with our six different indicators of the quality of institutions gave the sense that advancing arbitrariness decreased significantly with higher-quality institutions. Remittance receiving nations need to keep an eye out for monetary and organizational changes in order to maintain their current structure. The anti-cyclical nature of remittances and potentially other capital flows will be improved as a result of both of these factors.

Dahal and Batzill (2014) evaluated the consequences of remittances on monetary development, profitability, universal exchange, and human development collection as part of his study on the influence of remittances on the monetary development of Nepal. According to the findings of an analysis of the relevant data, the growing inflows of remittance in Nepal have a productive correlation with monetary development and human development accumulation, but a negative relationship with worldwide exchange. This finding was reached as a result of the analysis of the relevant data. It finds a positive affiliation (although not particularly significant) of remittance with commercial business, but rather a negative relationship with manufacturing in regard to the two components of profitability, business enterprise and manufacturing, which are possibly connected with inflows of remittance. Business enterprise and manufacturing both contribute to profitability. In a broader sense, this demonstrates that settlement inflows have a mixed influence (one that is both beneficial and bad) on the financial growth of Nepal.

An investigation that was driven by the International Organization for Migration (IOM) was conducted by (Raza, Jawaid, & Hussain, 2014). The investigation focused on the influence of workers' settlement and its precariousness on the monetary development of five South Asian nations. This study used data from long-term game plans spanning from 1975 to 2009 to analyze the impact of experts' settlements and the uniqueness of their structure on the economic growth of five South Asian nations. The research used time series econometric approaches such as unit root tests, co-joining tests, and affectability examinations. It did this by including a variety of factors into the model, and it discovered varying outcomes for various nations. According to the findings, there is a significant positive long-term link between population growth and economic development in India, Bangladesh, Sri Lanka, and Nepal; on the other hand, there is a significant negative relationship in Pakistan.

Datta and Sarkar (2014) used time series econometric tools, namely the auto in reverse scattered slack (ARDL) framework, taking just two variables, settlement and GDP, into consideration in their effort
to disentangle the influence of settlement on monetary development. According to the findings of the study, even while settlements have the potential to foster development and progression, as well as anticipate changes in proportion crises, they also have the potential to negatively effect development if they are employed for clear use or for an insufficient rationale. The findings of this investigation indicate that there is a plausibility of a long-run correlation between settlement and GDP; nevertheless, there is no discernible causal relationship, neither in the short-run nor in the long-run. This is something that is shown by the discoveries of this investigation.

Driffield and Jones (2013) conducted research on human development, and their findings revealed that all sources of foreign money have a favorable and, more importantly, vital influence on monetary development. In which the plan was to address the inherent endogeneity of these relationships, the phrase "inborn endogeneity" researchers investigate the significance of institutions, not only for the progression of society as a whole but also for the connection that exists between different types of organizations and different potential sources of progress.

**Human development and GDP:**

Grubaugh (2015) compared dynamic board assessments of monetary development using conventional GDP per capita estimates to UN-HDI model evaluations. Population, population development, and GDP were the key independent elements associated with HDI development. HDI doesn't estimate an identical effect from GDP. Limiting the example to establishing countries and analyzing the model using HDI rank request does not change the results. Okuyama and Santos (2014) said that although per capita GDP growth might help raise living standards, the impact of financial development on human development depends on factors like wage circulation. Hence, an identical GDP level might show distinct improvement exhibits depending on pay class distribution. Many Human Development Reports emphasize that economic growth does not always lead to human improvement. The 1996 Human Development Report identified five ways financial development can be tricky: jobless development, where monetary development does not increase work opportunities; heartless development, where development benefits only the rich; voiceless development, where monetary development isn't joined by vote-based system or strengthening; and rootless development, which overwhelms minority societies. High financial development rates may not lead to advancement unless appropriate distributional tactics and a well-planned conveyance system are used to provide progress to the underprivileged.

Akanbi and Kolawole (2014) examined Nigeria's climatic, human, and financial changes. Assistant data sources include CBN, NBS, and Global Development Indicators (WDI). These data were quantified. The report concluded that climate change has limited several requirements, which has slowed human development and harmed Nigeria's economic growth. The study advocated continuous participation of organizations and overall headway associations on figuring methods that would confine titanic aims to human advancement change and update financial development in Nigeria. Abdullahi and Bala (2018) evaluated the influence of budgetary assignments and the devotion of certain portions to Nigeria's financial transformation (using GDP as a middle person). The study used
Central Bank of Nigeria confirmed discharge data from 1977 to 2007. Data analysis employed the Vector Auto Regressive (VAR) indicator. Agriculture, prosperity, preparation, and transit were examined. The study revealed that these sections boost GDP and Nigeria's economy.

Ranis and Stewart (2007) examined the two-way relationships between financial advancement and human progress and argued that human development is both a result of the progression system and a means to future financial advancement. It is said that strong financial progress encourages human change via extended family usage and open uses, which benefit the poor. Hence, when a country's assessment base expands, the government may spend more on essential public organizations of prosperity, training, and other things that improve their capabilities and lifestyle. Strong employment levels might also inspire families to invest in guidance and prosperity. Yet, when individuals become more positive, supported, and educated, they contribute more to financial growth.

DATA AND METHODOLOGY

The data and methodology chapter briefly discuss and observe the variables, also give proper and good reasons to justify the selection of variables. Using panel data from 1986 to 2016 this study analyzes the relationship between FDI, foreign remittance and human development index on economic growth. This study use FDI, foreign remittance and human development index as independent and economic growth as dependent variable. This research methodology described and analyzes the long run relation between dependent and independent variables. The data derived from WDI and tests apply through EViews software to analyze the effect of FDI, foreign remittance and human development index on GDP. For this investigation data was collected from world development indicator (WDI) the official website of World Bank. First proxy is foreign direct investment (FDI) which very significantly effect on GDP. Second proxy is foreign remittance and third proxy is human development index and it also significantly effect on GDP. To analyze the results this study, use unbalanced panel data of eight cross section countries in a series of years. The data used from 1986 to 2016. The data is derived from WDI. All data is used panel and panel. For the purposes of this investigation, the year 1986 was selected as the starting point for the collection of data. According to the World Bank's classification, a total of eight south Asian nations were employed for this research.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Units (Proxy)</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
<td>GDP growth (annual %)</td>
<td>WDI</td>
</tr>
<tr>
<td>FR</td>
<td>Foreign Remittance</td>
<td>Personal remittances, received (current US$)</td>
<td>WDI</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
<td>Foreign direct investment, net inflows (BoP, current US$)</td>
<td>WDI</td>
</tr>
<tr>
<td>HDI</td>
<td>Human development index</td>
<td>Literacy rate, youth total (% of people ages 15-24)</td>
<td>WDI</td>
</tr>
</tbody>
</table>

\[ GDP = \beta_1 FDI + \beta_2 HDI + \beta_3 FR + \epsilon \]
\( \beta = \) Coefficient of the independent variables, GDP stand for gross domestic product, FDI is abbreviation of foreign direct investment, HDI is abbreviation of human development index, FR stands for foreign remittance and \( e_t = \) error term

At the initial step of present examination, request of mix is affirmed through unit root test. It is watched that unit root tests control is more effective as contrast with singular board (Im, Pesaran, & Shin, 2003; Levin, Lin, & Chu, 2002). There are diverse strategies accessible to check stationary of arrangement, yet every strategy have couple of inadequacies, learn nearby utilized two board unit root tests to be specific "Levin, Lin and Chu (LLC) test (Levin et al., 2002) and Im, Pesaran and Shin (IPS) test (Im et al., 2003)" on the base of points of interest over different techniques. The upside of using LLC test is that it checks heterogeneity of different cross segments, within the sight of serial connection and little example measure LLC has low power and serial relationship does not take out completely. From now on, to overcome on LLC restrictions and to empty serial relationship show examine likewise used Im, Pesaran and Shin test which also checks heterogeneity and comparably beneficial even we have a little example estimate, propel, this test wipes out serial connection as well (Wang, McPherson, Marsh, Gortmaker, & Brown, 2011).

LLC and IPS test is based on the following equation.

\[
\Delta x_{it} = \alpha_i + \beta x_{i,t-1} + \sum_{j=1}^{p_i} \beta_{ij} \Delta x_{i,t-j} + \mu_{it}
\]

Although \( I = 1, \ldots, I \) refers to the nations, \( t = 1, \ldots, T \) indicates the time, and \( x (i,t) \) refers to an arrangement for the nations \( I \) over the day and age \( t \), it is important to note that \( I \) refers to the nations. \( p_i \) and the residuals \( \epsilon_{it} \) display the optimal slacks for the system, respectively. In spite of the fact that the Levin, Lin, and Chu (LLC) test uses the option \( H_1: 0 \), the \( H_0: =0 \) conjecture is incorrect. As this is going on, the IPS test will also be based on condition eq. The value of 3.2 in IPS may still be changed. In contrast to the LLC test, the IPS test takes into account heterogeneity for the coefficient of for all board units. This gives the IPS test a distinct advantage over the LLC test. The IPS test is based on an incorrect theory known as \( H_0: \beta_i = 0 \) for all board units. This gives the IPS test a distinct advantage over the LLC test. The IPS test is known as \( H_0: \beta_i = 0 \) for all board units.

In the same way that the cointegration test is an extension of the unit root test for the structure of the multivariate board, the unit root test is an instrument that works to determine the factors that are interested in a univariate board. It is normal for DF and ADF tests to have low power against close unit root choices for small examples; nevertheless, the power of these tests can be increased by builds time traverse (Gorum, Snell, Pierce, & McBride, 1995; Shiller & Perron, 1985). In addition, they deduced that time travel was the cause of the difference in the experiment's energy rather than recurrence (Pedroni, 2004). It is common knowledge that as the passage of time progresses, different things, such as standard breaks and the administration's work days, come into existence. In addition, the accessibility of the data at some point in time has also become an issue for this circumstance. In
order to increasers the power of tests and perceptions, we would data be able to more cross segments such as nations, organizations, businesses, and so on. This has led us to the board unit root test and the board cointegration test.

The ECM show that was covered in earlier classes can serve as the basis for the multivariate speculation known as VECM. The Vector error amendment show is similar to the VAR appear demonstration, however it is more limited in scope. In the beginning, the authorities would use something called simple relapse, but later on, they came to the conclusion that it wasn't appropriate to run relapse on data that wasn't stationary (Thomas & Collier, 1997). The current investigation is based on board information, and all of the factors have been found to be stationary at 1(I). There is also evidence that promotes cointegration, and as a result, board VECM is an appropriate model to investigate both long-term and short-term causalities between anticipated factors. These evaluations are obtained using the assistance of Vector blunder correction demonstration (VECM).

RESULT AND DISCUSSION
Descriptive Statistics:

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>Human development</th>
<th>Foreign Remittance</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1.756066</td>
<td>4.266348</td>
<td>6.416141</td>
<td>18.04056</td>
</tr>
<tr>
<td>Median</td>
<td>1.801890</td>
<td>4.287653</td>
<td>1.899893</td>
<td>17.78455</td>
</tr>
<tr>
<td>Maximum</td>
<td>3.262376</td>
<td>4.598156</td>
<td>22.16236</td>
<td>23.68112</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.545581</td>
<td>-2.405010</td>
<td>-2.771282</td>
<td>13.19048</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.435885</td>
<td>0.804087</td>
<td>8.181314</td>
<td>2.915661</td>
</tr>
</tbody>
</table>

The table shown above is based on the descriptive statistics test in which first of all the readings of GDP. The table shows the mean value of GDP is 1.756066 from 1986-2016 in south Asian countries. The table shows the mean value of Human Development is 4.266348 from 1986-2016 in south Asian countries. The table shows the mean value of foreign remittance is 6.416141 from 1986-2016 in south Asian countries. However, mean of foreign direct investment is more than the mean value of other variables. The table shows that GDP at median of 1.801890 from 1986-2016 in south Asian countries. The table shows that human development at median of 4.287653 from 1986-2016 in south Asian countries. The table shows that foreign remittance at median of 1.899893 from 1986-2016 in south Asian countries. The table shows that FDI at median of 17.78455 from 1986-2016 in south Asian countries. However, median of foreign direct investment is more than the median value of other variables. The table shows that GDP at minimum of 0.545581 from 1986-2016 in south Asian countries. The table shows that human development at minimum of -2.405010 from 1986-2016 in south Asian countries. The table shows that foreign remittance at minimum of -2.771282 from 1986-2016 in south Asian countries. The table shows that FDI at minimum of 13.19048 from 1986-2016 in south Asian countries. However, the minimum of foreign direct investment is more than the minimum value of other variables. The table shows that GDP at maximum of 3.262376 from 1986-2016 in south Asian countries. The table shows that human development at maximum of 4.598156 from 1986-2016 in south Asian countries. The table shows that foreign remittance at maximum of 22.16236 from 1986-
2016 in south Asian countries. The table shows that FDI at maximum of 23.68112 from 1986-2016 in south Asian countries. However, the maximum of foreign direct investment is more than the maximum value of other variables. The table shows that GDP at an average rate of 1.75 percent from 1986-2016 in south asian countries. The table shows that human development at an average rate of 4.26 percent from 1986-2016 in south Asian countries. The table shows that foreign remittance at an average rate of 6.41 percent from 1986-2016 in south Asian countries. The table shows that FDI at an average rate of 18.04 percent from 1986-2016 in south Asian countries.

However, the average of foreign direct investment is more than the average of other variables. The table shows that GDP at standard deviation of 0.435885 from 1986-2016 in south Asian countries. The table shows that human development at standard deviation of 0.804087 from 1986-2016 in south Asian countries. The table shows that foreign remittance at standard deviation of 8.181314 from 1986-2016 in south Asian countries. The table shows that FDI at standard deviation of 2.915661 from 1986-2016 in south Asian countries. However, standard deviation of foreign direct investment is more than the standard deviation value of other variables. The standard deviation shows that the spread of foreign direct investment from its mean is higher than the spread of economic growth.

Pool Unit root Test:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Levin–Lin–Chu unit root test (LLC)</th>
<th>Im-Pesaran-Shin unit root test (IPS)</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level First difference</td>
<td>Level First Difference</td>
<td></td>
</tr>
<tr>
<td>Economic growth</td>
<td>-16.3035 (0.000)*</td>
<td>-10.4701 (0.000)*</td>
<td>I(0)</td>
</tr>
<tr>
<td>FDI</td>
<td>2.28628 (0.9889)</td>
<td>1.43008 (0.9237)</td>
<td>I(1)</td>
</tr>
<tr>
<td>Foreign Remittance</td>
<td>4.09215 (1.0000)</td>
<td>2.78483 (0.9973)</td>
<td>I(1)</td>
</tr>
<tr>
<td>Literacy Rate</td>
<td>-3.73928 (0.000)*</td>
<td>-5.63475 (0.000)*</td>
<td>I(0)</td>
</tr>
</tbody>
</table>

Note: * indicating level of significance at 1%

Before conducting the experiment to determine whether or not there is a causal connection, it is essential to investigate the time-ordering aspects of the information. The table that may be seen above displays both the traditional Augmented Dickey-Fuller test, also known as the ADF test (Said & Dickey, 1984), and the (Phillips & Perron, 1988) test, both of which compare a unit root invalid hypothesis with a stationary alternative. Experimentally, every one of the first factors gives off an impression of being incorporated of request I(0) or I(1) Some of factors are stationary at level and some of are at first distinction. Every one of the factors either reliant or free are discovered stationary at first level or stationary at first distinction. The above table speaks to the consequences of unit root test connected on the reliant variable and autonomous to check whether the information is stationary or having any sort of pattern with in. In this way, it was discovered that likelihood of the variable of monetary development and proficiency rate is 0.000 which is under 0.05 which demonstrates that information is having no patterns and it was discovered stationary at level. While the likelihood of the
variable FDI and Foreign settlement is more prominent than 0.005 which demonstrates the pattern and it was discovered stationery at first distinction.

**Panel Auto Regressive Distribution Lag:**

**Table 1: Long-Run Coefficients of ARDL (1, 1, 1, 1) Model Dependent Variable ln (GDP)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI</td>
<td>0.058390</td>
<td>0.012130</td>
<td>4.813685</td>
<td>0.0000</td>
</tr>
<tr>
<td>FR</td>
<td>-0.073187</td>
<td>0.038299</td>
<td>-1.910937</td>
<td>0.0574</td>
</tr>
<tr>
<td>LR</td>
<td>0.140548</td>
<td>0.076002</td>
<td>1.849267</td>
<td>0.0659</td>
</tr>
</tbody>
</table>

**Table 1: Long-Run Coefficients of ARDL (1, 1, 1, 1) Model Dependent Variable ln (GDP)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTEQ01</td>
<td>-0.832663</td>
<td>0.052468</td>
<td>-15.86992</td>
<td>0.0000</td>
</tr>
<tr>
<td>D(FDI)</td>
<td>-0.005240</td>
<td>0.052563</td>
<td>-0.099689</td>
<td>0.9207</td>
</tr>
<tr>
<td>D(FR)</td>
<td>-0.411389</td>
<td>0.235050</td>
<td>-1.750219</td>
<td>0.0816</td>
</tr>
<tr>
<td>D(LR)</td>
<td>-0.498157</td>
<td>0.250415</td>
<td>-1.989325</td>
<td>0.0480</td>
</tr>
<tr>
<td>C</td>
<td>0.779942</td>
<td>0.213109</td>
<td>3.659826</td>
<td>0.0003</td>
</tr>
</tbody>
</table>

*Note: p-values and any subsequent tests do not account for model selection*

There is significant and positive relation among FDI and GDP in table 1. It employs that if increased 1% in FDI in this response there will be a positive change of 0.05 percent in GDP. There is significant and negative relation among foreign remittance and GDP in table 1. It employs that if increased 1% in foreign remittance in this response there will be a negative change of 0.07 percent in GDP. There is significant and positive relation among literacy rate and GDP in table 1. It employs that if increased 1% in literacy rate in this response there will be a positive change of 0.14 percent in GDP. The equation of co integration showed speed of adjustment. So, the speed of adjustment is 83%. It is called ECT and it should be negative and significant. There is long run relation among FDI, foreign remittance, human development and GDP.

In PANELARDL Test we use Gross Domestic Production as a Dependent variable and Foreign Direct Investment, Foreign Remittance, Literacy Rate as independent variable. In results with we see the FDI on Gross Domestic Productions. The Probity Value of Profitability in Short Term Relation is 0.9207 and in Long Term is 0.0000 so we can say there is a significant Relationship in long term basis between Gross Domestic Production as a Dependent Variable and FDI as an Independent variable. There is Alternate Hypothesis H1 excites.
In results with we see the Impact of FR on Gross Domestic Production. The Probity Value of Size of Firm in Short Term Relation is 0.0816 and in Long Term is 0.0574 so we can say there is a significant Relationship in long term basis between Gross Domestic Production as a Dependent Variable and FR as an Independent variable. There is Alternate Hypothesis H1 excites.

In results with we see the Impact of LR on Gross Domestic Production. The Probity Value of Growth in Short Term Relation is 0.0480 and in Long Term is 0.0659 so we can say there is a significant Relationship in short term basis between Gross Domestic Production as a Dependent Variable and LR as an Independent variable. There is Alternate Hypothesis H1 excites.

**CONCLUSION AND POLICY IMPLEMENTATION**

The discoveries of study demonstrated that there is for quite some time run connection among remote direct venture on financial development. The discoveries of study are in accordance with investigation of (Zekarias, 2016) discovered positive and huge long run connection among outside direct venture on financial development. The discoveries of study demonstrated that there is for quite some time run connection among outside settlement on monetary development. The discoveries of study are in accordance with ponder (Hassan & Shakur, 2017) discovered positive and noteworthy long run connection among outside settlement on monetary development. The discoveries of study demonstrated that there is for some time run connection among human improvement on financial development. The discoveries of study are in accordance with think about (Moral-Benito & Bartolucci, 2012) discovered positive and huge long run connection among remote settlement on monetary development. Monetary development is an essential go for each state. In this exploration, we dissected financial development, human improvement, outside settlement and remote direct speculation, are introduced from two viewpoints in the claim to fame writing. There are strength examines that present the effect of remote settlement on financial development as a positive one, underlining their significance in perspective of an expansion in utilization, which, thus, produces an improved request, prompting an expansion of GDP; coordinating settlements towards the instructive segment; wellbeing; or even foundation of organizations. Then again, there are assessments that states' ventures negatively affect GDP, as reflected in the Dutch infection wonder; inflationist forms; guiding settlements to utilization of import items; and in some cases, empowering an absence of work.

A few investigations have shown that there is no association amongst settlements and GDP. As respects outside direct speculation, the circumstance is comparative. Masters are separated into three gatherings: the individuals who see a positive effect of remote direct speculation on monetary development; the individuals who show the negative connection between outside direct venture and GDP; the third gathering does not relate financial development with the advancement of FDI. Despite the fact that there are thoughts about that break down the impact of settlements and remote direct speculation as determinants of financial development, they don't cover the states broke down in this exploration, and there is no correlation made. The monetary examination performed for the seven south asian states, was made utilizing the product Eviews-9 by applying the board ARDL. The factors exhibited the positive impact of settlements and outside direct speculations on monetary development,
for all the examined states. Our experimental examination focuses to the way that settlements alongside FDI assume a vital part in financial development. In light of the outcome, we presume that arrangement producers ought to effectively endeavor to empower remote settlements and support to be put resources into request to make huge monetary advantage. Comparative strategy as those made for FDI could create a higher positive effect of settlements at the financial level. This approach ought to energize the utilization of settlements as speculations to guarantee that settlements add to positive financial development. Regardless of whether there is observational proof that settlements add to financial development through their positive effect on utilization, funds or venture, we keep some reservation with respect to the impacts of settlements. We need to concede that nations can confront a circumstance like the "Dutch Disease" in which the deluge of settlements makes a genuine gratefulness, or puts off devaluation, of the conversion standard and can influence the discoveries of our examination and further examination on this issue and in different regions. We expect that further research toward this path cumulated with the aftereffect of the present investigation can enhance the point of view on developing precise strategies that can boost the beneficial outcome of settlements on financial development. FDI in south Asian nations has been a noteworthy marker of monetary advancement and outer financial trust in the dependability and improvement of their economies.

Amid the monetary change, the remote direct interests in the nations of south Asian have turned into an essential pointer of the financial advancement and a marker of outer monetary trust in solidness and improvement of their economy. National governments anticipated from the outside direct ventures inflow that the remote financial specialists will limit monetary and social effects of change and add to development of intensity of the economies, which is affirmed by positive effect of the remote speculations on fare and development of gross included an incentive in organizations under outside control. The above discoveries likewise have solid ramifications for government arrangement. In the event that HD enhancements are to be sure a precondition for maintainable EG, government strategy and open financing might be important to move a country over the HD edge level. Countries stuck in awful cycles, or low-HD destitution traps may require focused on government ventures to meet the settled expenses of HD upgrades that will prompt later financial development. These settled cost speculations may incorporate schools, healing facilities, and the essential administration enhancements to viably actualize venture ventures. Education, particularly because of its impact on health (for instance, Behrman and Wolfe (1987) provide evidence of the effect of ladies' education on family wellbeing and nourishment), can also have significant adverse effects on economic development through their influence on the distribution of wages. These effects may be more pronounced for education than for health. Those with low wages are better prepared to seek out financial opportunities as their education and health continue to improve and become more holistically based. For instance, a study conducted in the 1980s in 18 countries across Latin America to investigate the relationship between education, pay disparity, and destitution found that one fourth of the variation in consultants' earnings was represented by varieties in tutoring fulfillment; the study presupposes that "clearly, education is the variable with the most powerful influence on pay uniformity" ((Psacharopoulos & Ng, 1992). Also, it is well recognized that a more comparable conveyance of pay is beneficial to growth for reasons pertaining to both the monetary and political economies.
Recommendation

Government should make strong strides keeping in mind the end goal to increment outside and household speculation and ensure enterprises that would profit the nation's monetary condition rather than thoroughly depending on remote venture and helps. Motivating forces and unwinding should seek after for outside financial specialists with the goal that they prone to put resources into our nation rather to contributing some other nation. At the point when our Dross Domestic Products continues expanding our aggregate yield would goes up on the grounds that GDP is the measure of size of economy utilizing its own particular normal assets. The government need to take steps with a certain end goal in mind in order to achieve a more equitable conversion scale, which may attract a greater number of speculators for the purpose of increased advantages. Increased foreign direct investment (FDI) flows, in turn, bring to an increase in the number of teaching jobs and replace the innovation that the government built up while trying to attract FDI. This openness helps to bring about a free market economy, which then leads to a prosperous economy.

Further Research

This study is an attempt to identify and analyze the impact of foreign direct investment, the human development index, and foreign remittances on gross domestic product in south Asian companies. The term "South Asian" refers to a vast area in which further thoughts might be explored. The precise model that was shown here has to be modified and developed in a variety of different ways, just like it was discussed in other sections of this series. Due of the time constraints, the findings were not yet completely satisfying; nevertheless, further discoveries are likely to be made in the future with the intention of enhancing our grasp of this fascinating region.
REFERENCES


Datta, K., & Sarkar, B. (2014). Relationship between remittances and economic growth in Bangladesh: an econometric study. *Available at SSRN 2375991*.


