**Research Title:** The Impact of Political Risk and Macro Economic Policy Uncertainty on Foreign Direct Investment: The Case of Selected South Asian Countries

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**Abstract:** This study examines the potential effect of political risk and macroeconomic policy uncertainty for selected South Asia countries. The attractiveness of FDI inflows in developing countries requires how the political factors and macro-economic policy uncertainty factors affect Foreign Direct Investment (FDI) and how large these factors affect. It is important to measure the impact of macroeconomic policy uncertainty and political risk on FDI for empirical study. In this study, first we extend the theoretical model developed by Del Bo (2009) to highlight the effect of political risk and macro policy uncertainty on FDI inflows in host country. Then, we construct macroeconomic policy uncertainty index as well as political risk index for evaluating the impact on FDI inflows. We use autoregressive distributed lags (ARDL) to examine the long run and short run impact of political risk and macroeconomic policy uncertainty index on FDI inflows. The long run results show negative affect of political risk and macroeconomic policy uncertainty indices on FDI inflows in selected south Asian countries. The trade openness may effect negatively to FDI inflows in long run that maybe due to lack of creditability regarding consistent trade liberalization policy and high trade cost. Trade openness shows positive effect on FDI inflows only in short run. Furthermore, the market size elasticity coefficient is more responsive as compared to other determinants in long run and short run. It may be considered that FDI inflows in selected south Asian countries are market seeking type.