

**IMPACT OF EXPENDITURE ON TRANSPORT, COMMUNICATION AND UTILITIES ON ECONOMIC
GROWTH IN SRI LANKA**

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ABSTRACT

This paper examines the effects of expenditure on transport and communication infrastructure and expenditure on electricity, gas and water on economic growth in Sri Lanka using Vector Error Correction Model (VECM) and co-integration model. This study uses secondary time series data from 1970 to 2015. The results show that there is a long run relationship between Gross Domestic Product (GDP) and expenditure on transport and communication infrastructure and also there is a long run relationship between GDP and expenditure on electricity, gas and water supply. The findings of this study suggest that Sri Lanka should invest more in the transport and communication and utilities infrastructure to accelerate the economic growth.

Key words: Economic Growth, Electricity, Infrastructure, Vector Error Correction Model

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