A STUDY OF INVESTMENT CLIMATE OF MANUFACTURING INDUSTRIES IN SRI LANKA

A PROJECT REPORT PRESENTED BY

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To achieve ambitions poverty reduction goals, it must maintain an annual growth rate of eight per cent over the next few years. Maintaining growth is the primary challenge and is essential for reaching the poverty reduction targets. Sustaining growth will require a substantially higher level of broad based investments undertaken by private sector enterprises. Therefore, the government should influence the quality of the country's Investment Climate (IC) through policy, institutions and their relationship with the private sector. The quality of the Investment Climate is linked to poverty alleviation along with a sound Investment Climate, on private sector activity and then the result is reduction of unemployment rate.

This study makes an attempt to identify the mostly affecting Investment Climate constraints to the selected districts and to check whether there is differences among districts and to find a sound environment to Invest. In this endeavor, a several statistical methods were used to analyze the data regarding the sampled establishments from selected districts.

The chi square test has been used to observe whether the identified constraints differ among districts. The other objective of the study is to find factors which affect each district separately. Therefore, the factor analysis was used to fulfill the necessity. To identify the districts which have the same investment climate, it was needed to apply a appropriate statistical method. Since the cluster analysis groups the cases which are having the same characteristics, cluster technique was used to find the homogeneous groups.

The software packages Excel, SPSS and Minitab for windows were used to analyze the data.