

**IMPACT OF MACRO ECONOMIC VARIABLES ON  
CONSUMER PRICE INDEX: A STUDY OF SRILANKAN  
ECONOMY 1977-2016**

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Dissertation submitted in partial fulfillment of the requirements for the Degree  
Master of Science

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January 2019

## DECLARATION

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text and a list of references is given.

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## **Abstract**

This study investigates impact of the macro economic variables on consumer price index SriLankan Economy. At many emerging economies including that of Sri Lanka are relatively limited and required to be repeated as the underlying economic settings of such economies have rapidly changed over the years. Hence, it is necessary to analyze the consumer price index over the years and various factors affecting its performance. This study examines the impact of economic variables on Consumer price index of Sri Lanka over the period 1977-2016. The study made use of secondary data gathered from the Central Bank report of Sri Lanka and data is analyzed by means of, unit root test, Granger Causality test, Correlation and ARDL Regression analysis using Eview10 and regression results suggests that Inflation and GDP variables have significant impact on Consumer price index. From that correlation analysis it is concluded that there is significant relationship between Inflation and Consumer price index.

**Keywords:** ARDL Analysis, Consumer price index, Gross Domestic Product, Granger Causality, Inflation,

## **ACKNOWLEDGEMENTS**

First and foremost, I would like to express my deepest gratitude to my supervisor, Mr.T.M.J.A.Cooray, Senior Lecturer, Department of mathematics, Faculty of Engineering, University of Moratuwa for his dedicated guidance, invaluable advice, and constant encouragement throughout my research study. I am also indebted to him for the efforts he has devoted to serious consultations and serious review of this thesis. His enthusiasm and insights in many research problems have provided me with a source of thoughts and actions.

This thesis would not have been completed without the constant support of my husband. I would express my wordless thanks to my husband for his deep understanding and encouragement during these years.

Last but not the least; I would like to thank Moratuwa University Lecturers, my children and my parents for their endless motivation, and support given me throughout the Master's degree.

P.Muraleetharan

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