

DETERMINANTS OF GOVERNMENT DEBT IN MALAYSIA

SITI NURJIHAN BINTI MUSA

2017841348

**Submitted in Partial Fulfilment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI MARA

KAMPUS BANDARAYA MELAJA

JANUARY 2020

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA
“DECLARATION OF ORIGINAL WORK”**

I, Siti Nurjihan Binti Musa, I/C Number: 960622-14-5406)

Hereby, declare that:

- This work has not previously been accepted in substance for degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation and sources of my information have been specifically acknowledged.

Signature: _____ Date: _____

LETTER OF SUBMISSION

January 2019

Madam Siti Nurulhuda Binti Ibrahim

Lecturer of Business Administration (Hons.) Finance

Faculty of Business Management

Universiti Teknologi MARA

40450 Melaka

Dear Madam,

Submission of Project Paper

Attached is the project paper titled "Determinants of Government Debt in Malaysia" to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours sincerely,

SITI NURJIHAN BINTI MUSA

2017841348

Bachelor of Business Administration (Hons.) Finance

TABLE OF CONTENTS

DETERMINANTS OF GOVERNMENT DEBT IN MALAYSIA	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER 1: INTRODUCTION	1
1.0 Introduction	1
1.1 Background of Study	1
1.2 Problem Statement	8
1.3 Research Questions	10
1.4 Research Objectives	10
1.5 Significance of Study	11
1.6 Scope and Coverage of Study	12
1.7 Limitations of The Research	13
1.8 Definition of Terms	14
1.9 Conclusion	15
CHAPTER 2: LITERATURE REVIEW	16
2.0 Introduction	16
2.1 Literature Review on Dependent Variable	16
2.2 Literature Review on Independent Variables	18

ABSTRACT

This research aims to investigate the determinants of government debt in Malaysia in the period from 1989 to 2019. Each independent variables need to measure their relationship with the Government Debt (RGD) and the variables are Inflation rate (RIR), Climate Change (RCC) and Government Expenditure (RGE). Based on the Multiple Linear Regression (MLR) result showed that inflation rate has a significant negative relationship towards Government Debt (RGD). However, research identify that the relationship between Climate Change (RCC) and Government Expenditure (RGE) and Government debt (RGD) are insignificant negative relationship. It is founded that lagged debt is included in the model due to changes in the interest rate from the previous accumulated debt may causing the fluctuation value of the debt.