



**FACULTY BUSINESS MANAGEMENT**  
**BACHELOR BUSINESS ADMINISTRATION (HONS)**  
**(FINANCE)**

**STUDY ON:**

**A STUDY ON THE RELATIONSHIP BETWEEN THE GOVERNMENT  
DOMESTIC DEBT TOWARDS CONSUMER PRICE INDEX, KUALA LUMPUR  
COMPOSITE INDEX AND INTEREST RATE IN MALAYSIA**

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“In the name of Allah the Almighty, the Merciful and the Beneficent”

Glory to Allah S.W.T, Most Gracious, the Most Merciful and peace upon his messenger Holy Prophet Muhammad S.A.W. All the worship belongs to only Allah. I seek refuge to Allah from the wickedness within and from the evil deeds. I also praised to Allah S.W.T for giving me courage, time, strength and knowledge to complete this project paper properly.

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## ABSTRACT

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This study investigates the relationship between the government domestic debt towards consumer price index, Kuala Lumpur Composite Index and interest rate in Malaysia. The estimation period for this study is from 1996 until 2005. In this study, the government domestic debt is considered as the dependent variable while the independent variables are consumer price index, Kuala Lumpur Composite Index and interest rate. In measuring the relationships, Simple Linear Regression Model is used and also adjusted regression model in order to overcome the auto correlation problem. Based on the findings, there is a significant relationship between government domestic debt with consumer price index, no significant relationship between government domestic debt with Kuala Lumpur Composite Index, and there is a significant relationship between government domestic debt with interest rate.

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