UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

A STUDY ON THE IMPACT OF FOREIGN DIRECT INVESTMENT (FDI), INTEREST RATE, AND INFLATION RATE TOWARDS MALAYSIAN ECONOMIC GROWTH

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I, **NOOR AZLINA BINTI YUSOF** I/C NUMBER **831210-03-5672**

Hereby, declare that:

I. This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.

II. This project paper is the result of my independent work and investigation, except where the otherwise stated.

III. All verbatim extracts has been distinguish by quotation mark and sources or my information have been specifically acknowledged.

Signature: _____ Date: 30 APRIL 2006

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ABSTRACT

This project paper is conducted to fulfill the requirement needed by the Faculty of Business Management, University Teknologi MARA. The Researcher has selected a topic entitled **'The Impact of FDI, Interest Rate, and Inflation Rate towards Malaysian Economic Growth'.** This study uses both the Simple Linear Regression and Multiple Linear Regressions in order to study the impact of foreign capital inflow and economic indicator to the Malaysian economic growth. This study has observed about 64 numbers of observations in quarterly basis data from 1990 to 2005. From the findings in Simple Linear Regression and Multiple Linear Regression, the researcher failed to reject Ho which didn't indicate any significant relationship between independent variable and dependent variables. However, the sign in the regression shows that the FDI, interest rate and inflation rate have negative relationship with the GDP. Meaning that, when the FDI, interest rate and inflation rate increase, the GDP will decrease.