



CASE STUDY IN MALAYSIA:
PUBLIC DEBT, FACTORS EFFECTING DEFICIT.
HOW GOVERNMENT MANAGE?

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APRIL 2011

ACKNOWLEDGEMENTS

ASSALAMUALAIKUM W.T. B.

It is pleasure to thank all the people who have helped in the preparation of this study with title “*Case Study in Malaysia: Public Debt, Factors Effecting Deficit. How Government Manage?*”until now. As a student of Degree in Islamic Banking I owe my deepest gratitude to my Advisor, Ms. Rapheedah Musneh whose give me support and guidance until this paper is completed by now. I appreciate the encouragement and positive comments from her to make me more understand about this project paper.

I also owe my deepest gratitude for the all staffs at Ministry of Finance (MOF) Kota Kinabalu whose guide and help me during practical training as well as my Supervisor, Ms. Dayang Juridah Ag. Kasip. The experience and process of complete the tasks given I appreciate and applied in the future career as well as guidance towards completing this thesis.

I also would like to thank to my entire friend that help and contribute in this paper and my lovely family especially to my parents whose support me until now. Finally, I am grateful to all of people that involved completing my project paper. Thank You.

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ABSTRACT

In this recent era of modernization, economic growth is important to express how far good or bad the performance and development of the country. Economic is one of the main income of the country include Malaysia. However, in the process of development in economic, financial crisis may cause the deficit in government budget. This paper is to identify the major factors that effecting deficit in order to seek the best solution by the Malaysian government. The factors include debt, interest rate, and currency depreciation and excessive expenditure is the keys of the problem occurred in this study. Apart from discovering the factors, this study also seeks the alternatives that government should impose and implement in order to manage the deficit. Due to this problem, Malaysian Government ascertain the ways to resolve this phenomena which is reducing expenditure, implementation of privatization programmes and by imposed tax to the person and companies.

Keywords: deficit, debt, interest rate, currency depreciation, and excessive expenditure.