



**DOES FDI INFLOW CROWD OUT DOMESTIC
INVESTMENT IN MALAYSIA?**

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TABLE OF CONTENTS	PAGE
Acknowledgement	iv
List of Tables	v
List of Abbreviations	vi
Abstract	vii
Chapter 1: Introduction	
1.1 Overview of Malaysia Economy	1
1.2 Overview of Foreign Direct Investment (FDI) in Malaysia	3
1.3 Background of the Study	5
1.4 Problem Statement	8
1.5 Objectives of the Study	9
1.6 Significance of the Study	9
1.7 Scope of the Study	10
1.8 Limitation of the Study	10
1.9 Definition of Term	12
1.10 Organization of the Research	15
Chapter 2: Literature Review	
2.1 FDI and Economic Growth	17
2.2 FDI Crowd out Domestic Investment	20
2.3 Spillovers	23
Chapter 3: Research Methodology	
3.1 Data collection	26
3.2 Procedure on Analysis Data	28
3.3 Research Methodology	28
3.4 Hypothesis	31
Chapter 4: Findings and Analysis	
4.1 Analysis of Data and Findings	33
Chapter 5: Conclusion and Recommendation	
5.1 Conclusions	43
5.2 Recommendations	47
References	49
Appendices	51

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LIST OF TABLES

TABLES	PAGE
Table 1: F-Value for GDP and FDI	33
Table 2: Coefficients Table GDP and FDI	34
Table 3: R-Square	34
Table 4: Beta and T-Value	35
Table 5: Data GDP and FDI for Malaysia	37
Table 6: F-Value for GFCF and FDI	37
Table 7: Coefficients Table for GFCF and FDI	38
Table 8: R-Square	39
Table 9: Beta and T-Value	39
Table 10: Table for Crowding Out	40

ABSTRACT

This project paper is to study on the crowding out effect domestic investment in Malaysia due to FDI inflow. This study also attempted to identify the effects of FDI inflows towards economic growth and domestic investment. The data used for this study collected on the yearly basis data from the period 1974 until 2004. Collected data will be analyzed using computer software known as SPSS. The method that chooses to analyze the data called single regressions. The single regression models have been used to determine the effect between the independent and dependent variable.

This study found that FDI has positive effects on economic growth and to domestic investment. This study also found that FDI has statistically significant to domestic investment. After analyzed all the data, the findings does not support the view that FDI inflows crowd out domestic investment in Malaysia.