

ABSTRACT

Thesis Title :Determinants of Direct Private Investment after Financial Liberalization

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The objective of this thesis is to study the factors affecting private direct investment in Thailand after the financial liberalization. The study chose this period because it was believed that financial liberalization would facilitate flows of foreign direct investment into Thailand and investment was the key factor inducing economic growth.

Quarterly data from first quarter of 1993 to fourth quarter of 1999 were used in the study and multiple regression was employed as method of analysis.

The study found that the most important factors affecting current period's private, relative cost of capital of the same period, and loan to private enterprises of the previous period. The relationship between current private direct investment and these determinants are as follows.

1 Change in GDP of the previous period by 1% will cause current period's private direct investment to change by 0.13% in the same direction.

2 Change in relative cost of capital by 1% will cause private direct investment in the same period to change by 5.55% in the opposite direction.

3 Change in loan and credit to private enterprises of the previous period by 1% will cause current period's private direct investment to change by 0.46% in the opposite direction.

It can be concluded from the study that the financial liberalization has positive effect on private direct investment.