

## **Chapter: I**

### **Introduction**

#### **1.1 Background and Significance of Study**

Myanmar, situated at the heart of Southeast Asia is bestowed with rich natural resources endowment of oil, natural gas and agricultural products and relative fair population spread long-term economic mismanagement under military rule devastated the economy. Furthermore economic sanctions imposed by Western countries have halted economic growth and left the country with dubious business dealing between Myanmar's military junta and other nepotistic regimes further downgrading the overall transparent market paradigm.

The history of economic development since independence can be divided into the four chronological segments of political economy as follows: the period of parliamentary democracy with a mixed but free economic system (1948-1962); the period of command and socialist economy under military rule (1962-1988); the period of market oriented economy under military rule (1988-2010); and the period of economic Liberalization system under the new government (2010 - Present).

Myanmar's economy was relatively stable during the first period, but began to deteriorate since the second period at an accelerating pace that once the most developed country in Southeast Asian region into that with one of the lowest GDP in the world. Up to early 1960s the Burmese Way to Socialism was implemented paving the way for downgrading the status of economic soundness even further. In 1971 Myanmar was officially a country with extreme poverty, poor health and education, economic stagnation, and instability resulting from this period of extreme nationalization causing dissatisfaction of people heightened in 1988 and led to general uprising.

After widespread demonstration, the State Law and Order Restoration Council, which later changed its name to the 'State Peace and Development Council took over from 1988-2010 and adopted the market-oriented system using an open-door economic policy reform; decentralization of control of economic activities, relaxation of price control, deregulation of export and import restriction, opening border trade, reduction of government subsidies, announcement of full-fledged privatization of all State-owned

Economic Enterprises, streamlining of taxes and duties, encouraging foreign investors to invest in wide – ranging industries, and improvement of infrastructure, leading to economic growth.

However, after decades of military rule and isolation, in 2008 constitution, the country's first multiparty election in more than two generations was held in November 2010, and it produced a new government on March 30, 2011. The government of Myanmar has pursued political and economic reform including releases of political prisoners, relaxation of media censorship, limited labor protection, and exchange rate reform.

Moreover, this new government led by President U Thein Sien has also started and improved monetary and fiscal management, facilitated trade and foreign direct investment, and has started to build physical, legal and institutional infrastructure. On 19 Jun 2012, President U Thein Sein recently announced new market economic policies in hopes to bridge the economic and development gap between the rich and the poor.

Especially, the relaxation of sanctions by U.S and European Union (EU) and improves relations with the major power have both opened a new opportunity for development after years of economic isolation in the world and consequent economic stagnation. Provided by the new political and international environment, Myanmar has a good opportunity to integrate the global and regional economy. As a result, Myanmar's GDP grew 8.25% in the fiscal year 2013-14, up from 7.30% in 2012-13, reported by International Monetary Fund.

The fastest growing economies in the world, Myanmar's economy under the new government led by president U Thein Sein is one of the future powerful emerging economies in Southeast Asia because with its rich endowment of nature resources including a diligent and literate population of fifty two million, rich investment opportunities in a range of sector, and young labor force, with appropriate reform of economic policy.

Myanmar will strongly continue development and stands to benefit from greater global and regional economic integration, based on young labor force, proximity to some of most dynamic economies, to its advantage and strategic geographic location between China, India and Thailand and reintegrating the country into the international community if three sources of foreign funds – foreign aid, foreign investment and foreign trade are accessible, with maintained the success of Myanmar economy.

## **1.2 Research Statement Problem**

1.2.1 How to develop Myanmar's economic under the new government with changing of political and economic?

1.2.2 Which factor is mainly supported to growth of Myanmar's economic in the current time?

1.2.3 What are importance for economic development and future prospect of Myanmar?

1.2.4 What are opportunities for foreign direct investment making business in Myanmar?

## **1.3 Objective of the Study**

The overall purpose of this study is to explore the economic development and prospect of Myanmar and drives its implication research and policymaking, changing the political and economic liberalization initialed under the new government of Myanmar led by President Thein Sein since 2011.

These specific objectives of study were:

1.3.1 To explore economic development and future prospect of Myanmar under the new government with reforms the political and economic scope.

1.3.2 To explore economic potential in development and exploring the advantages of manpower in order to gain better understanding of the impact of Myanmar's economic resiliency.

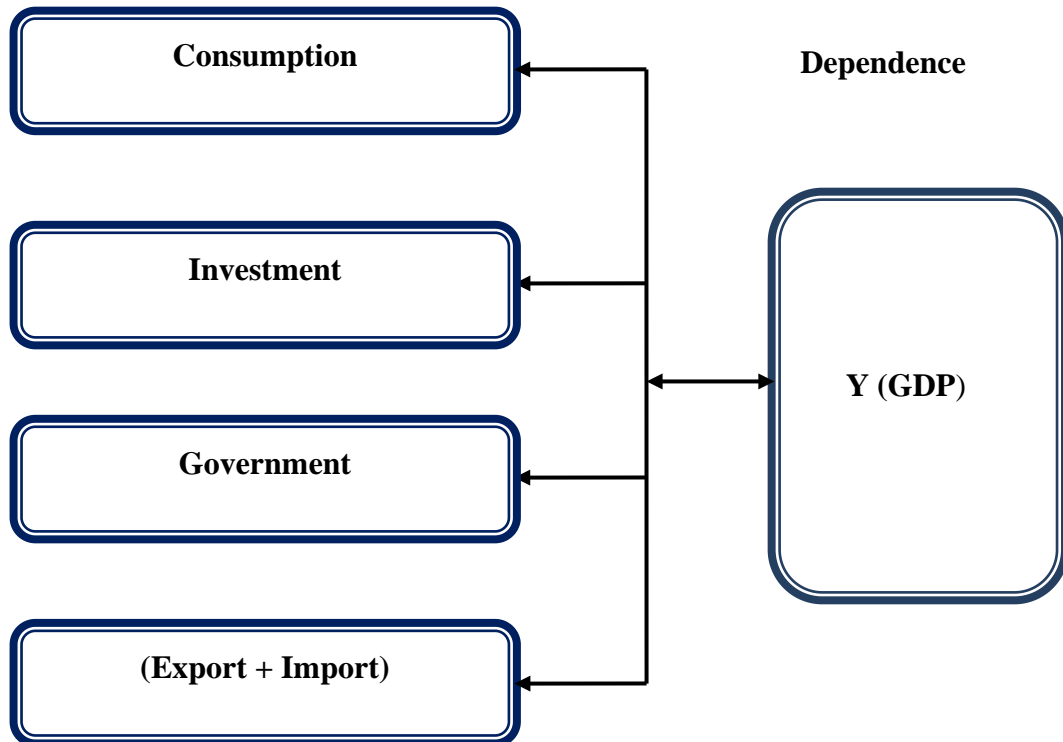
1.3.3 To explore appropriated economic development policy for Myanmar.

1.3.4 To explore the opportunities sector for foreign direct investment and to growth the potential of Myanmar's economy.

#### 1.4 Conceptual Framework

$$Y = C+I+G (X+M)$$

**Independence Variables**



#### 1.5 Scope and Limitation of Study

The scope of this study will explore the economic development and prospects of Myanmar based on the assumption that good government, beneficial government policies, political stability, the growth of country economies and the need of technology for social development directly impact on the foreign investment, the growth up of Myanmar economic development after reform of political and economic in 2011-present under the new government.

There are many period of economic system in Myanmar and it is difficult to find the sufficient information to research of economic development. Therefore with limitation, this study will involve economic performance; past economic, trade and investment, structure of economic, the remarkable policy of economic transaction, and opportunity for foreign direct investment.

## **1.6 Definition of the Term used in this Research**

For a better understanding, it is necessary to define the meaning of the key work in this study.

1.6.1 Economic development principally means both more output or production and changes in the technical and institutional arrangements by which factors of production are produced and distributed and policymakers that improve the standard of living and economic health of a specific locality and can also be referred to as the quantitative and qualitative changes in an existing economy, regards development of human capital, increasing the literacy ratio, improve important infrastructure, improvement of health and safety and other areas that aims at increasing the general welfare of the citizens.

1.6.2 Prospects mean a “view or outlook”, and it is still a way of looking ahead and expecting good things, a probability or chance of future success, especially as based on present work or aptitude: a good job with prospects.

1.6.3 Myanmar: Formerly known as Burma, is one of Southeast Asia’s largest nation, situated along the Bay of Bengal, and share borders with China, Thailand, India, Lao and Bangladesh. After widespread demonstration, the military government of the Union of Burma in 1989 changed the name of the country to the Myanmar. On the other hand, according to 2008 constitution, the name of country also changed again to the Republic of the Union of Myanmar.

Myanmar is the spelling of the official name of the country in Burmese script, full term of which is Pyidungsu Thamata Myanmar Naingandaw.

## **1.7 Result to be obtained**

After conducting the research, this research paper will be more effective for all who interested about the economic development and prospects of Myanmar and will understand the following:

1.7.1 To understand the economic development and prospects of Myanmar after the changing of political and economic.

1.7.2 To understand the policy of purpose government which importance for all citizens and foreign investors.

1.7.3 To understand how Myanmar's economic and would help to formulate policies for short-term and long-term economic development strategy and policy by thorough economic analysis from 2010-Present and suggest the option for resolving problem and maintaining economic development for future prospects by political stability.

## **1.8 Organization of the Study**

This organization of study in this research paper is divided into the fives chapters. There are as following:

1.8.1 Chapter one is an introduction to the study consisting background and significance of the study, research statement of problem, the purpose of study, conceptual framework, scope and limitation of study, definition of the research study, result to be obtained and organization of the study.

1.8.2 Chapter two is the review of literatures which contains the theory and related researches.

1.8.3 Chapter three explain the research Methodology used in conducting this experiment. It includes Populations and samples, Materials, procedures and data analysis.

1.8.4 Chapter four present analysis of Myanmar economic prospect and involved with questionnaire.

1.8.5 Chapter Five contains the summary of the study, the summary of the finding, the conclusion and recommendations for further research.