

A QUANTITATIVE ANALYSIS OF CAUSES OF INFLATION IN NEPAL

**A Thesis Submitted to
Central Department of Economics, Faculty of Humanities and
Social Sciences, in partial fulfillment of the Requirements for
the Degree of Master of Arts in Economics**

**By
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Exam Roll No. 1650
Reg. No. 5-1-48-217-99**

**Central Department of Economics
Tribhuvan University
Kirtipur, Kathmandu
November, 2008**

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LETTER OF RECOMMENDATION

The thesis entitled **A Quantitative Analysis of Causes of Inflation in Nepal** has been prepared by Mr. Narendra Raj Tiwari under my supervision in the partial fulfillment of the requirements for the Degree of Master of Arts in Economics. I forward it with recommendation for approval.

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APPROVAL LETTER

The thesis entitled **A Quantitative Analysis of Causes of Inflation in Nepal** has been prepared by Mr. Narendra Raj Tiwari has been accepted as the partial fulfillment of the requirements for the Degree of Master of Arts in Economics.

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Lastly, I am entitled to all the errors that have been made.

Narendra Raj Tiwari

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ABBREVIATIONS/ACRONYMS

CBS	=	Central Bureau of Statistics
CEDECON	=	Central Department of Economics
DW	=	Durbin Watson
FD	=	Fiscal Deficit
FER	=	Foreign Exchange Reserve
GE	=	Government Expenditure
GoN	=	Government of Nepal
GR	=	Government Revenue
IMF	=	International Monetary Fund
$IWPI_t$	=	Current Wholesale Price Index of India
$IWPI_{1t-1}$	=	Wholesale Price Index of India Lagged by One Year
$IWPI_{1t-2}$	=	Wholesale Price Index of India Lagged by Two Year
NRB	=	Nepal Rastra Bank
MoF	=	Ministry of Finance
M_1	=	Narrow Money Supply
M_{1t-1}	=	Narrow Money Supply Lagged by One Year
M_{1t-2}	=	Narrow Money Supply Lagged by Two Year
M_2	=	Broad Money Supply
M_{2t-1}	=	Broad Money Supply Lagged by One Year
M_{2t-2}	=	Broad Money Supply Lagged by Two Year
NCPI	=	Consumer Price Index of Nepal
RGDP	=	Real Gross Domestic Product
RPCI	=	Real Per Capita Income
NRs.	=	Nepalese Rupees
SPSS	=	Statistical Package for Social Sciences
T.U.	=	Tribhuvan University