

ECONOMY AND POSSIBILITY OF ECONOMIC CRISIS IN NEPAL

A Dissertation Submitted to the Office of the Dean, Faculty of Management in Partial
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CERTIFICATE OF AUTHORSHIP

I hereby collaborate that I have researched and submitted the final draft of dissertation entitled **ECONOMY AND POSSIBILITY OF ECONOMIC CRISIS IN NEPAL**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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This Study entitled **ECONOMY AND POSSIBILITY OF ECONOMIC CRISIS IN NEPAL** has been prepare in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management Tribhuvan University is based on research models involving the impact of economic variables on GDP.

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Padam Bilash Sapkota

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TABLE OF CONTENTS

<i>Title Page</i>	<i>i</i>
<i>Certificate of authorship</i>	<i>ii</i>
<i>Report of research committee</i>	<i>iii</i>
<i>Approval sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of contents</i>	<i>vi</i>
<i>List of tables</i>	<i>viii</i>
<i>List of figure</i>	<i>x</i>
<i>Abbreviations</i>	<i>xi</i>
<i>Abstract</i>	<i>xii</i>
CHAPTER-I	1
INTRODUCTION	1
1.1 Background of study	1
1.2 Problem statement	4
1.3 Objectives of the study	5
1.4 Rationale of the study.....	6
1.5 Limitations of the study.....	6
CHAPTER-II	7
LITERATURE REVIEW	7
2.1.1 Nepalese economy	8
2.1.1.1 Industrialization	9
2.1.1.2 Agriculture	11
2.1.1.3 Inflation.....	12
2.1.1.4 Trade	13
2.1.1.5 Foreign exchange reserve and exchange rate:	14
2.1.1.6 Remittances.....	15
2.2 Theoretical review	16
2.3 Empirical review	20
2.4 Research gap	31
CHAPTER-III	33

RESEARCH METHODOLOGY	33
3.1 Research design.....	33
3.2 Population and sampling	34
3.3 Data analysis	34
3.3.1 Mean	35
3.3.2 Standard deviation	35
3.3.3 Correlation coefficient.....	36
3.3.4 Regression analysis.....	36
3.4 Nature and sources of data	36
3.5 Research framework and definition of variables.....	37
3.5.1 Nepalese economy	38
CHAPTER-IV	42
RESULTS AND DISCUSSION.....	42
4.1 Data presentation.....	42
4.1.1 Industrial scenario.....	42
4.1.2 Agricultural scenario.....	52
4.1.3 Service scenario	53
4.1.3.1 Deposit analysis of bank and financial sector of Nepal	54
4.1.4 Trade scenario	57
4.1.5 Inflation scenario	58
4.1.6 Foreign employment scenario	59
4.1.7 Exchange rate scenario	61
4.1.8 Government scenario	62
4.1.8.1 Government budgetary operation analysis (on Cash Basis)	63
4.1.8.2 Monetary statistics analysis	64
4.2 Descriptive analysis.....	65
4.3 Correlation analysis.....	66
4.4 Regression analysis	67
4.5 Discussion	70
CHAPTER-V	73
SUMMARY AND CONCLUSION	73
5.1 Summary	73
5.2 Conclusion.....	74
5.3 Implications	75

LIST OF TABLES

Table 1 GDP Analysis	9
Table 2 List of Industrial Estates	10
Table 3 Agriculture Contribution to GDP.....	12
Table 4 Inflation Rate Analysis.....	13
Table 5 Trade Analysis of Nepal.....	14
Table 6 Foreign Exchange Reserve and Rate Analysis.....	15
Table 7 Remittances Inflow.....	16
Table 8 Summary of Empirical Review	26
Table 9 Research Variable	34
Table 10 Industrial Contribution to GDP.....	43
Table 11 Physical Infrastructure of Udyapur Cement	44
Table 12 Financial Infrastructure of Udyapur Cement	45
Table 13 Physical Infrastructure of Hetauda Cement	45
Table 14 Fianancial Infrastructure of Hetauda Cement.....	46
Table 15 Physical Infrastructure of Nepal Orind Magnesite Pvt. Ltd	47
Table 16 Detail of Nepal Aausadhi Limited	48
Table 17 Detail of Gorkhali Rubber Udyog	49
Table 18 Detail of Janakpur Cigarette Industry	50
Table 19 Detail of Butwal Dhago Kharkhana	50
Table 20 Detail of Nepal Metal Company Limited.	51
Table 21 List of Privatized Company.....	52
Table 22 Agricultural Scenario.....	53
Table 23 Service Sector Contribution to GDP.....	54
Table 24 Deposit Data of Commercial Bank	55
Table 25 Deposit collection of Development Bank	56
Table 26 Deposit collection of Finance Companies	57
Table 27 Trade Analysis of Nepal.....	58
Table 28 Consumer Price Index	59
Table 29 Number of Migrant workers with growth rate	60

Table 30 Remittances Inflow Data	60
Table 31 Exchange Rate	61
Table 32 Data of Government Revenue Collection.....	62
Table 33 Government Budgetary Operation Data.....	63
Table 34 Monetary Data	64
Table 35 Descriptive Statistics	65
Table 36 Correlations	66
Table 37 Model Summary	67
Table 38 Anova	68
Table 39 Coefficients	69

LIST OF FIGURE

Figure 1: Conceptual Framework.....37

ABBREVIATIONS

AGRCG	Agricultural Contribution to GDP
EXPT	Export Trade
GDP	Gross Domestic Product
INDCG	Industrial Contribution to GDP
MOICS	Ministry of Industry, Commerce and Suppliers
NRB	Nepal Rastra Bank
NCPI	National Consumer Price Index
REMIN	Remittance Inflow
SCG	Service Contribution to GDP

ABSTRACT

The objective of research is to examine impact of industrial contribution, agricultural contribution, service contribution, and export trade and remittance inflow on GDP. The relationship in between industrial contribution, agricultural contribution, service contribution, and export trade and remittance inflow with GDP is studied to study economic level of Nepal. The Possibility of economic crisis has evaluated with consideration of different economic variables. The various article and thesis related with research paper are reviewed from Google scholar and research gate for comparison of findings. For the analysis of variables descriptive and casual comparative research method are used. SPSS and Excel are the tools of data analysis. The research paper has considered seven years data for evaluation of variables using secondary variables. Secondary data and information are extracted from Nepal Rastra Bank website and Ministry of Industry, Commerce and Supplies. The result shows the GDP highly dependent on variable of industrial contribution, agricultural contribution, service contribution, and remittance inflow. The analysis reveals that for the economic enhancement, economic variables are supposed to be focused. There is high possibility of economic crisis in near future however; economic development can make nation's growth.

Keywords: Agricultural contribution, Trade export, Remittance inflow, Gross Domestic Product, Industrial contribution, and Service contribution

CHAPTER-I

INTRODUCTION

1.1 Background of study

Nepal, officially known as the Federal Democratic Republic of Nepal, is a landlocked country. With Geographical structure of Himalayas, Hill, Terai, its s situated in south Asia with population of Near 30 million. Being rich at the diversified culture, it is also known as diversified country with various range of different ethnic groups and indigenous communities.

Nepal's economic is based on agriculture, tourism and remittances. Agriculture sector has major contribution in Nepal's Gross Domestic Product. Similarly, Income from Tourism sector has also played significant role to uplift economy of Nepal. However, in today's scenario the Remittance Revenue has becoming prime factor for economy development. On the part of political system, Nepal is a Federal democratic Republic with a multi-party system. From the unification of Nation in the 18th Century under Gorkha dynasty to today republic Nation, Nepal has gone through different major events of political changes with diverse cultural heritage and tradition. Nepal is called multilingual, multicultural, multiracial and multi religious country.

Nepal being beautiful through its cultural significance, heritage, natural resources, it has faced different political tragedies and events from the past till now. The ups and downs of the political movement has brought dramatic changes in nation. This change has also made huge impact on the economic and financial sector of Nepal (Paudel,2020).

Economy stands for calculation of all production, consumption, and trade of goods and services in an entity, whether the entity is a Nation or small town. Economic level measurement includes different types of variables. One of the major measurements of its level is done by GDP Level. GDP stands for Gross Domestic Product which is defined as total monetary or market value of all finished goods and services produced within a country's boarders in a specific time period. with growth in GDP level, Nation's economic strength can

be enhancement. GDP also include different factor contribution to its growth such as: Agriculture, Industry and Service Sector.

Despite of being called Nepal as an Agricultural country where by profession most of people work as farmer for their livelihoods. Service sector has greater contribution to GDP than of agriculture sector. Nepal Rastra Bank, Current Macroeconomic and Financial sector, (2022/23) shows contribution of service sector to GDP is 62.43% where contribution of agriculture stands only at 24.12%. Service sector includes Bank and Financial sector, also including remittances fund of money. It clarifies most of people are involved in foreign employment jobs than of agricultural farming which is caused by unemployment problem and high inflation in Nation.

Inflation cause high-up in prices unnecessarily in daily consumption products like: Oil, Rice, Potatoes or other vegetables. For sustainability of livelihoods also, most of people tends to migrant as labor force to other nation. Another challenge is job placement after education. A well certified person seeks a reputed job and earning to sustain family but unsystematic procedure, monopoly, and nepotism left out deserving person which also cause their shift to foreign for better education and employment opportunities. In Nepalese current scenario, A life of common people at stake of most challenging to survive, this all problem is associated with economy of nation.

From the budget allocation to development project, different loopholes can be found if studied. The policy maker is not self-implementer which has cause downfall in industrial sector. One of the loopholes of Nepal is there is no provision regarding minimum or maximum import of goods and services in Nepal. It benefits to the trader who brings maximum of products and supply to the foreign as export with modification. The trend now is importation of goods in large stock which have low production in Nepal originally are exported to foreign which are basically in multiple times to its local production. In such case, in local market local production does not get its worthy price which cause discouragement to producer leading to the downfall of the industry.

Nepal Rastra Bank, Current Macro-economic and Financial Situation has showed 40.83% GDP of Nepal at year 2022. The industrialization report has classified large industries as sick industries under its provision including Udayapur Cement, Hetauda Cement, Gorkhali

Rubber Udyog, etc. The report of Current Macro-economic and Financial Situation year 2022/23 shows inflation at 7.74% increasing from 6.32% (2021/22).

Studying the economic level of Nepal, it can be clearly seen that Nepal is moving towards the economic crisis. The increasing inflation, low productivity, closed down business, high dependency in the remittance are the prime existing issues that are the leading factors towards the economic crisis. Before elaborating more about these factor, economic crisis and impact must be studied.

The economic crisis has marked inflation and acute fuel and energy shortages. Economic growth has been hampered by high external debt and debt trap, dwindling foreign currency reserves caused by fall of remittances and tourism sector, currency depreciation, and a series of lockdown (Pandey, 2022).

Economic crisis is the state of being at agricultural and industrial production is falling, the trade deficit with increasing unemployment problem. The all condition that leads to the economic crisis get meet at Nepal's current situation. Now, the main question rise "Does the Nepal really at edge of economic crisis?"

The economic variables are the prime contributor to the Gross Domestic Product (GDP). With the study on the variables and their current scenario will make forecast of future. GDP is the indication to the economic level of Nation. With strong GDP indication, Nation's economic level in global world recognized to be strong and powerful one where low GDP indication shows the weak position in the competitive world. In order to have strong indication of economy, each variable associated with the GDP must be analyzed and their contribution to the GDP must be study time to time. The need of changes and their perspective effect must be calculated so that national economy can be gain positive impact throughout the time.

Nepalese economy level is determined through its Gross domestic product level. In this research paper, major variables are taken to determine their respective contribution and condition of economic level of Nepal.

1.2 Problem statement

As mentioned above economic crisis is the state of being increment of unemployment, decrease in Gross Domestic Product, trade deficit and high range of inflation, with the remarkable history of industrialization in Nepal, we have seen downfall and closed down cases of industry. For eg: Bhrikuti Kagaj Karkhana (2066), Himal Cement Industries, Birgunj Sugar Mill, Gorkhali Rubber Udyog, Janakpur Churot Kharkhana. These industries had provided large platform for Nepalese worker with shutdown of industries in Nepal, the unemployment rate has been increased.

The industrial downfall leads to the productivity downfall that makes import higher moving toward trade deficit. In another hand, the job lost employed had no option rather than to choose the foreign employment. In today scenario, Nepalese students' perception towards Nepalese employment are not positive and for the growth in career as well as in seek of good job opportunities that provide sustainability, large number of students are going aboard. As per data of 2023, 45,000 students have acquired permits to study aboard in First Five month of the current fiscal year. With the application large amount of fund are spend in foreign universities for the admission with simply means large number of Nepalese currencies are being converted to foreign currencies.

The most highlighted part of Nepalese economic is Agricultural sector and its downfall in recent period. As per the Nepal Rastra Bank report, "Current Macroeconomic and Financial Situation of Nepal" based on the data of 2021/22, share of agriculture industry and service sectors in Gross Domestic Product stands 23.95%, 14.29% and 61.76% respectively. The downfall of agricultural productivity has leads to import of agricultural product in large amount annually for basic consumption only. This scenario is the major evidence of outflow of Nepalese currencies that only highlight Nepal being moving towards the economic crisis of Nepal.

Another part that has important role is Government Revenue, various queries are remained unanswered/unsolved whenever we question about the government Revenue. As per the Income tax Act, and Value added Tax, every Nepalese citizen has paid 1% tax on basic salary and with each product consumption 13% Vat has been paid. The custom revenue collection form Custom Duty, Vat and tax of private organization in government and their utilization is

big and suspense question here! Each year, on day jetha 15, budget allocation for several sector is done like: agricultural, health, education, but has all developmental program got well executed as per plan. The allocated revenue, actual expenses and remained budget balance and its mobilization are question of this study.

With downfall of industrialization, Nepalese economy has faced adverse effect, in other side, growth of service sector has been increasing like of Banking sector, talking about the Banking system Nepal, there are 20 commercial banks, 17 development banks, 17 Finance companies and 57 micro-finances. Most of commercial banks are gaining profit each year although, lots of micro-finance are getting liquidated each year as lack of deposit and its mobilization. The question again raises on the government as well other funds in Nation. With current issues and problem seen, following issue are major:

1. What are reasons for industrial shutdown despite of having adequate resources.
2. Is there any relationship of industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow with GDP?
3. Do industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow have impact on GDP?

1.3 Objectives of the study

The major objective of this study is to find out, actual problem hidden behind causing the economic downfall and answering the question of “Is Nepal really at the edge of economic crisis?” The specific objectives are;

1. To assess the factors of GDP.
2. To examine the relationship of industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow with GDP.
3. To analyze the impact of industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow on GDP.

1.4 Rationale of the study

Nepal is developing country which is still struggling for several development and economic enhancement to become strong nation. With this study, we will be able to find root cause of financial crisis and could be able to make efficient mobilization of funds through different investment/portfolio Analysis. This study helps to find out different ways to make growth in economy of the Nation This is an important case study for government, Nepalese student and all Nepalese citizens.

1.5 Limitations of the study

This research paper is only based on economic level of Nepal. This report shall be useful for the information regarding Nepal only. The study protocol may useful for other nation as well however, this paper only shows Nepalese economic level and describe about on-going events, action with their respective impact on the economic level. This paper only content major variable of economy.

- 1.The research study has only included variable of industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow for study while there are other variables as well which has impact on GDP.
2. The research work has only included data of year 2015/16 to 2021/22, while GDP analysis may be more precise on more years' data.
3. This study has only study about Nepal while economy is prime for all nation. This study may only useful for Nepal's economic level study.

CHAPTER-II

LITERATURE REVIEW

Literature review is the review and summarization of past articles, journals or any other form of information published. It is comprehensive review as well summarize from of the past recorded data. It is critical analysis with include of methodology and findings for the given research topic on particular area of research. The study of chorally works and re-organization of such study is the part of literature review.

The literature review helps researcher to gain insight knowledge on methodology used, objective and variables (factors) of the research. It involves the reading, analyzing and recording of summarize from of scholar's articles. Research gap is also finding of literature review. The research gap shows where the previous research was lack during the research. With the finding of differences in the different research, researcher find new problem.

The methodology used in previous research helps researcher to develops different method to conduct research as well provide base to new researcher with acknowledgement of the research methodology and tools. Studying of previous work are advantageous to research in many ways. Literature review have classified as conceptual review, empirical review, and research gap. The analysis of conceptual review give description on the variables used where empirical review summarized of previous work.

The literature review provides descriptive analysis with summarized form and critical evaluation on the given topic. The good literature review can ensure the identification of research problem and question associated with research topic and theoretical framework; methodology used. It ensures the use of best technique in research for the better result. Researcher can find suitable way to conduct the research through the review.

2.1 Conceptual review

Conceptual Review primarily focuses on the components/term that are used in research process. It briefly makes introduce about the terminologies for the research. Here, what sort of elements are used in this study are defined and their role for analysis are studied. In simple term, it is summarizing form of explanation of each variable.

2.1.1 Nepalese economy

An integration of different factors like of production and consumption with necessary allocation, distribution of resources is the core function of economy. Nepalese economy is largely depended in the agriculture sector as Nepal is also known for the agricultural productivity. The report shows agriculture has contributed one-third to the nation's GDP and has provide employment to the two-third of the population. GDP reflects the economic performance of the nation. Simply, it is calculation of total quality of all goods and services. As the other major economic variables are industry and services sold within Nepal minus intermediate consumption. sectors. According to Nepal Rastra Bank Report "Current Macroeconomic and Financial situation (2022/23) shadow there is share of agriculture, industry and services sectors in GDP stands 24.12 percent, 13.45 percent and 62.43 percent respectively.

At previous year (2021/22), the share of agriculture, industry and service sectors were 24.67%, 14.09% and 61.24 respectively where as at year of 2020/21, the share of agriculture, industry and service were 25.80%, 13.82% and 60.32 % respectively.

With reference to world data, worldwide gross domestic product in 2022 was at about 12,647 USD per capita. GDP in Nepal stands at USD 1,337 per capita (40.83 billion USD for whole country) ranking 100 of the major economics. Whereas, Gross National Product (GNP) stands at 40.94 billion USD and 1340.20 USD Per capita.

The inflation rate in year 2022 was around 7.65% increasing from 3.6% (year 2021). The import value was 15.46 billion USD and export value was of 2.43 billion USD. The national debt in Nepal reached at 18 billion US dollar. The tourism revenue collection was of 176 million USD.

Debt rate stand at 43.83% where unemployment rate was 10.97% with corruption index 35.

The following table shows the economic scale analysis with GDP as indicator.

Table 1*GDP Analysis*

Fiscal Year	GDP	GDP growth Rate
2022	4,212,145	13.38
2021	3,714,933	8.35
2020	3,428,524	2.57
2019	3,342,481	11.00
2018	3,011,022	10.68
2017	2,720,563	16.19
2016	2,341,402	7.079
2015	2,186,608	-

Source: (NRB, Current Macroeconomic and Financial Situation in Nepal, 2012/2013-2021/2022)

Table 1 shows GDP analysis with GDP growth rate which reflects incremental growth rate of GDP. There are several factors that make direct influence to Nepalese economy. Agriculture, Industry and service sector are key contributors to Nation's GDP where, Inflation, unemployment, government debt make impact to Nation's economy.

2.1.1.1 Industrialization

Industrialization consists of manufacturing process of different product either of raw material or as final product. Industries are the strong foundation for nation economy as it makes conversion of agricultural or resource-based economy toward an economy based on mechanized manufacturing.

In context of Nepal, Nepal Rastra Bank report of year 2022/23 shows share of industry at economy is 13.45% which was of previously 14.09%.

Industrialization in Nepal

The industry in Nepal started at 639 A.D. with opened trade boarder of Banega-Kuti trade route. The production of Cotton, Woolen Clothes, Paper, food, copper and wooden crafts,

ceramic pots and statues were high at that period. King Mahendra Malla emphasized protectionist policy for cotton mills in the country. King Prithivi Narayan Shah also gives emphasis on the use of domestic products. However, At the beginning of 19th century, there was declination on cotton productivity as consumption of cheap and fashionable foreign products were increasing.

With the establishment of Department of Industry (1940 A.D.), different training was carried out for development of cotton industries. Government various plan and policies were made for industrial activities promotion. The first Five Year plan (1956-61) carried on objective of restoration of sick industries as well as expansion of new industries.

The major industrialized area is listed as follows:

Table 2

List of Industrial Estates

S.N.	Industrial Estates	Estd. Year	Financial Assistance	Location
1.	Balaju	1960	USA	Kathmandu
2.	Patan	1963	India	Lalitpur
3.	Hetauda	1963	USA	Makwanpur
4.	Dharan	1972	India	Sunsari
5.	Nepalgunj	1973	India	Banke
6.	Pokhara	1974	Nepal	Kaski
7.	Butwal	1976	Nepal	Rupendhehi
8.	Bhaktapur	1979	Germany	Bhaktapur
9.	Dhankuta	1980	Nepal	Dhankuta
10.	Birendranagar	1980	Netherlands	Surkhet
11.	Gajendra Narayan	1986	India	Saptari

(Source: Industrial District Management Limited, 2018)

Table 2 shows list of industrial estate with date of establishment, financial assistance. As per the data from the Department of Industry, 203 Industries were established in year 2020/21. There were 8,453 Industries with domestic and foreign investment (2021) out of which, 1214

were large, 1908 were medium and 5,331 were small scale industries. The report mentioned these industries have provided employment for 628712 individuals by 2020/21.

Sick Industries and reason to shut down.

Sick Industries are classified group of those industries which are unable to operate due to various reasons. The major reasons for closed down of industries are:

1. Higher debt amount.
2. Operating at less than Break-even point.
3. Higher operating cost.
4. Less book value than of market book value.
5. Can't operate due to Natural cause or reason.

The question is how to make operate of these sick industries as before in normal state and how effective industry work can be performed in coming days.

2.1.1.2Agriculture

Nepalese economy is primary based on agriculture. According to world bank, agriculture is the main source of food, income and employment for majority of the population in Nepal contributing one-third of GDP. Cardamom, ginger, garlic, turmeric, silk cocoons, honey and mushrooms are produced in large amount as these products have higher potential market in International. Whereas, potatoes, sugarcane, and millet are other major crops. However, each year decline in agricultural production can be observed. The major issue is supplying chain and supply value to customer. Farmer are obliged to sell their product at minimum cost lower than of actual market value which cause effect for their sustainability. Sometimes, cost of production is higher than of sell value.

As per economic report, the contribution of agriculture sector to Nation's GDP can be analyzed as below:

Table 3*Agriculture contribution to GDP*

Year	AGRCG
2022/23	24.12
2021/22	23.95
2020/21	25.80
2019/20	27.60
2017/18	27

(Source: NRB, Current Macroeconomic and Financial Situation in Nepal, 2017/18-2022/23)

Table 3 shows agricultural contribution to GDP from year 2017/18 to 2022/23. There is increase in contribution in year 2022/23 where the contribution was decreased in 2021/22. The agricultural contribution is an important factor for GDP growth.

2.1.1.3 Inflation

International Monetary fund, define inflation as the rate of increase in prices over a given period of time. The situation where there is gradual loss of purchasing power is Inflation. In simple term, it reflects the incremental in product or services prices.

Inflation is calculated as incremental in average price of selected goods and services over one year. The opposite term of inflation is deflation were purchasing power increase with decline of price. The inflation can be categorized as: Higher Inflation is the condition of fast increment in price over the given time of period where, in lower inflation there is slow increment in price in the given time of period.

There are three types of Inflation:

Demand-pull inflation: Increase in product price, with increment in demand.

Cost-pull Inflation: Increase in cost of production.

Higher Inflation rate is not good sign for the economic growth. The declining purchasing power reflects the poor economy of Nation. One of the major causes of Inflation is “Devaluation of Money”.

Devaluation of money itself consider as negative factor for nation's economy. In context of Nepal, one of reason for slow economic growth is Inflation. The data recording inflation rate is tabulated as below:

Table 4

Inflation Rate Analysis

Year	Consumer price Inflation	Food and Beverage	Non-food and service	Whole sale price Inflation	National Salary and Wage
2022/23	7.74	6.62	8.62	8.47	9.90
2021/22	6.32	5.69	6.83	9.51	6.65
2020/21	3.60	5	2.51	7.61	1.60
2019/20	6.15	8.16	4.61	5.60	7.48
2018/19	4.60	3.10	5.90	5.40	9.1

(Source: NRB, Current Macroeconomic and Financial Situation in Nepal, 2018/19-2022/23).

Table 4 shows inflation rate analysis with consumer price inflation, food beverage, non-food service, wholesale price inflation and national salary and wage. The rate of consumer price inflation, food and beverage, non-food and service and national salary and wage was increased at year of 2022/23.

2.1.1.4 Trade

Trade is exchange of goods and services either in locally or internationally. Trade is considered as one of strong foundation for economic growth as it helps to mobilize the fund. Foreign trade especially exports of nation's production make inflow of foreign currency that makes strong economic sustainability. Local production and industrialization play role for external supply of goods and services.

In context of Nepal, the history's record shows that, in past, Nepal was able to make higher export than import. But reverse can be seen. At current scenario, Trade deficit (export minus import) challenging factor for GDP growth.

The following table analyze, trade scenario of Nepal;

Table 5

Trade analysis of Nepal

Year	Export	Import	Trade Deficit
2022/23	157.14 billion	1611.73 billion	1454.59 billion
2021/22	200.03 billion	1920.45 billion	1720.42 billion
2020/21	141.12 billion	1539.84 billion	1398.71 billion
2019/20	97.71 billion	1196.8 billion	1099.09 billion
2018/19	97.11 billion	1418.54 billion	1321.43 billion
2017/18	81.19 billion	1242.83 billion	1161.64 billion
2016/17	73.05 billion	990.11 billion	917.06 billion

(Source: NRB, Current Macroeconomic and Financial Situation in Nepal, 2016/17-2022/23).

Table 5 shows the trade analysis of Nepal with export trade value, import trade value and trade deficit. The increasing level of import trade and its impact on nation is not good reference for nation's welfare.

2.1.1.5 Foreign exchange reserve and exchange rate:

Foreign Exchange reserve and shows the strength of nation as it works as backed-up treasury assets. It is assets either in form of currency notes, gold, silver, or backed up. It is kept by Nation's central bank. Generally, most of nation's foreign exchange reserves are hold in U.S. dollars. Economists suggest holding foreign exchange reserve in that currency which does not have connectivity to country's own currency. Nation's currency value shows the currency strength. Currency exchange rate reflects the nation's currency strength. The rate at which one nation's currency can be exchanged with another currency is exchange rate. Exchange rate does have impact on the merchandise trade, economic growth, capital flows and interest rates.

The fluctuation of the foreign exchange rate and exchange rate can be analyzed as:

Table 6

Foreign Exchange Reserve and Rate Analysis

Year	Gross Exchange Reserve	Foreign Reserve	Foreign Reserve (NRB)	Exchange Rate.
2022/23	1539.36 billion		1345.78 billion	131.17 USD
2021/22	1215.80 billion		1056.39 billion	127.51 USD
2019/20	1339.03 billion		1244.63 billion	119.04 USD
2018/19	1401.54 billion		902.44 billion	109.36 USD
2017/18	1038.92 billion		989.40 billion	109.34 USD
2016/17	1079.52 billion		927.27 billion	102.86 USD
2015/16	1039.21 billion		887.01 billion	106.73 USD
2014/15	823.87 billion		702.88 billion	101.14 USD
2013/14	665.41 billion		572.40 billion	95.90 USD
2012/13	533.30 billion		453 billion	95 USD

(Source: NRB, Current Macroeconomic and Financial Situation in Nepal, 2012/13-2022/23).

Table 6 shows the analysis of foreign exchange reserve and rate. The Gross foreign exchange reserve for year 2022/23 is 1539.36 billion; foreign exchange reserve (NRB) is 1345.78 billion with currency exchange rate of 131.17 USD.

2.1.1.6 Remittances

The sum of amount send/transfer by migrants to their relatives in their home country from aboard. In context of Nepal, it plays as another major source for financial support as it generates financial inflows in Nation. It helps to sustain the positive balance of payment in Nepal. Nepal is agriculturally based country however, at present scenario, there is incremental in number of foreign migrate people and Nepal is slowly depending on remittance income.

As per report of department of foreign employment, more than 771,000 people had obtained permits for foreign employment in fiscal year 2022/23. The downfall of Industrialization and

increasing unemployment is leads people think for foreign for their sustainable future. Yearly numerous numbers of student and worker are leaving Nepal.

The remittances fund does make positive impact on Nepalese economy. But, too much dependency on remittance fund may cause higher migrant rate, more industrial downfall, zero local productivity that decline economic activities of nation.

The contribution of remittance in Nepalese gross domestic production can be analysis as;

Table 7

Remittances Inflow

Year	Remittances Inflow
2022/23	1220.26 billion
2021/22	1007.31billion
2020/21	961.05 billion
2019/20	875.03 billion
2018/19	879.27 billion
2017/18	755.06 billion
2016/17	695.45 billion
2015/16	665.06 billion
2014/15	709.96 billion

(Source: NRB, Current Macroeconomic and Financial Situation in Nepal, 2014/15-2022/23).

Table 7 shows data of remittances inflow. There is increment in remittance inflow for given period of time.

2.2 Theoretical review

Economic crisis is the phase of period where Nation's currency strength is in weak position with higher inflation rate, low productivity and declination in Nation's GDP. The crisis directly makes influence in financial stability of nation.

In world, one of major economic crisis history has witnessed is financial crisis of 2007-08. The other biggest economic crisis is credit crisis of 1772, the great depression of 1929-39, the OPEC oil shocks of 1973, the Asian crisis of 1997, etc.

Many economists have performed research over this crisis, their cause and effect that world has seen, and drawn some conclusion. Different principals, approach, theories are integrated to conduct research on different economic issues with their vision and perspectives.

Different economists have different perspectives and ideology to analyze economic crisis. Economic theories and their implication vary from each other as defined principals and assumption are not same. Some of the important economic theories which are often used to study nation's economic crisis are:

Keynesian economics

John Maynard Kenes developed this theory explaining the importance of government intervention through fiscal policy to economic stabilization. This theory emerges during great depression of 1930s. When existing economic theory was unable to explain cause of on-going crisis. According to Keynesian economics, state intervention is necessary to moderate the booms and busts in economic activity, otherwise known as business cycle.

There are three core principals of Keynesian economic which are:

- a. Change in aggregate demand whether anticipated or unanticipated have their greatest short-run effect on real output and employment.
- b. Aggregate demand is influenced by many economic decisions- public and private.
- c. Price and especially wages, respond slowly to changes in supply and demand.

Keynes theory advocated counter cyclical fiscal policies which act against the direction of business cycle. It advocates that in condition of economic crisis, deficit spending on labor-intensive infrastructure projects help to stimulate employment and stabilization in wages. It suggests that monetary policy can be used to stimulate. The economy with reduction of interest rate encourages investor to invest. This theory suggests that government should solve problems in short-run (Kenes, 1930).

Monetarist economics

Monetarist Economic theory is associated with Nobel prize winning economist Milton Friedman which gained prominence in 1970s. it consider money supply is the chief determinant of GDP in short run. As per this theory, money supply multiplied by velocity

equals nominal expenditure in the economy. It assumes that with increment of money supply, there shall be increment in economic activity and vice-versa. It has formula of $MV=PQ$, where,

M=Money supply

V= velocity of money

P= Price of goods

Q= Quantity of goods.

The foundation of this theory is quantity theory of money having accounting identity.

Some of key assumption of monetarist theory are:

- 1.Long run monetary neutrality.
- 2.Short run monetary non neutrality.
- 3.Constant money growth rate.
- 4.Interest rate flexibility.

The theory is based on money supply. The theory is only useful in case, when we are able to predict inflation. It says the supply of money rises, will rise nominal GDP and vice versa. In order to achieve the direct effect, the velocity of money must be predictable.

At the time of economic crisis of 1970s, the velocity rate was at constant rate. So, this theory was effective. However, at 1980s and 1990s, when velocity become highly unstable and became unpredictable, question was rise in usefulness of given theory (Friedman, 1970).

Austrian economics

Carl Menger writer of “principles of Economics” is considered as founder of Austrian economics which is based on theory of diminishing marginal utility. The Austrian economics theories is different than other as it logically based on economics laws of universal application rather than data and mathematical models. It assumes that prices are determined by subjective factors like an individual’s preference to buy or not to buy particular goods.

This theory says that any distortion of the equilibrium interest rate in loan able funds market (LFM) as the key trigger of business cycle. An artificial credit expansion of central bank

make impact on equilibrium interest rate, higher malinvestment begin, which make central bank to contract the money supply in order to avoid inflation. The decision of contraction in money supply results the amount of malinvestment is actualized by investors. This leads to liquidation of assets, layoff and shutdown which are beginning of crisis in nation (Menger, 1871).

Marxist economics

This theory is developed by Karl Marx with defining that the value of product can be measured objectively by the average number of hours of labor required to provide it. It reflects capitalism as one step in a historical progression of economic systems that follow one another in a natural sequence. It is economic and political theory encompassing Marxist class conflict theory and Marxian economics (Marx, 1848).

The core value of Marxist theory emphasizes the motion of the mode of production as the central place of the crisis. It has explained the global crisis with following theories:

a. Profit-squeeze theory

This theory states that an increment in labor rate makes full of organization's profit level causing crisis. This theory was in high at time of 1945-1973, but at global crisis of 2008, the theory fails to explain. Profit squeeze theory believes on reservation of profit by cutting off labor expenses. To some extent, it was quite influential but not lasted.

b. The theory of under consumption

It can be considered as the holistic approach to the laws of motion of capitalism. It defines consumption and demand as main factors of the capitalist mode of production. Over production is also reason to crisis. It categorized production in two terms.

Simple production

The situation where capitalist class consumes the entire surplus value as a revenue.

Expanded reproduction

In this, capital expands its scale of production by using surplus value to purchase new means of production and hire new workers.

Neo-classical theories

Around 1900, Neo-classical theories emerged with different concepts which focus on supply and demand as driving forces for production, pricing and consumption of goods and services.

It varies from classical theories. Most of classical theories assume cost of production as most important factor in the product's price but, this theory argues consumer's perception of product's value as important factor to price determination.

The key assumption of this theory is consumer's perception is an important factor in determining the value of product or service.

Neo-classical theory believes that the crisis occurs when there are significant disruptions to equilibrium of demand and supply. Another cause of crisis are external shocks, like of technological changes, natural disaster or geopolitical events. These shocks create changes in market supply, sudden shift in market dynamics, level of production, etc. (Mayo, 1900).

2.3 Empirical review

The systematic literature review analyzing the post empirical studies in order to figure out the conclusion to research question is empirical review. Literature review itself is review of past recorded literature either published or unpublished. Eg: Journals, article, report, survey report, etc.

The main aim to literature review is to find research gap. The research gap is limitation of previous research work that make insufficient conclusion for given research topic. With review of literature we can study methodology, statistical tools used and conclusions. Some of article related to economic crisis has been summarized below:

Khanal (2023) investigated the impact of trade deficit and impact of trade deficit and impact of crisis of economy on Nepalese people. This research based on the comparative analysis of various data from past to present time-line like of import, export, trade analysis. The research paper consists an objective to analyze the import and export of foreign trade, and for evaluation of overall impact of trade deficit. There is no use of any statistical tools. It concluded in order to maintain a balance between import and export, we need to make increment in domestic capital development, use of local resource and equipment.

Pandey (2023) examined the current scenario of Nepalese economy with question of being Nepal at verge of economic crisis. It has evaluated the scenario in between Sri Lanka and Nepal with comparative analysis including different economic factors. It included an objective to analyze the economic condition of Sri Lanka and make comparison with

Nepalese economic context. For which, different tools like correlation, coefficient ratio with quantitative and qualitative analysis has been used. It is based on comparative and descriptive analysis. It concluded that in most of case, Nepal and Srilanka have identical features. It suggests that, policy makers and executors should pay attention to promote tourism sector, mobilization of remittance in order to evade crisis like Sovereign debt.

Chaudhary (2021) examined the effect of COVID-19 on Nepalese economy. COVID-19 become of one disaster causing lockdown. The study is based on the empirical evidence. It includes an objective to investigate and express opinions regarding post pandemic control strategies within South Asian economy robust. The study used qualitative method of analysis using primary and secondary data. For primary data, researcher conduct debate and make participation of 200 participants through different means of communication as survey to collect their opinion. The debate was on strategically ways to control the post pandemic effects on developing economics- focusing Nepal. It concluded that Nepal is somehow incapable to cope with situation due to the weak health care system and lack of innovative approach. Agricultural sector be at prioritized. It suggests that post control of COVID-19 effect on economic revival policies should prioritize sectorial concerns on the agriculture and economy.

Pandey (2021) analyzed the employment role on the economic growth with an objective to highlight the importance of employment and to access the relationship between employment and economic patriotism ratio. One of the causes of economic crisis is lack of employment opportunities. Limited employment opportunities and higher unemployment create falls in earning that leads to decline in purchasing power of people ultimately, causing lower demand of commodities. Low demand of commodities in market causes lower production of commodities, which makes impact on overall nation's economy. The study reveals that, employment patriotism (EP) is the linking term that unites employment and economic patriotism. It suggests Nepal's all policies should consider linkage in between employment and economic patriotism. This study was based on descriptive analysis with use of secondary data on employment and growth (1971 to 2017) as empirical evidence.

Kadel (2021) studied relationship in between budget deficit and economic growth in Nepal. The research carries the objective to analyze the short-run economic growth and budget

deficit. In this study, Unit Root test, ARDL Bounds test, stability test, were performed. It is based on Analytical Research design. It concluded that there is significant relationship between a deficit budget and economic growth. Its analysis showed the long-term trend of economic is upward implying economic growth over the time.

Paudel (2021) investigated the impact of government expenditure on nation's economic growth with an objective to explore the impact of government expenditure on economic growth of Nepal. Government revenue and expenditure are factors to be economic sustainability, lower government revenue and higher expenditure cause financial stability. The granger casualty test, was performed for analysis along with Unit Root test, Co-integration test. It had concluded that, there is significant long run relationship in between government expenditure and economic growth. It concluded that policy maker should focus on current and capital expenditure simultaneously for economic growth. It suggests that individual and current expenditure doesn't make economic growth, enhancement in economic both the factors are supposed to be utilized simultaneously.

Karn (2021) examined the COVID-19 effects on Nepalese economy with comparative analysis. The factors of analysis are foreign remittances, flow of export, import, government revenue, etc. the amount of each month was compared and studied with an objective to study the potential impact of COVID-19 pandemic on the economy oof. It concluded that Nepal has face highest fall in agriculture, remittance, GDP in history.

Adhikari (2020) studied the COVID-19 impacts on Nepalese economy with focus on analysis of the impact of Corona virus pandemic on the growth of economy. Economic shocks are studied with different shape of curve i.e. V-shaped recession, L-shaped recession, U-shaped recession. Secondary data were collected from international financial institutions such as World Bank, and Asian development bank. It found most of lower-income workers were mostly affected. COVID- 19 pandemic will impact sustainable development in short-run along with suppression in an economic growth.

Paudel (2020) studied financial and economic scenario of Nepal with examination financial development and economic growth by applying Unit Root test, Co-integration test based on Auto regressive distributed Lag (ARDL) approach. The test revealed there is positive significant of financial development on economic growth in Nepal.

Chhetri (2020) researched impact of remittances on Nepalese economy. Descriptive statistical tools, trend analysis, correlation analysis was applied on secondary data to study the current remittance inflow and its impact on Nepalese economy. The test observed with foreign employment, poverty and unemployment problem can be reduced. It suggests that with an effective utilization of remittance, economic growth can be achieved.

Khatri (2018) explored industrial problems and prospects in case of Nepal with an objective to overview the trend of industrial development, industrial policies. As methodology, Time series analysis, qualitative method, descriptive method was used to explore the problems and prospects of industrial development of Nepal. This study examined analytically the industrial development of Nepal with secondary data for 1960 to 2018. It examined over the historical industrial data, current status and industrial policy. The report shows Nepal has potential on hydro-power, tourism, herbal products, Agro-processing, etc. The reveals factors like industrial infrastructure, entrepreneurial skills, technological capability, political will power and governance holds the key problems for industrial development. These are reason of negative balance of trade, and negative balance of payments situation.

Bernanke (2018) conducted research on role of credit factors in economic behavior and economic analysis to review real effects of credit markets disruptions. For finding out some implications for macroeconomics, empirical analysis and comparative analysis were performed with case studies. The analysis result disruption in credit availability had substantial negative effects on economic activity during the financial crisis. It has taken global financial crisis as evidence to measure the impacts.

Halebic et al. (2018) conducted research to study economic crisis and their impact on the economic theory and policy. It is based on theoretical and empirical review. Inductive methods, Deductive methods, Qualitative, descriptive and comparative analysis were performed during study. It results that neoliberal doctrine had a negative impact on policy. The study shows full liberalization or free market caused a lot of financial and currency crisis including recent economic crisis.

Kouki et al. (2017) examined the effect of banking monetary, and twin crisis on the economic growth with sampling of 28 emerging and developed countries over the period of 1980-2011. For evaluation of the impact of monetary, banking and twin crises on growth in a sample of

emerging developed countries over 1980-2011 period, researcher used theoretical review and empirical review. With examination of the impact of financial crisis on the real economy, it concluded financial crisis have negative and significant effects on economic growth. The results show that banking crisis are costlier and deeper than currency crises for GDP growth and investment.

Einardottir (2016) explored the impact economic crisis, have on buying behavior and consumer attitudes. The thesis studies the impact of economic downturns on Icelandic consumer's buying behavior and attitudes. Methods like Target group Index, analysis of variance (ANOVA), Levene's test were performed to examine. The finding concluded that Icelandic Consumers do somewhat change their attitude toward shopping due to economic crisis. The economic downturn also influenced the consumer's attitude toward quality and quantity. The results also indicate there is relationship between brand loyalty and the economic environment as well as between attitude toward private label products and economic development.

Bhandari (2015) studied the effects of foreign trade in economic development process of Nepal. The study is based on secondary data sources like of published reports, surveys, bulletins and journals. Regression analysis is used for study of effects of foreign trade. The results justify exports growth leads to economic growth. It suggests that government should encourage the policy of adequate investment in export-oriented industries that embodies a "proper mix" of export promotion and import substitution. It justifies exports growth leads to economic growth. Secondary data were input from economic survey 1998/99 and 2003/04, NRB's quarterly economic report 2002, various censuses, international financial statistical year book, 1987 and economic and political week 2004, CBS's statistical year books.

Mahat (2015) examined the impact of foreign trade, trade deficit in Nepalese economy. Empirical analysis, quantitative research method are used to study the relationship in between Nepal and trading partner in exchanging purposes. The research result that major cause leading National economy downturn is trade deficit. The result concluded that in order to maintain balancing figure between these two factors, there must be increase in export ratio by seven times. It suggests that deficit could be minimized if government make industry to produce the product which are consumed from imports.

Gautam (2014) examined the relationship between economic growth and financial development in Nepal between 1975 and 2012. For the examination of such relationship, unit root test, co-integration test, granger causality test, vector error correction was used. The result showed there is positive and significant relationship in between tested variables.

Jaler (2014) studied the effects of financial crisis of international trade with use of gravity trade equation. Researcher used estimation method with empirical analysis to provide additional insight into question of the impact of the financial crisis on international trade. IMF DOTS data, and UN COMTRADE data were used for study. It results the interaction effect of banking crisis and developing countries is statistically and strongly positive.

Katsela (2014) observed the impact of economic crisis on job satisfaction with methodology of ordered probit Model with fixed effects. The result concludes there is negative impact on economic crisis on job satisfaction. It uses two dependent variables of categorical form (happiness and life satisfaction) and looks into changes in the three economic indicators that are directly influenced by the crisis. The result implies that right after the start of the crisis, GDP and changes in unemployment rate affect negatively on job satisfaction, The results reveal there is impacts on job satisfaction is not uniform.

Khadka et al. (2013) analyzed the effect of global financial crisis on Nepalese economy. With comparing different variable's data (Remittance, export, foreign and foreign direct investment, tourist arrival) for eleven years (2000 to 2011). It reveals Nepalese economy was mildly affected by global financial crisis. Due to global crisis, Nepal experienced decrease in tourism receipt, foreign aid and commitment from developed and export value (commodities).

Table 8*Summary of Empirical Review*

S.N.	Author(s)	Variables	Methodology	Major Findings
1.	Khanal (2023)	Import, export	Comparative analysis	In order to maintain a balance between imports and exports, we need to make increment in domestic capital development, use of local resource and equipment.
2.	Pandey (2023)	GDP, Exchange rate, consumer price inflation, currency strength, tourism, remittance,	Foreign reserve, price relative strength, Quantitative techniques Qualitative technique Comparative and descriptive research method.	Correlation analysis Coefficient ratio The analysis shows crisis is result of foreign currency depletion due to compounding factors. It found that the threat of economic crisis in Nepal is not looming in present scenario.
3.	Chaudhary (2021)	GDP remittance	Qualitative method	The result show Nepal is somehow incapable to cope with situation due to the weak health care system and lack of innovative approach.
4.	Pandey (2021)	Employment, GDP	Descriptive analysis	The study reveals that, employment

				patriotism (EP) is linking term that unites employment and economic patriotism.
5.	Kadel (2021)	Economic growth, Deficit budget	Unit root test, ARDL Bounds test, Stability test. Analytical research design.	The study reveals there is significant relationship between deficit budget in economic growth. The analysis results the long-term trend of economic growth is upward trending means that economic growth increase over time.
6.	Paudel (2021)	Government expenditure, economic growth	Unit Root test, Co-integration test, Vector correction Model, Granager causality test.	The result showed the existence of short-term and long-term relationship in between government expenditure.
7.	Karn (2021)	Agriculture, remittances, local trade, international trade, government revenues, employment	Comparative Analysis	It concluded due to COVID-19 pandemic Nepal has face highest fall in agriculture, remittance and GDP.
8.	Adhikari (2020)	Current economic growth (GDP) and	V-shaped recession U-shaped	The report indicates most of lower-income

		pre – COVID recession	workers were mostly affected by pandemic. It concluded COVID-19 pandemic will not only suppress economic growth, it will also adversely impact sustainable development in short-run.
9.	Paudel (2020)	Economic growth, FDI	Unit root test, Co-integration test based on Autoregressive distributed Lag (ARDLE) approach. Regression analysis.
10.	Chhetri et al. (2020)	Remittances, GDP	Descriptive statistics, Trend Analysis, correlation
			The result shows with foreign employment poverty and unemployment problems can be reduced. It suggests with effective utilization of remittance, economic growth can be achieved.
11.	Khatri (2018)	Industries, Real Time series	The research found

		Gross Domestic Product, policy	analysis Qualitative Descriptive method	factors like infrastructure, entrepreneurial skills, technological capability, political will power and governance holds the key problem for industrial development. These are also the reasons of negative balance of trade, and negative balance of payment.
12.	Bernanke (2018)	Economic behavior, credit market disruptions	Empirical analysis Case studies Comparative analysis	The disruptions in credit availability had substantial negative effects on economic activity during the financial crisis.
13.	Halebic et al. (2018)	Business cycles, economic growth	Theoretical and Empirical analysis. Inductive and deductive methods of analysis Qualitative, Descriptive and comparative analysis.	It concluded full liberalization or free market caused a lot of financial and currency crisis including recent economic crisis. Additionally, it found that neoliberal doctrine had a negative impact on policy which helped

				crisis development.
14.	Kouki (2017)	GDP	Theoretical analysis	The study show banking crisis are costlier and deeper in comparison to currency crises for GDP growth and investment.
15.	Einarrottir (2016)	Consumer's attitude, unemployment, inflation, purchasing power, economic growth	Targe group index of analysis of variance (Anova) Levene's test.	Consumers change their attitude toward shopping and brand switching right after the crisis.
16.	Mahat (2015)	Trade deficit, National income, GDP, supply side, interest rate, price of commodities, FDI.	Quantitative Research method.	National economic downturn is mainly cause by trade deficit. In order to maintain balancing figure in between export and import, export has to be increased by seven times.
17.	Gautam (2014)	Financial development, Economic growth	Unit root test, Co-integration test, granger causality test, vector error correction	The result show there is significant and positive relationship in between financial development and economic growth.
18.	Jaler (2014)	Financial crisis, international trade	Gravity equation, Trade	The examination reveals the financial

			Estimation method	crisis did make
			Empirical analysis	negative effect on developing countries.
19.	Katsela (2014)	Job satisfaction, GDP growth, inflation rates Unemployment rates	Ordered probit model with fixed effects	In job satisfaction, economic crisis had a negative impact.
20.	Khadka et al. (2013)	Remittances, export, Foreign Aid, Foreign direct investment.	Comparative analysis	There was mild effect on Nepalese economy due to global crisis however, Nepal experienced decrease in tourist revenue, foreign aid, export value (commodities).
21.	Bhandari (2005)	GDP	Regression Analysis	The research justify exports growth leads to economic growth.

2.4 Research gap

The previous studies have revealed economic impacts on the national and international level. Economic crisis is national as well as global problem that make impact at both national and international level. The depletion in economic growth, downfall of industrial sector, dependency in import are factors leading towards crisis. But the past research has not fully considered all economical factors which cause crisis in one research paper.

The past studied were done only considering individual factors. Like of Khanal (2023) consider only trade deficit, Chaudhary (2021), studied COVID- 19 effects, Pandey (2021) examined employment role, Kadel (2021), analyzed budget deficit impact on economic growth, paudel (2021) has viewed government expenditure, etc.

The study of individual factors only gives recommendation to solve particular variables related problems. The missing part of past research is aggregate evaluation of all economical factors and their role for economic growth in Nepalese context. All the economic associated factors should be studied one by one simultaneously to analyze overall impact on Nepalese economy. All factors must be summarized together in research, to understand Nepal's economic stability, economic growth and future challenges.

The individual/single factors analysis may help to mitigate the issue associate in short term but for sustainability, and long -term growth, all economic factor must be studied in research. Nepalese economy, current trend and future scenario can be analyzed. The problems and recommendation can be drawn as necessary.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter contains research design, sampling and research protocol defining its structural method to study the stated research problem. Research methodology can be defined as the systematic, and logical pathway that researcher implement in research to observe, examine and finding the result. The methodology is also the guidelines and framework in research. The major type of methodology used in study are Qualitative (related with concepts, thoughts, experiments), Quantitively (related with theory or hypothesis), mixed method. It includes the systematic procedure of the research to ensure the result to match the objectives of the study. The methodology must be according to the research problem, variables taken and objective of study.

Defined research methodology entirely focused on the finding of result and conclusion. In simple term, it is structured and scientific approach that is used by researcher to collect, analyze, and interpret the data to solve research problem. This section of research paper describes different methodological used in research, like data collection method, analysis methods and overall framework within which the research is conducted. Effective research methodology helps ensure the reliability and validity of the research findings.

3.1 Research design

Research design is the roadmap of research including plan and structure of investigation developed to obtain answer to research questions. In another term, Research design is blueprint for collection, measurement and qualities of data. This research paper intends to find the economic condition of Nepal. Nepalese economy consists different variables affecting its growth. To analyze scenario of economic trend more effectively, descriptive and comparative analysis has been used. Under descriptive design, average, standard deviation, and variances are examined. Coefficient analysis is used for calculation of correlation existence in between GDP and industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow. Regression analysis is used to determine impact of industrial contribution, agricultural contribution, service contribution, trade export

and remittance inflow on GDP. Comparative analysis is used to study industrial activities and their production with their impact on economic level.

3.2 Population and sampling

Economic crisis is subject to the Nation's issue. This research paper intends to study economic condition of Nepal. So, for the research purpose, Nepal is self population and sample taken. For the projection of economic crisis in scenario of Nepal, only some of major variable are taken to study.

Table 9

Research Variables

Independent Variable	Dependent Variable
Industrial Contribution	GDP
Agricultural Contribution	
Service Contribution	
Export Trade	
Remittance Inflow	

Table 9 shows Research variable of Research paper including dependent variable and independent variables.

3.3 Data analysis

The study used the descriptive, correlation and regression analysis for the measurement of impact of independent variable on dependent variable.

Ordinary Least square (OLS) method based on minimizing the sum of square of error is generally used to estimate the value of regression coefficients a and b. This method is based on the principle that minimizes the sum of square of error where error is difference between observed value and estimated value of the response value.

3.3.1 Mean

The average value calculated by dividing total sum of given values is mean. This is often used to calculate central tendency. The formula of the mean is given by:

$$\text{Mean } (\bar{x}) = \frac{\sum x}{n}$$

Where,

\bar{x} = mean of values

$\sum x$ = summation of values

n = no. of observations.

3.3.2 Standard deviation

The measurement of dispersion in data is calculated by Standard deviation. Standard deviation can never be negative. It helps to understand the measurements when data is distributed.

The calculating formula can be given as:

$$S.D. = \sqrt{\frac{\sum(x - \bar{x})^2}{N}}$$

Where,

N= Number of items in the series

\bar{x} = mean

x= variable

3.3.3 Correlation coefficient

The correlation is a tool which is designed to measure the relationship between two or more variable and it measures the strengths or degree of linear relationships between two or more variables. Simple correlation measures linear relationships between two variables.

Simple correlation can be expressed as:

$$\text{Correlation coefficient (r)} = \frac{n \sum xy - \sum x \sum y}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum y^2 - (\sum y)^2}}$$

3.3.4 Regression analysis

It is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. It is utilized to assess the strength of the relationship between variables and for modeling the future relationship between them. The test of significance in regression analysis is carried out on the basis of following assumptions:

- a. The error term (ϵ) follows a normal distribution with mean=0.
- b. The values of error term (ϵ) are independent.
- c. The variance of error term (ϵ) is same for all values of X.

The regression equation is given as:

$$b = \frac{n \sum XY - \sum X \sum Y}{n \sum X^2 - (\sum X)^2}$$

3.4 Nature and sources of data

The research question intends to find scenario of economic level and its probability of future case through its variables. The data used are secondary data. The data and information are collected from Nepal Rastra Bank, Ministry of Finance, Trade and Export Promotion Centre and other published journals and articles.

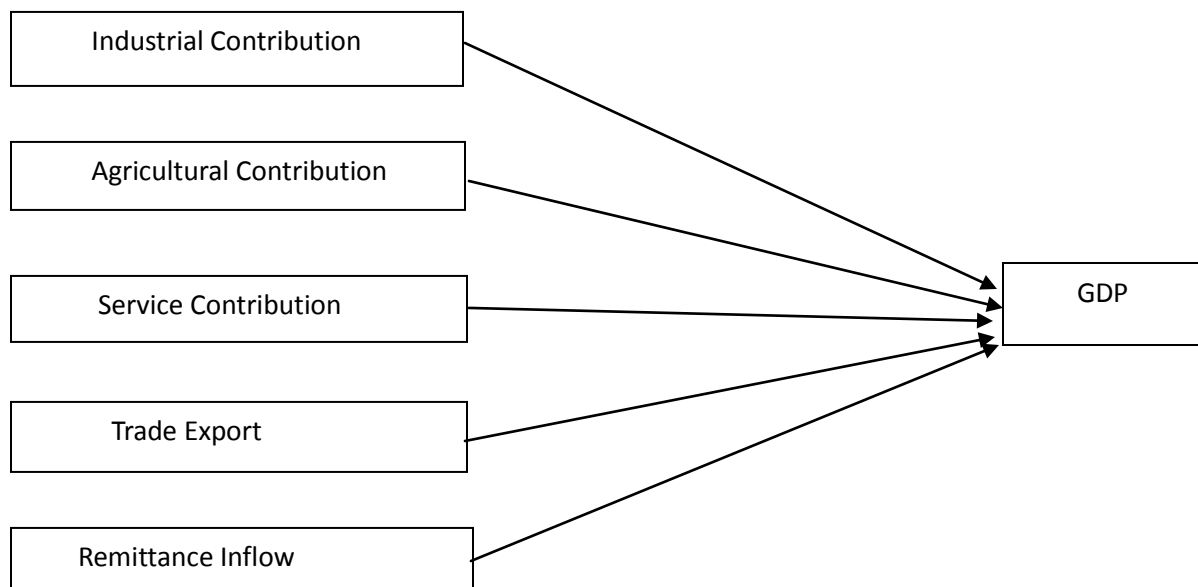
3.5 Research framework and definition of variables

The overall plan or conceptual model that guide researcher is research framework. This framework visualizes the relationships among an important factor of research connected to research problem. This shows the relationship in between dependent, independent, moderating and intervening variables helping to develop hypothesis. This framework manages the variables in logical way that helps to test the problem or theories.

In this research paper, dependent variable is gross domestic product (GDP) representing indicator of Nepalese economy and the independent variables consists of: Industrial contribution, Agricultural contribution, service contribution, and export trade and remittance inflow. The conceptual framework can be illustrated as below:

Figure 1

Conceptual Framework



(Source: Khanal, 2023; Karn, 2021; Chhetri, 2020; Khatri, 2018; Bhandari, 2015)

Figure 1: Conceptual Framework

3.5.1 Nepalese economy

Nepalese economy shifting towards service factor from dependency on agricultural productivity stands on ranked 101 of major economy. Worldwide Gross domestic product in 2023 stand about 13,133 USD per capita where, GDP in Nepal, reached USD 1,324 per capita or 40.91 billion USD. (with inflation rate 7.11%) according to world data of 2023. There is improvement in economy as economic growth rebound from 1.9% in Fiscal year 2023 to forecast of 3.3% in fiscal year 2024 driven by increased out migration and currency depreciation. Average consumer inflation decreased from 8 percent year-on-year in fiscal year 2023 to 6.5% in fiscal year 2024 due to migration and remittances alongside consumption increase (World Bank report, 2024).

The economic variables are described as;

a. Gross Domestic Product (GDP):

International monetary fund (IMF) has defined gross domestic product as measurement of the monetary value of final goods and services- those that are purchased by final user- produced in a nation in a given period of time. The level of Nation's economy is measured by total production of goods and services in the economy called gross domestic product. The growth can be measured in "Nominal" or "real" terms. World economic data shows, gross domestic product was 143 US dollar billion at the end of 2023 in purchasing power parity terms.

Nominal GDP includes current prices while calculating GDP. It does not make inflation adjustment. Actual sold value are used in calculation. It is used while comparing different quarters of output within the same year.

Real GDP is an inflation- adjusted measure reflecting number of goods and services produced in Nation at given time. It is used while comparing GDP of two or more years.

The calculating formula is,

$$\text{GDP} = C + G + I + \text{NX}$$

Where,

C= consumption

G= Government spending

I = Investment.

NX= Net Exports.

b. Agriculture

One of major contributing factor to Nepalese economy is agriculture. Nepalese culture is based on traditional concept and by profession, mos to people were engaged in agriculture. Nepal is also known as agricultural country as its climate, cultivatable land and geographical structure more suit to agricultural productivity. However, agricultural sectors are gradually decreasing day by day. Most of fertile land are used in different purpose rather than agriculture. Nepal Rastra Bank report show agriculture sector contribution is only 24.12% in GDP. The low-income prospect could be reason of agricultural production decline as farmer doesn't get their deserving value of product in Nepalese context. Agriculture is prime factor for economic growth. The higher quantity production makes higher export generating foreign income. So, Agriculture should be prioritized.

c.Foreign trade (Export and Import)

The exchange of goods and services beyond the nation is foreign trade. The trade value either export or import play significant role in economic enhancement. Higher import means export of nation's currency bringing cause of financial deficitwhere, higherexport import foreign currency in nation. The trade deficit is negative sign to economic growth. According to the Trade statistics for International Business Development, 2023, Import of Nepal is 10,054,115 (USD thousand), export of Nepal is 1,220,417 (USD thousand) with trade balance (-8,833,698 USD thousand).

d.Industrial productivity

Like of agricultural productivity, Industrial sector is also one of important variable to push economic upward. Despite of having adequate resource, major industries are sated of non-operation counting as sick industries. The one of source for nation development is industrial promotion and utilization of human resources in own industrial sector. But, in Nepalese scenario, government self encourages for foreign employment to increase remittance as fund flow. The industrial productivity just not provide employment, it makes Nepalese product

globalized increasing supply chain in international market. But, despite of having numerous industrial policies to support industry, there is no significant growth in industrial sector. For nation's wealth, industrialization is first sector to analyzed.

e. Government revenue and expenditure

Government revenue and expenditure are also an important factor that affects the economic level of the nation. Government revenue is mostly generated by tax and non-tax revenues, such collection are utilized for developmental project of nation. Government expenditure includes government spending like consumption, investment, and transfer payments. With collection of revenue by government, government can spend fund in different work project that efficiently growth livelihood of common people. Total expenditure of Nepal government according to financial controller general office, ministry of finance amounted to Rs. 1429.56 billion in 2022/23 where, revenue stood at Rs. 957.15 billion. Higher expenditure implants the cause of financial crisis.

f. Foreign exchange reserve

An assist held in foreign currency by nation as reserve is foreign exchange reserve. Foreign exchange reserve includes foreign currencies, bonds, treasury bills, and other government securities. Foreign exchange reserve make affect on monetary policy, trade volume, net remittance flow, tourism, foreign debt and grants, physical-human capital, exchange rate policy, golds and minerals, are determinants to foreign exchange reserve. With foreign exchange reserve, it helps during financial crisis of nation and show economic strength. Gross foreign exchange reserve increased 26.6 percent (Rs. 1539.36) billion in mid-July 2023 as it was Rs. 1215.80 billion in mid-July 2022.

g. Inflation

Inflation in price refers to increase in prices with decreasing in purchasing value of the money. The inflated situation affects economy in such as way that, consumption demand and supply parameter got changed. In Nepalese context, increment in price level direct effect on consumption of product affecting its level of production. The lower of interest rates slower and economic growth of the nation. The consumer price inflation stood 7.74% at 2022/23

increasing from 6.32% at 2021/22 (Nepal Rastra Bank, macro-economic and financial situation, 2022/23).

h.Services

Services sector has become one of the major contributing factors to gross domestic product in case of Nepal. As Nepal Rastra bank, current macro-economic and financial situation, 2022/23) shows contribution of service sector stood at 62.43%. service sector in case of Nepal includes legal services, research and development, market research, telecom, financial services, etc. In this research, financial sector is taken as variable to assess service sector contribution to GDP.

CHAPTER-IV

RESULTS AND DISCUSSION

4.1 Data presentation

In this chapter, data collected for analysis are discussed and analysis by using descriptive, correlation and regression analysis. The data are collected from Nepal Rastra Bank report with respective to dependent variable and independent variable to calculate result and interpret the result accordingly.

4.1.1 Industrial scenario

Industrial sector is one of major source to economic build up of Nation. Industrial sector can be considered as one of the main pillars of Nation's economy. As per report of Nepal Economic Forum, 8453 total industries with domestic and foreign investment were registered in the country of mid-July 2021. As per data from the department of Industry, 203 Industries were added in country in FY 2020/2021(Nepal Economic Forum, 2021). The report shows total 46,340 micro, small and medium enterprises have been registered at district level with 183 Foreign Direct Investment (FDI) proposals with investment of NPR 32,020 billion was approved in FY 2020/21.

The industrial contribution to growth level of Gross Domestic Product can be shown as following:

Table 10*Industrial contribution to GDP*

Year	INDCG	% Δ in INDCG	GDP	% of INDCG
2021/22	593515	18.36	4,212,145	14.10
2020/21	501407	13.60	3,714,933	13.50
2019/20	441392	-4.00	3,428,524	12.87
2018/19	459870	12.79	3,342,481	13.76
2017/18	407714	15.18	3,011,022	13.54
2016/17	354017	20.66	2,720,563	13.01
2015/16	293410	5.64	2,341,402	12.53
2014/15	291765	-	2,186,608	13.34

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 10 shows increment in Industrial contribution in nominal amount each year. One of the reasons for low industrial contribution despite of having adequate resource in Nepal is due political instability, loop holes of industrial policies and higher import trade facilities in lower rates. The major reason is listing and shut down of large industries. some of sick industries and reason for categorized under sick industries are given as below:

1. Udayapur Cement

Physical Infrastructure:

Table 11

Physical Infrastructure of Udyapur cement

Particular	Description
Date of establishment	2044/02/31
Location	Jalijale, Udyapur
Funded By	Fully Government
Area covered	198 hector area
Raw material available	Available for 200 years of operation at date of establishment.
Location of resource	Resource can be collected from 27 Kilometer away from rope way.
Machinery Equipment	Kawaski Heavy Industry Japan brought at 1989 operation started at 1993.
Operation Capacity	2,77,200 but only 40% was in used at 2075/2076 which was 1,13,107
Breakeven point	2,07,573 (75%)

(Source: moics.gov.np, sick industries report, 2077).

Table 11 shows the physical infrastructure of Udyapur cement with 198 hector area covered by company. There is material available for 200 years with kawaski heavy machinery equipment was available. The operation capacity is 277200 but only 40% was used.

Financial Infrastructure:

Table 12

Financial infrastructure of Udyapur cement.

Particular	Description
Government Investment till date	Rs. 364.81 crore
Loan to pay (Government)	Rs. 173.36 Crore (Long-term loan) Rs. 6.23 Crore (Short-term loan)
Net loss till 2075/76	Rs. 456 Crore
Net worth till 2075/76	Rs. 91 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 12 shows financial infrastructure of Udayapur cement. Government investment till date is Rs. 364.81 crore, loan to pay is Rs. 173.36 crore (long -term loan) with Rs. 6.23 crore (short-term loan), with net loss of Rs. 456 crore. As per financial report 2075/76, gross revenue Rs. 165.52 crore, other revenue Rs 2.91 crore, with net loss Rs 19.62 Crore. The reasons to shut down are operation below 50% where BEP stand at 75%, and continuous loss for several years.

2. Hetauda Cement

Physical Infrastructure:

Table 13

Physical infrastructure of Hetauda Cement

Particular	Description
Name of Company	Hetauda Cement
Location	Lampshure, Hetauda Nagarpalika
Raw material Availability	Available for 200 years of operation
Operation Capacity	2,60,000 metric tons
Used Capacity	Only 40%

(Source: moics.gov.np, sick industries report, 2077).

Table 13 shows physical infrastructure of Hetauda cement located at Lamphusre, Hetauda Nagarpalika with raw material available for 200 years of operation with operation capacity of 2,60,000 metric tons with used capacity only 40%.

Financial Infrastructure:

Table14

Financial Infrastructure of Hetauda Cement.

Particular	Description
Government fund	Rs. 90.07 Crore
Loan payable to Government date till 2076	Rs. 12 Crore (Long term loan) Rs. 6.75 (Short term loan)
Total loss till 2076	Rs. 55.15 Crore (which is more than of 61% of paid-up capital.
Fixed assets (2076)	Rs. 30.31 Crore
Other Investment (2076)	Rs. 83.34 Crore
Current Capital (2076)	Rs. 24.65 Crore
Gross revenue collection (2076)	Rs. 154.72 Crore
Other Revenue (2076)	Rs. 9.5 Crore
Operation Cost (2076)	Rs. 165.36 Crore
Net loss (2076)	Rs. 1.05 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 14 shows financial infrastructure of Hetauda Cement. The government fund invested is Rs. 90.07 crore, loan payable to government is Rs. 12 crore (long term loan) and Rs. 6.75 crore (short term loan). The Gross revenue collection is Rs. 154.72 crore with other revenue Rs. 9.5 crore at date of 2076. The net loss at date of 2076 is Rs. 1.05 crore. The reason to shut down was operation at below BEP, and higher operating cost with not effective utilization of human resources 2453 employess including 372 permanent employees.

3. Nepal Orind Magnesite Pvt. Ltd

Physical infrastructure

Table 15

Physical Infrastructure of Nepal Orind Magnesite Pvt. Ltd

Particular	Description
Date of establishment	2035 BS Ashar 25.
Government fund	75%
Others Source fund	25%
Area covered	364 Ropani
Mine area	5000 Ropani area
Raw material Availability	18 Crore raw magnesite and 5 lakhs metric tons khari stone that is enough for operation of 100 years.
Loan assist by Government	Rs. 81 Crore and 15 lakhs
Total loan to repay	Rs. 210.26 Crore
Total loss till 2075/76	Rs. 458.01 Crore

(Source: moics.gov.np sick industries report, 2077).

Table 15 shows physical infrastructure of Nepal Orind Magnesite Pvt. Ltd which was established at 2035 BS Ashar 25. The investment was from government fund and other source fund consisting 0.75 and 0.25 respectively. The area covered 364 ropani, mine area 5000 ropani area with availability of 18 crore raw magnesite for operation of 100 years. The reasons to shut down was machinery equipment found fault even before came to the operation and higher expenditure.

4. Nepal Aausadhi Limited

Table 16*Detail of Nepal Aausadhi Limited.*

Particular	Description
Date of Establishment	2025 Bs Ashar 25
Funded by	Fully Government
Area covered	41-9-2.1 ropani jagga
Fixed Assets	Rs. 18.04 Crore
Government investment	Rs 7.55 Crore
Loan Amount	Rs 119.4 Crore (Principal amount) Rs. 5.14 Crore (interest amount)
Net Worth	Rs 152.51 Crore
Fixed assets	Rs. 18.04 Crore
Current Assets	Rs 8.55 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 16 shows the physical and financial infrastructure of Nepal Aausadhi Limited which was established on date of 2025 BS Ashar 25, totally funded by government. It has net worth of Rs. 152.51 crore, fixed assets of Rs. 18.04 crore and current assets of Rs. 8.55 crore.

5. Gorkhali Rubber Udyog

Table 17*Detail of Gorkhali Rubber Udyog*

Particular	Description
Date of establishment	2041-02-30
Location	Majuwa Dheurali
Government Investment	38.63%
Land area covered	662 Ropani
Government Investment	Share capital: Rs. 28.75 Crore Preference Share Capital: Rs. 14.86 Crore
Loan payable to Government	Rs. 1447.79 Crore including Rs. 38.36 Crore Interest.
Loan Payable to other financial institutions	Rs. 18.51 Crore
Net loss (2075/76)	Rs. 63.85 Crore
Net worth (2075/76)	Rs. 16.96 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 17 shows the physical and financial details of Gorkhali Rubber Udyog which was established on date of 2041-02-30 located at Majuwa Dheurali. The government investment on company is 38.63%. The reason to shut down was due to ineffective utilization of available resources, and high amount of loan.

6. Janakpur Cigarette Industry

Table 18*Detail of Janakpur cigarette Industry*

Particular	Description
Date of establishment	2021/09/29
Location	Janakpur
Area covered	34 Bigah Land
Government fund	Rs. 4.08 Crore
Loan (2075/76)	Rs. 294.63 Crore
Additional Government expenses for maintenance	Rs. 45 Lakhs
Total loss till date	Rs. 281.16 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 18 shows detail of Janakpur cigarette industry established on date of 2021/09/29 located at Janakpur. The area covered is 34 Bigah Land with government fund is Rs. 4.08 Crore. The reason to shut down was high amount of loss.

7. Butwal Dhago Kharkhana

Table 19*Detail of Butwal Dhago Kharkhana*

Particular	Description
Date of establishment	2049 BS Ashar 12
Location	Rupendehi, Butwal
Government fund	Rs. 33.51 Crore (59.75%)
Loan Amount	Principal amount: Rs.100.05 Crore Interest amount: Rs. 37.62 Crore
Net loss amount till date	Rs. 168.47 Crore

(Source: moics.gov.np, sick industries report, 2077).

Table 19 shows detail of Butwal Dhago Kharkhana established on date of 2049 BS ashar 12 located at Rupendehi, Butwal. The government fund investment is Rs. 33.51 crore with loan amount of Rs. 100.05 crore. The net loss amount till date is Rs. 168.47 crore.

8. Nepal Metal Company Limited

Table 20

Detail of Nepal Metal Company Limited.

Particulars	Description
Date of Establishment	2033 BS Ashar 5
Location	Lainchaur, Kathmandu.
Government Fund	Rs. 12.29 Crore (71.31%)

(Source: moics.gov.np, sick industries report, 2077).

Table 20 shows detail of Nepal Metal Company Limited established on date of 2033 BS Ashar 5 located at Lainchaur. The Government fund investment is Rs. 12.29 crore (71.31%).

9. Dhaubhadi Falam company

-The company shut down even before came to operation due to many reasons yet the report has not been shown yet fully.

Some of company were closed down and considered as sick industries after their privatization. The list of such companies is given below:

Table 21*List of privatized company*

S.N.	Name of Company	Location	Privatization Date	Current Status
a.	Bhrikuti Kharkana	Kagaj Nawalparasi, Ghadakot	2049/07/05	Closed
b.	Harisiddhi itta tile Kharkana	Lalitpur	2049/07/24	Closed
c.	Basbari Chala Jhutta Karkhana		2049/07/24	Closed.
d.	Nepal Lube oil		2051/02/12	Closed
e.	Nepal Dalaut Limited		2052/12/12	Closed
f.	Balaju Kapada Udyog		2050/08/17	Closed
g.	Lumbini Kharkhana	Chini	2062/09/24	Closed

(Source: moics.gov.np, sick industries report, 2077).

Table 21 shows list of privatized company which were closed after being privatized company. The reason was not disclosed under sick industries report, 2077.

4.1.2Agricultural scenario

Agricultural is another pillar to Nepalese culture. Being an agriculture nation, agriculture is just not profession, its culture as well. Nepalese history has presented the evidence for having agriculture potential as Nepal has high cultivated land and physical structure with favorable climate. The potential product can be produced here with proper utilization of resources however, agricultural scenario has not seemed good in economic growth. The recent year data has showed lower contribution of agricultural sector in Nepalese economy despite being called an agricultural nation. There is still potential platform to make growth through agricultural sector. The agricultural scenario has been highlighted as below;

Table 22*Agricultural Scenario*

Year	AGRCCG	% Δ in AGRCCG	GDP	% of AGRCCG
2021/22	1,039,073	13.94	4,212,145	24.67
2020/21	911,916	-1.50	3,714,933	24.55
2019/20	925,787	10.35	3,428,524	27.00
2018/19	838,961	9.43	3,342,481	25.10
2017/18	766,620	10.55	3,011,022	25.46
2016/17	693,439	5.78	2,720,563	25.48
2015/16	655,571	5.13	2,341,402	28.00
2014/15	623,567	-	2,186,608	28.52

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 22 shows the Agricultural scenario reflecting percentage change in agricultural contribution, GDP and percentage of agricultural contribution to GDP.

4.1.3 Service scenario

Service sector is another important factor for economic growth. The era of modernization has change pattern of service sector and its wide range of category has increased its contribution level in the economy. Service sector's contribution has been increasing. Service sector includes element like financial sector, insurance, education and other. Service scenario has been presented in following table;

Table 23*Service Sector contribution to GDP.*

Year	SCG	% Δ in SCG	GDP	% of SCG
2021/22	2579557	14.69	4212145	61.24
2020/21	2249174	7.77	3714933	60.54
2019/20	2086961	19.21	3428524	60.87
2018/19	1750629	12.40	3342481	52.38
2017/18	1557551	14.23	3011022	51.73
2016/17	1363575	21.43	2720563	50.12
2015/16	1122936	7.28	2341402	47.96
2014/15	1046695	-	2186608	47.86

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 23 shows service sector contribution to GDP with percentage change in service contribution to GDP, GDP, and percentage of contribution of Service contribution to GDP. It shows the increment in percentage of change of contribution of service contribution to GDP.

4.1.3.1 Deposit analysis of bank and financial sector of Nepal

Economic is based on the fund mobilization through collection, investment and profit. Deposit collection plays important role for the investment. Efficient mobilization of fund enhances the progressiveness in economy level. Deposit data of commercial bank, development bank and finance companies are presented as below:

Table 24*Deposit Data of commercial Bank*

(Rs. In Millions)

Year	Deposit Amount	% growth
2021/22	4,167,463.30	8.60
2020/21	3,465,151.00	20.30
2019/20	2,843,055.10	21.90
2018/19	2,459,219.00	15.60
2017/18	2,080,385.70	18.20
2016/17	1,753,430.60	18.60
2015/16	1,452,748.80	20.70
2014/15	1,196,479.40	21.40
2013/14	1,015,578.00	17.80
2012/13	861,690.00	17.90
2011/12	680,230.10	26.70
2010/11	620,608.50	9.60
2009/10	550,677.00	12.70
2008/09	549,802.30	30.40
2007/08	421,523.70	26.00
2006/08	334,453.30	-

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 24 shows the deposit amount collected of commercial bank for period of 2008 to 2022. The analysis concluded increment in deposit collection.

Table 25*Deposit collection of development Bank.*

Year	Deposit Amount	% growth
2021/22	441,460.50	12.30
2020/21	351,960.20	25.40
2019/20	378,193.00	-6.90
2018/19	288,346.00	31.20
2017/18	221,028.10	30.50
2016/17	268,895.40	-17.80
2015/16	230,725.30	16.50
2014/15	200,328.90	15.20
2013/14	155,224.90	29.10
2012/13	122,128.00	27.10
2011/12	91,113.50	34.00
2010/11	72915.10	25.00

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 25 shows the deposit collection data of development bank for the period of 2011 to 2022. This shows growth in deposit collection except for year 2020 and 2017.

Table 26*Deposit collection data of finance companies*

Year	Deposit Amount	% growth
2021/22	87,261.30	17.80
2020/21	86,837.00	0.55
2019/20	74,793.30	16.10
2018/19	62,946.90	18.80
2017/18	51,768.00	21.60
2016/17	63,027.90	-17.90
2015/16	71,636.20	-12.00
2014/15	72,080.80	-0.60
2013/14	68,165.10	5.70
2012/13	75,398.90	-9.60
2011/12	81,554.30	-7.50
2010/11	75,444.30	-

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 26 shows the deposit collection data of finance companies reflecting negative growth for year 2012,2013,2015,2016,2017. The remaining year has positive growth rate in deposit collection.

4.1.4 Trade scenario

Trade is exchange of goods and services involving domestic trade and international trade. Trade is major factor to make economic level growth. Foreign trade analysis must do to study economic performance of any nation. Higher export in international market in globalized form make economic level boost. Increment in foreign currency inflow and international market capture are major benefit of higher export. For which to identify potential product and nation is necessary. In Nepalese scenario, import is much higher than of export which has increased trade deficit which denote future possibility of crisis in Nepal. Too much dependency in import is negative flag for economic level. The trade data is presented below;

Table 27*Trade analysis of Nepal.*

Year	Export	%change	Import	%Change	Trade Deficit
2021/22	200,031.0	41.74	1,920,448.4	24.72	-1,720,417.40
2020/21	141,124.10	44.43	1,539,837.10	28.66	-1,398,713.00
2019/20	97,709.10	0.06	1,196,799.10	-15.63	-1,099,089.90
2018/19	97,1095.50	19.36	1,418,535.30	13.93	-1,321,425.80
2017/18	81,359.80	11.38	1,245,103.20	25.75	-1,163,743.40
2016/17	73,049.10	4.18	990,113.20	27.99	-917,064.10
2015/16	70,117.10	-17.82	773,559.10	-0.14	-703,482.00
2014/15	85,319.10	-7.25	774,684.20	8.40	-689,365.10
2013/14	91,991.30	19.60	714,365.90	28.31	-622,374.60
2012/13	76,917.10	3.56	556,740.30	20.59	-479,823.20
2011/12	74,261.0	15.42	461,667.70	16.53	-387,406.70
2010/11	64,338.50	5.78	396,175.50	5.83	-331,837.00
2009/10	60,824.0	-10.15	374,335.2	31.59	-313,511.20
2008/09	67,697.50	-	284,469.60	-	-216,772.10

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 27 shows the trade analysis of Nepal showing export value, import value and trade deficit. There is increment in trade deficit each year.

4.1.5 Inflation scenario

Inflation is increment in the price which make direct affect to the consumer. With increase in level of inflation, consumer tend to switch to cheaper good or minimize their consumption level that make lower in demand of product affecting its manufacturing level that cause shut down of industry. Inflation directly affects on the purchasing capacity of an individual. Inflation scenario of Nepal has been presented below;

Table 28*National Consumer Price Index*

Year	NCPI	% of NCPI
2021/22	146.32	6.32
2020/21	137.62	3.60
2019/20	132.84	6.15
2018/19	125.14	4.64
2017/18	119.54	4.15
2016/17	114.83	4.20
2015/16	109.92	4.50
2014/15	100	9.9
2013/14	93.30	7.20

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 28 shows the data of Consumer Price Index and its percentage. There is increasing trend of Consumer price index.

4.1.6 Foreign employment scenario

Nepalese economy scenario analysis shows the higher segment of service contribution from direct remittance inflow to the nation. Recent period of time has reflected the evidence of Nepalese corrupted environment where inflation has made difficult to survival of common people in Nepalese context. In order to make survival as well, in seek of job opportunities people tends to move foreign country. Higher payment system, job security and exchange rate are major cause for increasing number of migrant people. The current macro economic and financial report of NRB show following report:

Table 29*Number of Migrant workers with growth rate*

Year	Number of migrant workers	% growth of migrant worker
2021/22	3,54,660	392
2020/21	72,081	-62.80
2019/20	193,945	-20.5
2018/19	2,43,868	-32.60
2017/18	3,62,023	-

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 29 shows the present scenario of migration of worker from Nepal in working visa. This table shows there was 392% increased in migration with 3,54,660 number of people.

Table 30*Remittances Inflow Data*

Year	Remittances Inflow
2022/23	1220.26 billion
2021/22	1007.31 billion
2020/21	961.05 billion
2019/20	875.03 billion
2018/19	879.27 billion
2017/18	755.06 billion
2016/17	695.45 billion
2015/16	665.06 billion
2014/15	709.96 billion

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

4.1.7 Exchange rate scenario

Exchange rate shows the currency strength of the nation. Exchange rate is equivalent rate in which two foreign currencies are exchanged. The report analysis shows the following data:

Table 31

Exchange rate

Year	Annual Average Buying Rate	Annual Average Selling Rate
2021/22	121.13	121.73
2020/21	117.73	118.33
2019/20	116.53	117.13
2018/19	112.81	113.41
2017/18	104.26	104.86
2016/17	105.65	106.25
2015/16	106.19	106.79
2014/15	99.56	100.16
2013/14	97.93	98.53

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 31 shows the average buying rate and average selling rate which shows increment trend in exchange rate.

4.1.8 Government scenario

Table 32

Data of Government Revenue collection

Year	Government Revenue Collection
2020/21	938,321.10
2019/20	793,746.60
2018/19	829,620.70
2017/18	732,234.40
2016/17	609,180.00
2015/16	418,961.70
2014/15	405,846.40
2013/14	350,846.00
2012/13	296,015.70
2011/12	244,148.70
2010/11	199,818.80
2009/10	179,946.00
2008/09	143,474.50
2007/08	107,622.50
2006/07	87,712.10

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report).

Table 32 shows data of government revenue collection showing incremental government revenue for period of 2007 to 2021.

4.1.8.1 Government budgetary operation analysis (on Cash Basis)

Table 33

Government Budgetary Operation Data.

Year	Total Expenditure	Total Resource	(Deficit)/ Surplus
2020/21	1,160,271.10	897,581.50	(262,689.60)
2019/20	1,048,889.80	772,404.60	(276,485.20)
2018/19	1,067,289.50	886,784.80	(180,504.70)
2017/18	1,066,175.40	760,676.70	(305,498.70)
2016/17	815,703	627,008.4	(188,694.40)
2015/16	581,704.40	525,022.20	(56,682.20)
2014/15	509,213.90	463,333.340	(45,880.5)
2013/14	417,327.50	403,715	(13,750)

(Source: Nepal Rastra Bank, current macroeconomic and financial situation report)

Table 33 shows government budgetary operation data with total expenditure, total resource and deficit value in budget for period of 2014 to 2021. The deficit amount is adjusted with internal loans and other factor as per the current macro economic and financial report.

4.1.8.2 Monetary statistics analysis

Table 34

Monetary data

Year	Foreign Assets Net	Net Domestic Assets	M2	M3
2021 July	1,335,620.10	3,819,233.10	5,154,853.20	5,246,647.70
2020 July	1,328,349.00	2,902,620.70	4,230,969.80	4,337,663.00
2019 July	984,783.10	2,597,354.50	3,582,137.70	3,666,627.90
2018 July	1,054,291.70	2,040,174.90	3,094,466.60	3,171,644.90
2017 July	1,014,634.90	1,577,067.10	2,591,702.00	2,682,041.60
2016 July	955,980.90	1,288,597.70	2,244,578.60	2,353,962.00
2015 July	747,287.40	1,130,514.10	1,877,801.50	1,972,197.20
2014 July	599,219.70	966,747.70	1,565,967.20	1,646,019.80
2013 July	468,238.00	847,138.30	1,315,376.30	1,389,708.60
2012 July	383,772.10	746,530.20	1,130,302.30	1,190,767.90
2011 July	221,265.50	700,054.60	921,320.10	973,656.60
2010 July	213,205.50	607,781.30	820,986.80	872,268.10
2009 July	224,562.30	405,958.90	630,521.20	685,387.10
2008 July	171,455.50	323,921.60	495,377.10	529,606.20

Source: Nepal Rastra Bank, current macroeconomic and financial situation report

Table 34 shows monetary data reflecting the monetary value. It shows net foreign assets, net domestic assets, M2 and M3. M2 is board money and M3 is Broad money liquidity.

4.2 Descriptive analysis

Table 35

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GDP	8	2186608	4212145	3119709.75	690783.380
INDCG	8	291765	593515	417886.25	104005.488
AGRCG	8	623567	1039073	806866.75	146921.754
SCG	8	1046695.0	2579557.0	1719634.750	550027.8310
EXPT	8	70117.1	971095.5	214975.588	308669.3221
REMIN	8	665060	1220260	861146.25	192915.141
Valid N (list wise)	8				

Table 35 shows the mean average and standard deviation with maximum value and minimum value of respective variable taken for the study. The maximum value are 4212145, 593515, 1039073, 2579557, 971095.5, 1220260 for GDP at basic price, Industrial contribution to GDP, Agricultural contribution to GDP, Service contribution to GDP, export trade, and remittance inflow, respectively. The minimum values are 2186608, 291765, 623567, 1046695, 70117.1, 665060 for GDP at basic price, Industrial contribution to GDP, agricultural contribution to GDP, service contribution to GDP, Export trade and remittance inflow respectively. The mean average values are 3119709.7500, 417886.2500, 806866.7500, 1719634.7500, 214975.5875, 818523.7500 for GDP at basic price, Industrial contribution to GDP, Agricultural contribution to GDP, Service contribution to GDP, Trade export and remittance inflow, etc while the standard deviation values are 690783.38017, 104005.48841, 146921.75366, 550027.83095, 308669.32206, 129476.44529 for GDP at basic price, Industrial contribution to GDP, Agricultural contribution to GDP, Service contribution to GDP, Export trade and Remittance inflow respectively. The highest value of average mean value is of Remittance inflow which is 818523.7500.

4.3 Correlation analysis

The correlation is a tool which is designed to measure the relationship between two or more variable and it measures the strengths or degree of linear relationships between two or more variables.

Table 36

Correlations

		GDP	INDCG	AGRCG	SCG	EXPT	REMIN
GDP	Pearson Correlation	1					
	Sig. (2-tailed)						
INDCG	Pearson Correlation	.993**	1				
	Sig. (2-tailed)	.000					
AGRCG	Pearson Correlation	.983**	.966**	1			
	Sig. (2-tailed)	.000	.000				
SCG	Pearson Correlation	.988**	.971**	.991**	1		
	Sig. (2-tailed)	.000	.000	.000			
EXPT	Pearson Correlation	.252	.289	.209	.147	1	
	Sig. (2-tailed)	.546	.487	.620	.729		
REMIN	Pearson Correlation	.948**	.949**	.965**	.967**	.164	1
	Sig. (2-tailed)	.000	.000	.000	.000	.698	

** . Correlation is significant at the 0.01 level (2-tailed).

Table 36 shows the calculation of correlation coefficient for the dependent variable (GDP at basic price) with the independent variables. The correlation coefficient lies in between -1 to +1 with their different level of interpretation. The correlation analysis shows the correlation

coefficient with revealing the level of correlation relationship. The correlation coefficient in between Industrial contribution and GDP at basic price is 0.993 indicating higher positive correlation existences. The correlation coefficient in between Agricultural contribution and GDP at basic price is 0.983 which mean higher positive correlation. Similarly. The correlation between Service sector contribution and GDP at basic price is 0.988 implying high correlation. The correlation coefficient in between remittance inflow and GDP at basic price is 0.931 showing high positive correlation.

4.4 Regression analysis

Table 37

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000 ^a	.999	.998	31351.549

a. Predictors: (Constant), REMIN, EXPT, INDCG, AGRCG, SCG

Table 37 is model summary describing the level of explanation given by independent variable to the variation in dependent variable. Here, the Value of R square is 0.999 which means 99% of variation in GDP at basic price is explained by Industrial contribution to GDP, Agricultural Contribution to GDP, Service Contribution to GDP, Export Trade and Remittance Inflow.

Table 38**ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3338305908986.5	248	667661181797.250	679.263	.001 ^b
	Residual	1965839225.252	2	982919612.626		
	Total	3340271748211.7	500			

a. Dependent Variable: GDP

b. Predictors: (Constant), REMIN, EXPT, INDCG, AGRCG, SCG

Table 38 is Anova table for test of overall goodness of fit of fitted regression model. From above table, it can be concluded that the fitted model is significant as P-value of F statistics is 0.001 less than of significance ($\alpha=1\%$)

Table 39**Coefficients^a**

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.	
1	(Constant)	581614.230	270884.355		2.147	.165
	INDCG	3.798	.639	.572	5.948	.001
	AGRCG	.667	0.213	.142	3.125	.002
	SCG	.633	.240	.504	2.635	.003
	EXPT	.045	.058	.020	.767	.523
	REMIN	-.796	.252	-.222	-3.157	.004

a. Dependent Variable: GDP

Table 39 shows the coefficient of independent variables. The dependent variable GDP at basic price is called prediction. This table shows the variation to dependent variable, their accuracy, significant level. This table provides regression equation. The column unstandardized coefficients and its sub column "B" provides regression coefficients. First one is column or Y intercept and second one is regression coefficient of dependent variable (Y) on independent variable (X).

The Beta coefficient of industrial contribution is 3.798 with standard error of 0.639 having standardized coefficient of 0.572, t-value of 5.948 and significance level of 0.001 which define with change of 1 unit in industrial contribution to GDP, there will be change by 3.798 in GDP. The result reflects that with growth in industrial contribution there shall be growth in Gross Domestic product. The coefficient for agricultural contribution is 0.667 with standardized coefficient of 0.142. A positive coefficient indicates positive relationship between agricultural contribution and GDP, the relationship is significant at 0.002. The

coefficient for service contribution is 0.633 and standardized coefficient is 0.504, which implies positive relationship and is significant at 0.003. The coefficient for remittance inflow is -0.796 with standardized coefficient of -0.222 which mean existence of negative relationship which is significant at 0.004.

4.5 Discussion

The research paper holds the objective for analysis over economic level condition of Nepal. The level of possibility for crisis has been measured through the collected data and variables presented. The industrial analysis has shown that arising problem regard to industrial sector is closed down of potential industry due to various reason. Some industries were closed down after privatization and the reason for such shut down has not been clarified till now. The agricultural scenario shows same level of contribution each year to the Nation's GDP. The reason why the industrial contribution has not able to rise up is lack of latest equipment, tools and advanced technology. Agricultural contribution is major contributing sector for nation like Nepal. Despite being agriculture-based nation, agricultural contribution has been increasing in low volume. Service sector is evolving sector to enhance the nation's economy. With changing from of services, the major role is plays by bank and financial sector for fund mobilization integrating systematic way of fund utilization. The trade sector has shown the realistic scenario of Nepal. Increasing level of import of goods has make increment in trade deficit resulting outflow of fund from Nepal. This scenario has generated from the lack of production, industrial closed down. Other factor associated with economic is level of customer price index. The level up of customer price index each year make good costlier. The ability of customer or their purchasing power is affected by customer price index. The increasing level of Customer price index create scenario where, customer may not be able to purchase consumable good that leads migration of customer to foreign in seek of work and increase their purchasing power. The increasing number of migrations of worker means outflow of potential and skilled manpower of Nation to foreign country. This means there is possibility of shortage of skilled worker in Nepal in coming day in industrial, service as well as in agricultural sector.

The descriptive analysis shows the highest value of mean average for remittance inflow with value of 818523.7500 with its minimum value of 665060, maximum value of 1007310 and

standard deviation of 129476.44529. minimum level of values in respective to other variables are 291765, 623567, 1046695, 70117.10 for Industrial contribution, Agricultural contribution, service contribution and export trade respectively. Their maximum values are 593515, 1039073, 2579557, 971095.50 for industrial contribution, agricultural contribution, service contribution and export trade respectively. The standard deviation values are 690783.38017, 104005.48841, 146921.75366, 550027.83095, 308669.32206, 129476.44529 for GDP, industrial contribution, agricultural contribution, service contribution, export trade and remittance inflow respectively. The correlation analysis shows the high positive correlation in between dependent variable (GDP) and independent variables (industrial contribution, agricultural contribution, service contribution, and remittance inflow). The correlation coefficient in between GDP and industrial contribution is 0.993, correlation coefficient in between GDP and agricultural contribution is 0.983, correlation coefficient in between GDP and service contribution is 0.988, correlation in between GDP and remittance inflow is 0.956. This shows the dependent variable is highly dependent on independent variables (industrial contribution, agricultural contribution, service contribution and remittance inflow). The model summary has reflected the level of explanation which is 0.99%. the high positive relationship in between GDP and independent variables are supported by level of significance calculated in coefficient table. The Beta coefficient shows level of change in dependent variable in case of change in independent variable by 1 unit. The level of significance being 0.001, 0.002, 0.003, 0.004 for Industrial contribution, agricultural contribution, service contribution and remittance has supported the findings. The finding clearly shows that GDP is highly affected by these variables.

This finding shows the increment in industrial contribution, agricultural contribution, export trade and remittance inflow is necessary for the economic growth. The study of Khanal (2023) has also state in order to maintain a balance between import and exports, we need to make increment in domestic capital development, use of local resource and equipment. This shows economy level of nation is dependent on the productivity level. Kadel (2021) states there are significant relationship between deficit budget and economic growth. Paudel (2021) study reveal the existence of short-term and long -term relationship in between government expenditure. Likewise, Karn (2021) analysis shows COVID-19 pandemic has cause highest fall in agriculture, remittance and GDP. Chhetri et al. (2020) states that foreign employment

problems can be reduced. It suggests with effective utilization of remittance, economic growth can be achieved. These all-previous result suggests growing productivity focusing on factor of economy. The research paper has indicated similar result in perspective to economic growth.

Similarly, Mahat (2015) has also revealed national economic downturn is main cause by trade deficit. In order to maintain balancing figure in between export and import, export has to be increased by seven times. Likewise, Gautam (2014) study shows there is significant and positive relationship in between financial development and economic growth. This research finding is similar to the previous analysis.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

Nation's economic level is significant for Nation's growth and development. The growth economic level is depended upon different various factors. Economic analysis and its level should be studied time to time to determination of further planning of sustainable development of nation. The nation having strong economic level has strong currency level and well-developed environment. For the analysis of economic level depth study of its variable is necessary.

The research paper has objective to analyze industrial downfall, agricultural contribution, service sector scenario, with trade analysis. This paper has analysis over the closed down industries where most of industry were closed down due to low production level and high operation cost. The analysis shows the low increment in agricultural contribution to GDP where service sector has highest contribution and increasing contribution to GDP. The service sector analysis included the deposit collection analysis of commercial, development and finance sector. The increasing level of deposit collection is positive sign as higher deposit collection give opportunity for more investment and mobilization in different sector. However, the increasing level of trade deficit reflects outgoing nation's currency to foreign country.

Another variable is Customer price index which is increasing each year which influence purchasing power of customer. The low purchasing power of customer could not be able to make them sustain in high-cost environment which lead their migration to foreign nation for better opportunity, earning, better life style and sustainability. The increasing number of migrant workers reflect the current scenario of Nepal. The migration of potential and skilled manpower direct affect on production level of Nepal. It shows the possibility of lack of skilled manpower for industrial, agricultural and service sector in near future. Another variable of economy is exchanging rate. Exchange rate reflect economic level of nation. The result analysis shows buying and selling exchange rate on USD based. The monetary statistics analysis reflects the level of available foreign assets net, net domestic assets, board

money, and board money liquidity. The analysis reflects increasing level government assets. The government scenario analysis containing government revenue collection, government budgetary operation data has reflected the budgetary system, its scenario and its current level. The deficit in government budget is negative reference for economy.

The result has shown the positive relation existence in between Gross domestic product and industrial contribution, agricultural contribution, service contribution, and export trade. The study summarized that nation's economy level can be enhanced with growth and development in industrial, agriculture, export data, service sector. These major factors should be taken into consideration for better economic level.

5.2 Conclusion

The research paper study on economic variable with question of existence of economic crisis. As per the descriptive analysis, service sector contribution holds maximum value of contribution to GDP level. The highest level of mean average value is of service contribution holding mean value of 1719634.7500 with minimum value of 1046695, maximum 2579577. This reveal service contribution is holding highest contribution among the variable. The lowest mean average value is of export trade holding mean value of 214975.5875 with minimum value of 70117 and maximum value of 971095. The correlation analysis has revealed there is existence of high positive relationship in between dependent variable (GDP) and independent variables with significant at 0.01. This shows there is strong positive relationship existence in between GDP and Industrial contribution, agricultural contribution, service contribution and remittance inflow respectively.

The regression coefficient result that the calculated value is significant. The positive Beta coefficient for GDP and industrial contribution is positive which is 3.798 having significance level of 0.001 revealing in change of 1 unit in industrial contribution, there is change of 3.798 in GDP. The positive Beta coefficient in between GDP and agricultural contribution is 0.667 with significance level of 0.002 which implies with change of 1 unit in agricultural contribution there is change in GDP by 0.667. Similarly, the Beta coefficient in between service contribution and GDP is 0.633 with significance level of 0.003 which means with change of 1 unit in service contribution there is change in GDP by 0.633. The Beta coefficient in between GDP and remittance inflow is -0.796 with standardized coefficients

Beta of -0.222. This implies negative relationship significant at level of significance 0.004. this means with change of 1 unit in remittance inflow there is change in GDP by 0.796.

The descriptive, correlation and regression analysis shows industrial contribution, agricultural contribution, service contribution and remittance inflow has higher impact in the GDP. The result clearly shows for growth in economic level, these variables must be analyzed and focused. The analysis shows the possibility of crisis in near future. The closed down industries, low increment in level of agricultural contribution to GDP, higher import, increasing level of customer price index, increasing number of migrant workers are variants for possible economic crisis. Therefore, there is no existence of economic crisis at present condition but have high possibility in coming future.

5.3 Implications

Encouraging economic growth within the country can foster growth culture where various sectors feel empowered to generate and implement innovative ideas. This can lead to improved economic growth.

Managerial Implications

- The industrial contribution, agricultural contribution, service sector contribution and remittance inflow are necessary for the economic growth. Where as export trade has not significant effect on GDP.
- Building strong economic analysis significantly effected factors should consider while developing economic plan.

Research implications

The findings of the study provide valuable insights into the relationship between factors of economic growth. However, there are several areas that warrant further investigation in future research. The following implications for future research can be drawn from the current analysis:

- Conducting longitudinal studies would provide a deeper understanding of the causal relationships between the independent variables (industrial contribution, agricultural contribution, service sector contribution, trade export contribution, and remittance inflow) and gross domestic product by tracking these variables over an extended

period, researchers can assess their impact on GDP over time and uncover any potential lag effects or dynamic relationships.

- Exploring the mediating and moderating factors that may influence the relationship between the independent variables and GDP would provide a more comprehensive understanding of the underlying mechanisms at play. Factors such as other factors related with GDP.

By addressing these areas in future research, a more comprehensive and nuanced understanding of the relationships between GDP factors and GDP can be developed. This will further contribute to the knowledge base and guide policymakers in effectively fostering economic development.

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Appendix

GDP at basic price

Year	GDP at basic price
2021/22	4,212,145
2020/21	3,714,933
2019/20	3,428,524
2018/19	3,342,481
2017/18	3,011,022
2016/17	2,720,563
2015/16	2,341,402
2014/15	2,186,608

Industrial Contribution to GDP

Year	Industrial Contribution
2021/22	5,93,515
2020/21	5,01,407
2019/20	4,41,392
2018/19	4,59,870
2017/18	4,07,714
2016/17	3,54,017
2015/16	2,93,410
2014/15	2,91,765

List of Sick Industries

S.N.	Name of company	Reason to shut down
1.	Udayapur Cement	Production below BEP Continous loss
2.	Hetauda Cement	Operation at below BEP. Higher operating cost.
3.	Nepal Orind Magnesite Pvt. Ltd	Higher expenditure
4.	Nepal Aausadhi Limited	Reason not disclose
5.	Gorkhali Rubber Udyog	High amount of loan Ineffective utilization of available resources.
6.	Janakpur cigarette Industry	High amount of loss
7.	Butwal Dhago Kharkhana	Reason not disclose
8.	Nepal Metal Company Limited	Reason not disclose
9.	Dhaubhadi Falam Company	Reason not disclose
10.	Bhirkuti Kagaj Kharkhana	Reason not disclose
11.	Harisiddhi itta tile Kharkana	Reason not disclose
12.	Basbari Chala Jhutta Kharkana	Reason not disclose
13.	Nepal Lube Oil	Reason not disclose
14.	Nepal Dalaut Limited	Reason not disclose
15.	Balaju Kapada Udyog	Reason not disclose
16.	Lumbini Chini Kharkhana	Reason not disclose

Agricultural contribution to GDP

Year	Agricultural Contribution
2021/22	1,039,073
2020/21	911,916
2019/20	925,787
2018/19	838,961
2017/18	766,620
2016/17	693,439
2015/16	655,571
2014/15	623,567

Service Contribution to GDP

Year	Service Contribution
2021/22	2,579,557
2020/21	2,249,174
2019/20	2,086,961
2018/19	1,750,629
2017/18	1,557,551
2016/17	1,363,575
2015/16	1,122,936
2014/15	1,046,695

Deposit Data of commercial Bank, development bank and finance companies

Year	Commercial bank deposit	Development bank deposit	Finance bank deposit
2021/22	4,167,463.30	441,460.50	87,261.30
2020/21	3,465,151	351,960.20	86,837
2019/20	2,843,055.10	378,193	74,793.30
2018/19	2,459,219	288,346	62,946.90
2017/18	2,080,385.70	221,028.10	51,768
2016/17	1,753,430.60	268,895.40	63,027.90
2015/16	1,452,748.80	230725.30	71,636.20
2014/15	1,196,479.40	200,328.90	72,080.8
2013/14	1,015,578	155,224.90	68,165.10
2012/13	861,690	122,128	75,398.90
2011/12	680,230.10	91,113.50	81,554.30
2010/11	620,608.50	72,915.10	75,444.30
2009/10	550,677	-	-
2008/09	549,802.30	-	-
2007/08	421,523.70	-	-
2006/07	334,453.30	-	-

Trade Scenario

Year	Export	%Change	Import	%Change	Trade Deficit
2021/22	200,031.0	41.74	1,920,448.40	24.72	-1,720,417.40
2020/21	141,124.10	44.43	1,539,837.10	28.66	-1,398,713
2019/20	97,709.10	0.06	1,196,799.10	-15.63	-1,099,089.90
2018/19	971,095.50	19.36	1,418,535.30	13.93	-1,321,425.80
2017/18	81,539.80	11.38	1,245,103.20	25.75	-1,163,743.40
2016/17	73,049.10	4.18	990,113.20	27.99	-917,064.10
2015/16	70,117.10	-17.82	773,559.10	-0.14	-703,482
2014/15	85,319.10	-7.25	774,684.20	8.4	-689,365.10
2013/14	91,991.30	19.60	714,365.90	28.31	-622,374.60
2012/13	76,917.10	3.56	556,740.30	20.59	-479,823.20
2011/12	74,261.00	15.42	461,667.70	16.53	-387,406.70
2010/11	64,338.50	5.78	396,175.50	5.83	-331,837.00
2009/10	60,824.00	-10.15	374,335.20	31.59	-313,511.20
2008/09	67,697.50	-	284,469.60	-	-216,772.10

Consumer Price Index

Year	National Consumer Price Index	% change
2021/22	146.32	6.32
2020/21	137.62	3.60
2019/20	132.84	6.15
2018/19	125.14	4.64
2017/18	119.54	4.15
2016/17	114.83	4.20
2015/16	109.92	4.50
2014/15	100	9.9
2013/14	93.30	7.20

Foreign Employment Scenario

Year	Number of Migrant workers	% growth of migrant worker	Remittance Inflow
2022/23			1220.26 billion
2021/22	3,54,660	392	1007.31 billion
2020/21	72,081	-62.80	961.05 billion
2019/20	193,945	-20.5	875.03 billion
2018/19	2,43,868	-32.60	879.27 billion
2017/18	3,62,023		755.06 billion
2016/17			695.45 billion
2015/16			665.06 billion
2014/15			709.96 billion

Exchange Rate

Year	Annual Average buying rate	Annual Average Selling rate
2021/22	121.13	121.73
2020/21	117.73	118.33
2019/20	116.53	117.13
2018/19	112.81	113.41
2017/18	104.26	104.86
2016/17	105.65	106.25
2015/16	106.19	106.79
2014/15	99.56	100.16
2013/14	97.93	98.53

Government Revenue Collection

Year	Government Revenue Collection
2020/21	938,321.10
2019/20	793,746.60
2018/19	829,620.70
2017/18	732,234.40
2016/17	609,180
2015/16	418,961.70
2014/15	405,846.40
2013/14	350,846
2012/13	296,015.70
2011/12	244,148.70
2010/11	199,818.80
2009/10	179,946
2008/09	143,474.50
2007/08	107,622.50
2006/07	87,712.10

Government Budgetary Operation data

Year	Total Expenditure	Total Resource	(Deficit)/ Surplus
2020/21	1,160,271.10	897,581.50	(262,689.60)
2019/20	1,048,889.80	772,404.60	(276,485.20)
2018/19	1,067,289.50	886,784.80	(180,504.70)
2017/18	1,066,175.40	760,676.70	(305,498.70)
2016/17	815,703	627,008.4	(188,694.40)
2015/16	581,704.40	525,022.20	(56,682.20)
2014/15	509,213.90	463,333.340	(45,880.5)
2013/14	417,327.50	403,715	(13,750)

Monetary Data

Year	Foreign Assets Net	Net Domestic Assets	M2	M3
2021 July	1,335,620.10	3,819,233.10	5,154,853.20	5,246,647.70
2020 July	1,328,349	2,902,620.70	4,230,969.80	4,337,663
2019 July	984,783.10	2,597,354.50	3,582,137.70	3,666,627.90
2018 July	1,054,291.70	2,040,174.90	3,094,466.60	3,171,644.90
2017 July	1,014,634.90	1,577,067.10	2,591,702	2,682,041.60
2016 July	955,980.90	1,288,597.70	2,244,578.60	2,353,962
2015 July	747,287.40	1,130,514.10	1,877,801.50	1,972,197.20
2014 July	599,219.70	966,747.70	1,565,967.20	1,646,019.80
2013 July	468,238	847,138.30	1,315,376.30	1,389,708.60
2012 July	383,772.10	746,530.20	1,130,302.30	1,190,767.90
2011 July	221,265.50	700,054.60	921,320.10	973,656.60
2010 July	213,205.50	607,781.30	820,986.80	872,268.10
2009 July	224,562.30	405,958.90	630,521.20	685,387.10
2008 July	171,455.50	323,921.60	495,377.10	529,606.20

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ABSTRACT The objective of research is to examine impact of industrial contribution, agricultural contribution, service contribution, and export trade and remittance inflow on GDP. The relationship in between industrial contribution, agricultural contribution, service contribution, and export trade and remittance inflow with GDP is studied to study economic level of Nepal. The Possibility of economic crisis has evaluated with consideration of different economic variables. The various article and thesis related with research paper are reviewed from Google scholar and research gate for comparison of findings. For the analysis of variables descriptive and casual comparative research method are used. SPSS and Excel are the tools of data analysis. The research paper has considered seven years data for evaluation of variables using secondary variables. Secondary data and information are extracted from Nepal Rastra Bank website and Ministry of Industry, Commerce and Supplies. The result shows the GDP highly dependent on variable of industrial contribution, agricultural contribution, service contribution, and remittance inflow. The analysis reveals that for the economic enhancement, economic variables are supposed to be focused. There is high possibility of economic crisis in near future however; economic development can make nation's growth. Keywords: Agricultural contribution, Trade export, Remittance inflow, Gross Domestic Product, Industrial contribution, and Service contribution, xii

CHAPTER-I INTRODUCTION

1.1 Background of study

Nepal, officially known as the Federal Democratic Republic of Nepal, is a landlocked country. With Geographical structure of Himalayas, Hill, Terai, its s situated in south Asia with population of Near 30 million. Being rich at the diversified culture, it is also known as diversified country with various range of different ethnic groups and indigenous communities. Nepal's economic is based on agriculture, tourism and remittances. Agriculture sector has major contribution in Nepal's Gross Domestic Product. Similarly, Income from Tourism sector has also played significant role to uplift economy of Nepal. However, in today's scenario the Remittance Revenue has becoming prime factor for economy development. On the part of political system, Nepal is a Federal democratic Republic with a multi-party system. From the unification of Nation in the 18th Century under Gorkha dynasty to today republic Nation, Nepal has gone through different major events of political changes with diverse cultural heritage and tradition. Nepal is called multilingual, multicultural, multiracial and multi religious country. Nepal being beautiful through its cultural significance, heritage, natural resources, it has faced different political tragedies and events from the past till now. The ups and downs of the political movement has brought dramatic changes in nation.