

RELATIONSHIP BETWEEN INFLATION AND ECONOMIC GROWTH IN NEPAL



A Thesis
Submitted to
Central Department of Economics
Faculty of Humanities and Social Sciences
Tribhuvan University,
In the Partial Fulfillment of Requirement for the
Master Degree of Arts
In
Economics

By
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Central Department of Economics
Tribhuvan University
Kritipur, Kathmandu, Nepal
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LETTER OF RECOMMENDATION

This is clarify that Mr. Niraj Kumar Khatri has completed this thesis entitled *Relationship between Inflation and Economic Growth in Nepal* under my guidance and supervision in the partial fulfillment of the requirements of the course of thesis writing of Master of Arts in Economics. Therefore, this dissertation is recommended to the Thesis Committee for its final evaluation and approval.

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Dr. Yogesh Ranjit
Associate Professor
Central Department of Economics
Thesis Supervisor

Date: B.S. 2078 / 09 / 15

LETTER OF APPROVAL

This thesis entitled *Relationship between Inflation and Economic Growth in Nepal* has been submitted by Niraj Kumar Khatri to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Master of Arts in Economics has been approved.

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Prof. DR. Shiva Raj Adhikari
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Associate Professor
Thesis Supervisor

Date: B.S. 2078 / 09 / 25

DECLARATION

I declare that this thesis entitled "*Relationship between Inflation and Economic Growth in Nepal*" is the bonafide research carried out by me in my own words and where others' ideas or words have been included under the guidance of Associate Professor Dr. YogeshRanjit, Central Department of Economics, Faculty of Humanities and Social Sciences. I further declare that this dissertation won't be submitted for candidature for any other degree.

Niraj Kumar Khatri

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Eventually, I bear all the responsibilities for any errors that might have occurred during this study and hereby declare that this dissertation won't be submitted for candidature for any other degree.

Niraj Kumar Khatri

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ABBREVIATIONS/ACRONYMS

AD	:	Aggregate Demand
ADF	:	Augmented Dickey Fuller Test
AIC	:	Akaike Information Criterion
AS	:	Aggregate Supply
ASEAN	:	Association of South East Asian Nations
BOP	:	Balance of Payment
BPG	:	Bruesh Pagan Godfrey Test
CBS	:	Central Bureau of Statistics
CLRM	:	Classical Linear Regression Model
CLST	:	Conditional Least Square Technique
CPI	:	Consumer Price Index
CUSUM	:	Cumulative Sum
DW	:	Durbin Watson Test
ECM	:	Error Correction Model
ECT	:	Error Correction Term
GDP	:	Gross Domestic Product
IMF	:	International Monetary Fund
L-ARCH	:	Autoregressive Conditional Heteroscedasticity
LM	:	Lagrange Multiplier Test
LR	:	Likelihood Ratio
MOE	:	Ministry Of Education
MOF	:	Ministry Of Finance
NRB	:	Nepal Rastra Bank
OLS	:	Ordinary Least Square
PE	:	Price Expectation
PP	:	PhillpsPerron
RESET	:	Regression Specification Error Test
RGDP	:	Real Gross Domestic Product
SE	:	Sum of Errors
WBDI	:	World Bank Development Indicators