

A STUDY ON EXPORT DIVERSIFICATION OF NEPAL

(F.Y. 2001/02 to 2012/13)

A Thesis

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By

KESHAB BHATTARAI

Roll No: 126/2066

CENTRAL DEPARTMENT OF ECONOMICS

TRIBHUVAN UNIVERSITY

Kirtipur, Kathmandu, Nepal

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APPROVAL LETTER

The thesis entitled “**A STUDY ON EXPORT DIVERSIFICATION OF NEPAL(F.Y. 2001/02-2012/13)**”, Submitted by Mr. Keshab Bhattarai to the Central Department of Economics, Tribhuvan University, Kathmandu, Nepal, in partial fulfillment of the requirements for the Degree of MASTER of ARTS in ECONOMICS has been found satisfying. Therefore, this thesis has been approved by the thesis committee.

THESIS COMMITTEE

Dr. Ram Prasad Gyanwaly

Head

Sanjaya Bahadur Singh

External Supervisor

Resham Thapa

Thesis Supervisor

Date: 6 Jan, 2013.

LETTER OF RECOMMENDATION

This thesis entitled “A STUDY ON EXPORT DIVERSIFICATION OF NEPAL(F.Y. 2001/02-2012/13)” has been prepared by Mr. Keshab Bhattarai under my guidance and supervision. This Thesis is the outcome of his own intensive and independent research work and has been prepared in the form as required by the faculty. I forward it with recommendation for approval.

Resham Thapa

Thesis Supervisor

Date: 6 Jan, 2013

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This thesis entitled "A Study on Export Diversification of Nepal (F.Y. 2001/02-2012/13)", has been prepared for the fulfillments of the requirements for the Master's Degree of Arts in Economics. The main objectives of the research study are to analyze the export diversification of Nepal. The study is the outcome of almost 8 months study under the supervision of Mr. Resham Thapa. In spite of his extremely busy schedule, Mr. Resham Thapa always me a ample amount of his time and had keen interest in this study. The study has substantially benefited from his vast theoretical knowledge and well known research insights. But for his guidance, help and encouragement at every stage this study wouldn't have taken its presents shape. My indebtedness to him is therefore immense and everlasting.

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ABBREVIATIONS

ACP	: African, Caribbean and Pacific
AFTA	: American Free Trade Agreement
ATC	: Agreement on Textiles and Clothing
BIMSTEC	: Bay of Bengal Initiative for Multispectral Technical and Economic Cooperation
BOP	: Balance of Payment
CBS	: Central Bureau of Statistics
CEDECON	: Central Department of Economics
CEPA	: Comprehensive Economic Partnership Agreement
DC	: Department of Custom
DFQF	: Duty-Free and Quota-Free
EEE	: Exporters' Exchange Entitlement
EPZ	: Export Promotion Zone
ESAP	: Enhanced Structure Adjustment Facility
EU	: European Union
E_i /GDP	:Export to India/ GDP ratio.
E_o /GDP	: Export to overseas / GDP ratio
FDI	: Foreign Direct Investment
FITTA	: Foreign Investment and Technology Transfer Act
FNCCI	: Federation of Nepalese Chambers of Commerce and Industry
FTA	: Free Trade Area
FY	: Fiscal year
GDP	: Gross Domestic Product
GNP	: Gross National Product
GON	: Government of Nepal
GSP	: Generalized System of Preferences
ICDs	: Inland Clearances Depots
ICT	: Information and Communication Technology
IMF	: International Monetary Fund
ISI	: Import Substitution Industrialization
LDCs	: Least Developed Countries
MOF	: Ministry of Finance

NAFTA	: North American Free Trade Agreement
NPC	: National Planning Commission
NRB	: Nepal Rasta Bank
NRN	: Non- Residents Nepalese
NTIS	: Nepal Trade Integration Strategy
OECD	: Organization for Economic Cooperation and Development
OGL	: Open General License
PRSC	: Poverty Reduction Support Credit
PRSP	: Poverty Reduction Strategy Paper
PRGF	: Poverty Reduction Growth Facilities
RCA	: Revealed Comparative Advantage
RER	: Real Exchange Rate
REER	: Real Effective Exchange Rate
R & D	: Research and Development
RMG	: Readymade Garment
Rs	: Rupees
SAP	: Structural Adjustment Program
SAL	: Structural Adjustment Loan
SAARC	: South Asian Association for Regional Cooperation
SAPTA	: South Asian Preferential Trading Arrangement
SAFTA	: South Asian Free Trade Area
SAWTEE	: South Asia Watch on Trade, Economics & Environment
SITC	: Standard International Trade Classification
TEPC	: Trade and Export Promotion Centre
TU	: Tribhuvan University
UN	: United Nations
UNDP	: United Nations Development Programme
UNCTAD	: United Nations Commission for Trade and Development
USA	: United States of America
US	: United States
VAR	: Vector Auto Regression
VECM	: Vector Error Correction Model
WTO	: World Trade Organization
WB	: World Bank