

**RELATIONSHIP BETWEEN MONEY SUPPLY, INCOME  
AND PRICE LEVEL IN NEPAL**

**A Thesis**

**Submitted to Central Department of Economics  
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in  
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## **RECOMMENDATION LETTER**

This thesis entitled "**RELATIONSHIP BETWEEN MONEY SUPPLY, INCOME AND PRICE LEVEL IN NEPAL**" has been prepared by Mr. Ram Chandra Acharya under my supervision. I hereby recommend this thesis for final examination by the Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

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## **APPROVAL LETTER**

We certify that this thesis entitled "**RELATIONSHIP BETWEEN MONEY SUPPLY, INCOME AND PRICE LEVEL IN NEPAL**" submitted by Mr. Ram Chandra Acharya to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University in the partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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## LIST OF ABBREVIATIONS

AD	-	Aggregate Demand
ADF	-	Augmented Dickey Fuller
AS	-	Aggregate Supply
CBS	-	Central Bureau of Statistics
CPI	-	Consumer Price Index
CUSUM	-	Cumulative Sum
ECM	-	Error Correction Mechanism
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
M1	-	Narrow Money Supply
M2	-	Broad Money Supply
MOF	-	Ministry of Finance
NCPI	-	National Consumer Price Index
NGDP	-	Nominal Gross Domestic Product
NM1	-	Nominal Narrow Money Supply
NM2	-	Nominal Broad Money Supply
NRB	-	Nepal Rastra Bank
RGDP	-	Real Gross Domestic Product
RM1	-	Real Narrow Money Supply
RM2	-	Real Broad Money Supply
SIC	-	Schwarz Information Criterion
VAR	-	Vector Auto Regressive
VECM	-	Vector Error Correction Mechanism