

DETERMINANTS OF INFLATION IN NEPAL

A Thesis

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in the Partial Fulfillment of the Requirements for the

Degree of Master

in

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DETERMINANTS OF INFLATION IN NEPAL

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DECLARATION

I, Maya Khatri, declare that thesis titled *DETERMINANTS OF INFLATION IN NEPAL* submitted to the Central Department of Economics is my original work prepared under the supervision of my supervisor. I have made due acknowledgement to all ideas and information borrowed from different sources in the course of writing thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purpose. No part of the contents of this thesis has ever been published in any form before. I shall be solely responsible if any evidence is found against my declaration.

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RECOMMENDATION LETTER

This thesis entitled *DETERMINANTS OF INFLATION IN NEPAL* **has been** prepared by Maya Khatri is recommended for final/external examination as a partial fulfillment of the requirements for the MASTERR OF DEGREE in ECONOMICS.

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VIVA-VOCE SHEET

We have concluded the viva-voce examination of the thesis entitled *DETERMINANTS OF INFLATION IN NEPAL* submitted by Maya Khatri as a partial fulfillment of the requirements for the degree of MASTERR OF DEGREE in ECONOMICS. We found this thesis satisfactory in scope and quality and written according to the prescribed format. Therefore, we accept it for degree of Master in Economics.

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In fact, my keen interest to analyze the effects of money supply and budget deficit on inflation in Nepal provided me the inner drive to complete this study. I hope that the Major findings, conclusion of this research and suggested policy recommendation would be useful to all interested readers and concerned authorities for formulating necessary policy options.

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ABBREVIATION AND ACRONYMS

ARDL	Autoregressive Distributed Lag
BD	Budget Deficit
CPI	Consumer Price Index
CUSUM	Cumulative Sum of Recursive Residuals
CUSUMSQ	Cumulative Sum of Recursive Residuals of Square
ECM	Error Correction Model
GDP	Gross Domestic Product
IMF	International Monetary Fund
ICPI	Consumer Price Index of India
M ₂	Broad Money Supply
NCPI	Consumer Price Index of Nepal
NEER	Nominal Effective Exchange Rate
NRB	Nepal Rastra Bank
WB	World Bank
WDI	World Development Indicators