

**GOVERNMENT SPENDING ON TRANSPORT AND  
COMMUNICATION AND ECONOMIC GROWTH IN  
NEPAL**

A Thesis

Submitted to the  
Faculty of Humanities and Social Sciences,  
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MASTER OF ARTS  
In  
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Submitted by  
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## DECLARATION

I hereby declare that this Master's Degree thesis entitled "GOVERNMENT SPENDING ON TRANSPORT AND COMMUNICATION AND ECONOMIC GROWTH IN NEPAL" submitted to the Department of Economics, Patan Multiple Campus, Tribhuvan University (TU), is entirely my independent work prepared under the supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of writing this thesis. The results of this thesis have not been presented or submitted anywhere else for 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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## **LETTER OF RECOMMENDATION**

This thesis entitled "GOVERNMENT SPENDING ON TRANSPORT AND COMMUNICATION AND ECONOMIC GROWTH IN NEPAL" has been prepared by Mr. Dirgha Narayan Neupane under my guidance and supervision. This is an original work of the student prepared in accordance with the contest and the form approved by Department of Economics, Patan Multiple Campus. I hereby recommend this thesis for the final examination by the Thesis Committee as a partial fulfillment of the requirement for the degree of MASTER in ECONOMICS.

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April 2023

## LETTER OF APPROVAL

We certify that this thesis entitled "GOVERNMENT SPENDING ON TRANSPORT AND COMMUNICATION AND ECONOMIC GROWTH IN NEPAL" was submitted by Mr. DIRGH NARAYAN NEUPANE to the Department of Economics, Patan Multiple Campus, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS. It has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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## **ABSTRACT**

The objectives of this study is to analyze the trends of transport and communication capital expenditures of Nepal, and to evaluate the relationship between government capital spending on transport and communication and its impact on real GDP in Nepal. It applied regression techniques with domestic time series annual data sets for the period 1990 to 2021. Data and measurement issues are addressed. Summary statistics, partial correlations, and unit root test are carried out along with t, F, R- squared, adjusted R-squared and DW statistics to find out accurate coefficients of estimated regression equation. The results showed that government capital expenditures on transport sector has significant positive effect on real GDP of Nepal along with the control variables broad money supply, total trade and gross capital formation. However, the impact of capital expenditures on communication sector was insignificant. To increase economic growth, government capital expenditures on transport sectors were friendlier in Nepal.

## ACRONYMS AND ABBREVIATION

ADRL	:	Autoregressive Distributed Lag
CES	:	Constant Elasticity Substitution
DPA	:	Direct Productive Activities
ECM	:	Error Correction Mechanism
FDI	:	Foreign Direct Investment
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
ICT	:	Information and Communication Technologies
MOF	:	Ministry of Finance
OLS	:	Ordinary Least Squares
SOC	:	Social Overhead Capital
SSA	:	Sub Saharan Africa
TFP	:	Total Factor Production
US	:	United States
USA	:	United State of America
VAR	:	Vector auto-regressive

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