

A QUANTITATIVE ANALYSIS OF DETERMINANTS OF INFLATION IN NEPAL

– Keshab Prasad Paudyal, 2008

**A QUANTITATIVE ANALYSIS OF DETERMINANTS
OF INFLATION IN NEPAL
(1977/78-2005/2006)**

A Thesis

**Submitted to the Faculty of Humanities and Social Sciences,
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Requirements for the Degree of Master of Arts in Economics**

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RECOMMENDATION LETTER

This thesis entitled "**A Quantitative Analysis of Determinants of Inflation in Nepal**" has been prepared by **Mr. Keshab Prasad Paudyal** under my supervision. I hereby recommend this thesis for examination by the Thesis Committee as a partial fulfillment of the requirements for the Degree of Master of Arts in Economic.

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ABBREVIATIONS

CBS	=	Central Bureau of Statistics
DW	=	Durbin Watson
FD	=	Fiscal Deficit
FER	=	Foreign Exchange Reserve
GE	=	Government Expenditure
GR	=	Government Revenue
IMF	=	International Monetary Fund
IWPI	=	Wholesale Price Index of India
IWPI (-1)	=	Wholesale Price Index of India Lagged by One year
IWPI (-2)	=	Wholesale Price Index of India Lagged by Two year
NRB	=	Nepal Rastra Bank
MOF	=	Ministry of Finance
M1	=	Narrow Money Supply
M1(-1)	=	Narrow Money Supply Lagged by One Year
M1(-2)	=	Narrow Money Supply Lagged by Two Year
M2	=	Broad Money Supply
M2(-1)	=	Broad Money Supply Lagged by One Year
M2(-2)	=	Broad Money Supply Lagged by Two Year
NCPI	=	Consumer Price Index of Nepal
POP	=	Population
P*	=	Expected Rate of Inflation
RGAP	=	Real Gross Agriculture Product
RGDP	=	Real Gross Domestic Product
RPCI	=	Real per Capita Income
Rs	=	Nepalese Ruppes
SPSS	=	Statistical Program of Social Science
T.U.	=	Tribhuvan University