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The Role of Foreign Direct Investment and Financial Development on Economic growth of Nepal

Santosh Acharya
Lecturer
Baneshwor Multiple Campus, Kathmandu, Nepal

Correspondance email: santosh.swavab@gmail.com
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Abstract

Foreign direct investment plays an crucial role in economic growth and development especially in developing nations. However, Nepal gets much less foreign direct investment than other developing nations. The primary objective of this research is to investigate how foreign direct investment and financial development affect Nepal's economic growth. The research used quantitative research method using time series data from 1995/96 to 2021/22. This study used various economic tools such that co-integration analysis, error correction model (ECM), autoregressive distributed lag model (ARDL) and Granger causality econometric methods to anlayze the data. The negative and statistically significant error correction term (ECM_{t-1}) in function confirmed that there is a long run relationship between the variables studied. The estimation of the model shows that approximately 86.1 percent of the variations in economic growth can be explained by independent variables. In the long run FDI as a percentage of GDP has significant positive effect of 8.04 and while in short run, it has insignificant coefficient of 4.07. Domestic credit as a percentage of GDP has significant negative effect of -0.08 in the long-run and -0.19 in the short-run. The study concludes that foreign direct investment, financial development and gross capital formation all have an impact on Nepal's economic growth.

Keywords: Foreign direct investment, economic growth, financial development, autoregressive distributed lag model

Introduction

Economic growth, employment, and poverty alleviation are critical priorities for countries worldwide. Worldwide, emerging countries are experiencing significant

progress, as evidenced by their economic growth, which is regarded as a key indicator of a nation's wealth. Investment is very important for the growth of the global economy, especially in developing nations. At the moment, foreign direct investment (FDI) is one of the major economic concern, with emerging countries being particularly eager to participate. The developing countries like Nepal do not have sufficient capital, resources and technology to develop the nation. The foreign capital and technology are essential for developing countries to meet the capital requirements of economic development. The foreign capital and technology can flow in the form of FDI. Foreign direct investment supplements domestic private investment and can assist industrial growth and expansion. FDI generates job opportunities, raise the level of domestic wages, speeds up economic growth and improve the income distribution (Pyakurel, 2018).

Inflows of FDI not only contribute to capital accumulation but also create jobs, facilitate technology transfer, and boost competitiveness (Adams, 2009). FDI is very important for developing countries to maintain huge saving-investment gap, weak capital formation and low foreign aid flow. FDI helps address unemployment by generating new job opportunities and introducing advanced management, regulatory, communication, and marketing practices, thereby enhancing national skills and expertise. Recognizing the significance of FDI, governments often strive to attract it by establishing a conducive environment that encourages foreign investments and offers various facilities and incentives to international investors (Karaalp, 2014).

FDI is regarded as an important economic driver of economic growth (Srinivasan et al., 2011). Tekin (2012) asserts that foreign direct investment is a significant source of funding that enables the transfer of technology from wealthy countries to developing countries, thereby boosting country's competitiveness in international markets. FDI accelerates the economic activities, welfare and increases the employment opportunities in developing countries like Nepal. FDI impacts every sector of the country (Phuyal & Sunuwar, 2018). Financial development improves the absorption ability of a country to the FDI and enhances capital formation to increase the production capacity of a country. The research's findings will be valuable to policymakers, investors, communities, and academics in Nepal.

Statement of the Problem

Developed nations like United Sates, Switzerland, Germany and Britain and newly industrialized countries such as Korea, China, Singapore, Hong Kong, Taiwan, and Botswana are frequently seen as having achieved substantial economic growth through the attraction of FDI. These countries have experienced swift growth due to FDI,

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and Nepal similarly needs to enhance its economic growth and job creation to reduce poverty and transition from a low-income country to a middle-income country. Despite the various opportunities such as natural resource and human capita, Nepal still remains less developed poor country. Foreign direct investment may be the important financial assistance to improve the economic condition of a country. So, deep investigation between FDI, financial development and Nepal's economic growth is required.

Objectives of the Study

The general objective of the study is to investigate how foreign direct investment and financial development affect economic growth of Nepal. The specific objectives of the study are as follows.

i. To investigate how foreign direct investment affects economic growth of Nepal.

ii. To determine how financial development affects economic growth of Nepal.

Literature Review

Foreign direct investment has been a common discussion for a long time. Theories suggested that FDI is characterized as a supplement for low domestic saving rates, and that the inflow of these foreign capitals trigger economic growth. Many studies, both theoretical as well as empirical have examined the relationship between FDI, financial development and economic growth.

The Classical theory of growth believed that technological progress and population growth are two main factors that enhance economic growth. The main determinant of economic development is capital formation (Smith, 1776). Ricardo, (1817) emphasized the importance of both capital and labor in production. The technological progress depends of investment (Mill, 1848). The classical growth theories said that high level of investment is very important for economic growth (Poudyal, 1987). The neoclassical growth theory, developed by Domar (1946), Solow (1956), and Harrod (2015), pointed out that foreign direct investment increases investment and in turn supports economic growth. The total savings of a country is increased by the inflow of capital and the reinvestment of profits. The theory developed by Solow (1956 & 1957), assumed that the external production variables such as labour and capital drive economic growth. Additionally, neoclassical theory argued that FDI replaces outdated production technologies in developing countries with advanced technologies from industrialized nations (Kojima, 1978).

Duarte et al. (2017) indicated that FDI and broad money supply have a positive and

significant association with growth in Cabo Verde. Mishra et al. (2017) examined that foreign investment in Nepal in terms of approved industries and the positions has no effect on GDP per capita of Nepal while number of positions authorized for foreign investment has a statistically significant effect on percentage of real GDP growth rate. Murari (2017) discovered the unidirectional association of real GDP, market capitalization, domestic credit, broad money supply and bi-directional co-integrating relationship between real gross domestic product and net inflows of foreign direct investment from the data of South Asian Middle-income countries.

Siddikee and Rahman (2020) investigated that foreign direct investment has no effect on the economic growth of Bangladesh. Le and Le (2021) analyzed the impact of FDI on economic growth of Singapore and found, FDI is long-term predictor of economic growth and plays a mojor role in the Singapore's economic development. Based on a research of Tanzania Mwakabungu and Kauangal (2023) concluded that there is a long-term association and unidirectional causality between foreign direct investment and economic growth. In case of Nepal, FDI has an impact on Nepal's economic growth, particularly in the manufacturing, service and agricultural sectors (Aryal et al., 2024).

Research Methodology

This research adopted quantitative research method to examine the interplay between FDI, the country's financial development, and economic growth in Nepal from 1995-96 to 2021-22. The study employed descriptive and analytical methods in the study to evaluate and examine data in order to accomplish study's objectives. This study used the Nepal's annual time series on each of the variables: Real GDP per capita growth was used as dependent variable and FDI as a percentage of GDP (FDIGDP), Gross capital formation as a percentage of GDP (GCFGDP) and Domestic Credit as a percentage of GDP (DCGDP) were used as independent variables. The sources of data were Ministry of Finance, Central Bureau of Statistics, and the Nepal Rastra Bank. The selection of these variables was based on a review of existing literature.

The empirical notion of FDI and growth relation is analyzed on the basis of neoclassical growth models and endogenous growth models. The relation between output and inputs is interpreted by Cobb-Douglas production function as

$$Y_t = \beta_0 K_t^{\gamma} L_t^{(1-\gamma)} \text{ …….. (i)}$$

Where, Y_t shows output at time t, L is unit of labour, K represents unit of capital, A is the efficiency factor, γ and $1-\gamma$ are elasticity of inputs, β_0 is total factor productivity.

According growth accounting model, the growth can be affected by capital formation.

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The equation (i) can be transformed as

$$Y_t = \beta_0 X(1)_t^{(\beta 1)} X(2)_t^{(\beta 2)} X(3)_t^{(\beta 3)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\text{(ii)}$$

Where, X(1), X(2) and X(3) are FDIGDP, GCFGDP and DCGDP.

Taking log on both sides

$$y_t = \beta_0 + \beta_1 X(1)_t + \beta_2 X(2)_t + \beta_3 X(3)_t + u_t \ldots\ldots\text{(iii)}$$

where, y_t = output growth, u_t is residual term and β_0, β_1 and β_3 are coefficients or elasticities of the variables.

$$\text{Real GDP per capita growth} = \beta_0 + \beta_1 FDIGDP_t + \beta_2 GCFGDP_t + \beta_3 DCGDP_t + u_t \ldots\ldots\text{(iv)}$$

This study used Autoregressive distributed lag (ARDL) model. ARDL model is applied on the research variables that are stationarity at level I(0) or stationarity at first difference I(1). To determine its objectives, this study employed error correction model (ECM), co-integration analysis, autoregressive distributed lag model (ARDL), and Granger causality econometric methods. EVIEWS 10 was used for the econometric analysis.

Findings and Analysis

This section presents the test and model results and analyzes them together with findings from previous literature in order to determine the answers to the research questions.

Correlation Analysis

Correlation analysis provides the correlation among the variables. The correlation results are explained in the Table 1.

Table 1

Correlation Matrix

	PCGDP	GCFGDP	FDIGDP	DCGDP
PCGDP	1	0.5467	0.1953	0.1447
GCFGDP	0.5467	1	0.4985	0.7421
FDIGDP	0.1971	0.4985	1	0.5354
DCGDP	0.1447	0.7421	0.5353	1

(Source: Output of Eviews 10 estimated by researcher)

Test for Stationarity

This study applied the ADF test as well as PP test to identify the stationary characteristics of the series. Regarding the Augmented Dickey Fuller test and Phillips Peron test, Real GDP per capita growth is stationary in level I (0) and other variables such as foreign direct investment as percentage of GDP and gross capital formation as a percentage of GDP and domestic credit as a percentage of GDP are not in stationary at level but stationary in first difference. So, ARDL bound testing method is applied to examine the co-integration connection among the variables.

Co-integration Test

The ARDL bound test was applied to detect the presence of a co integrating connection among the variables under the study. The Table 2 presents the result of long-run bound test.

Table 2

ARDL Bound Test

F-Bounds Test		**Null Hypothesis: No levels relationship**		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	11.41232	10%	2.37	3.2
K	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

(Source: Output of Eviews 10 estimated by researcher)

The F-statistic value of 11.41232 in Table 2 is greater than the upper bound critical value of 4.66 indicating that the presence of long-term association between the study's dependent and explanatory variables.

Long-run Output

Table 3 shows the long-run output of the ARDL model. The long-run estimated results are listed in table 3. FDIGDP and DCGDP are statistically significant ($p<0.05$) and GCFGDP is statistically insignificant. FDIGDP and GCFGDP have long-run effect on economic growth in Nepal. FDIGDP and GCFGDP have beneficial impact on economic growth where as DCGDP has a negative impact.

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Table 3

Estimated Long Run Outputs Using ARDL Model

Levels Equation				
Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
FDIGDP	8.044255	2.786150	2.887230	0.0136
GCFGDP	0.123654	0.088961	1.389986	0.1898
DCGDP	-0.079484	0.028170	-2.821565	0.0154
C	1.744090	2.180265	0.799944	0.4393
EC = PCGDP - (8.0443*FDIGDP + 0.1237*GCFGDP -0.0795*DCGDP + 1.7441)				

(Source: Output of Eviews 10 estimated by researcher)

Table 3 suggests that foreign direct investment has a positive and significant impact on Real GDP per capita growth at one percent of significance level. The coefficient value 8.044255 shows that unit percentage change in foreign direct investment leads to positive change in economic growth by 8.0442 percent. This finding is similar to the findings of (Adhikari, 2015), Acquah and Ibrahim (2019), (Rai & Sharma, 2020), (Dhungel, 2023), Aryal et al. (2024) and Dahal et al. (2024). Domestic credit as a percent of GDP has a negative and significant relationship with Real GDP per capita growth. Gross capital formation as a percent of GDP has insignificant and positive relation with Real GDP per capita growth of Nepal from 1995/96 to 2021/22. This result is similar to result obtained by (Maune & Matanda, 2022). The result from error correction analysis is presented in Table 4.

Table 4

Error Correction Representation for the Selected ARDL Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(GCFGDP)	0.494457	0.053562	9.231527	0.0000
D(GCFGDP(-1))	0.236122	0.070626	3.343290	0.0059
D(FDIGDP)	4.069120	1.618720	2.513788	0.0272
D(FDIGDP(-1))	-1.101488	1.514702	-0.727198	0.4811
D(FDIGDP(-2))	-2.506978	1.328035	-1.887736	0.0835
D(DCGDP)	-0.188281	0.043557	-4.322663	0.0010
D(DCGDP(-1))	0.244461	0.042597	5.738943	0.0001
CointEq(-1)*	-1.238881	0.142033	-8.722509	0.0000
R-squared	0.931918	Mean dependent var		0.141076
Adjusted R-squared	0.902133	S.D. dependent var		3.174451
S.E. of regression	0.993087	Akaike info criterion		3.085204
Sum squared resid	15.77954	Schwarz criterion		3.477889
Log likelihood	-29.02245	Hannan-Quinn criter.		3.189383
Durbin-Watson stat	2.290239			

(Source: Output of Eviews 10 estimated by researcher)

The value of error correction term (ECM_{t-1}) is -1.23. The statistically significant estimation with negative value of error correction term (ECM_{t-1}) in function shows that long run relationship and the system is adjusting to correct divergence from the long-run equilibrium. Furthermore, the coefficient or absolute value of error correction term is quite high, which implies that, in the long run, the adjustment mechanism may overshoot the equilibrium value, which could cause short-term instability.

Short-run Outputs of ARDL Model

The short-run relationship between Real GDP per capita growth, FDIGDP, DCGDP and GCFGDP are shown in Table 5. The assessment of model's short-run dynamics revealed that approximately 86.1 percent of the variations in economic growth can be explained by the explanatory variables.

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Table 5

Estimated Short Run Outputs Using ARDL Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PCGDP(-1)	-0.238881	0.192889	-1.238439	0.2392
GCFGDP	0.494457	0.074011	6.680824	0.0000
GCFGDP(-1)	-0.105142	0.117783	-0.892680	0.3896
GCFGDP(-2)	-0.236122	0.092238	-2.559903	0.0250
FDIGDP	4.069120	2.543913	1.599551	0.1357
FDIGDP(-1)	4.795265	2.590063	1.851409	0.0889
FDIGDP(-2)	-1.405490	2.008702	-0.699701	0.4975
FDIGDP(-3)	2.506978	1.909969	1.312576	0.2139
DCGDP	-0.188281	0.064319	-2.927282	0.0127
DCGDP(-1)	0.334271	0.093247	3.584773	0.0037
DCGDP(-2)	-0.244461	0.088813	-2.752549	0.0175
C	2.160720	2.557663	0.844802	0.4147
R-squared	0.861067	Mean dependent var		2.784695
Adjusted R-squared	0.733712	S.D. dependent var		2.222188
S.E. of regression	1.146718	Akaike info criterion		3.418537
Sum squared resid	15.77954	Schwarz criterion		4.007564
Log likelihood	-29.02245	Hannan-Quinn criter.		3.574806
F-statistic	6.761151	Durbin-Watson stat		2.290239
Prob(F-statistic)	0.001287			

(Source: Output of Eviews 10 estimated by researcher)

The Durbin–Watson statistic in Table 5 is 2.29, which is high enough to disregard model's serial correlation evidence. The results of short-run association results show a positive but insignificant relationship between FDI and economic growth which is similar to the result of (Phuyal & Sunuwar, 2018). In the short run, there is strong and negative correlation between Domestic credit and economic growth at level but strong and positive correlation at first lag. In the short-run there is a strong and positive correlation between Gross capital formation as a proportion of GDP and economic growth. The coefficient for GCFGDP is 0.494.

Diagnostic and Stability Tests of the ARDL Model

Auto-correlation Test

The result from Breusch-Godfrey serial correlation LM test is presented in Table 6.

Table 6

Breusch-Godfrey Serial Correlation LM Test

F-statistic	0.714857	Prob. F(4,8)	0.6047
Obs*R-squared	6.319510	Prob. Chi-Square(4)	0.1765

(Source: Output of Eviews 10 estimated by researcher)

Table 6 demonstrates that the probability values (0.6047 and 0.1765) are higher than 0.05 levels of significance. The null hypothesis of no serial correlation cannot be rejected that there is no serial correlation issue with the model.

Heteroscedasticity Test

Heteroscedasticity is an inferential concept that indicates the changeable variance of a dependent variable ie Real GDP per capita growth in the model of the study. The presence of heteroscedasticity can be understood from the distribution of residuals.

The heteroscedasticity test results from Breusch-Pagan-Godfrey test are presented in Table .

Table 7

Breusch-Pagan-Godfrey Test of Heteroscedasticity

F-statistic	1.189698	Prob. F(11,12)	0.3833
Obs*R-squared	12.51981	Prob. Chi-Square(11)	0.3259
Scaled explained SS	4.850247	Prob. Chi-Square(11)	0.9382

(Source: Output of Eviews 10 estimated by researcher)

The Heteroscedasitcity test result of Table 7 shows that the probability values (0.3833, 0.3259 and 0.9382) are greater than 0.05 levels of significance. It signifies that the null hypothesis homoscedasticity cannot be rejected.

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Normality Test

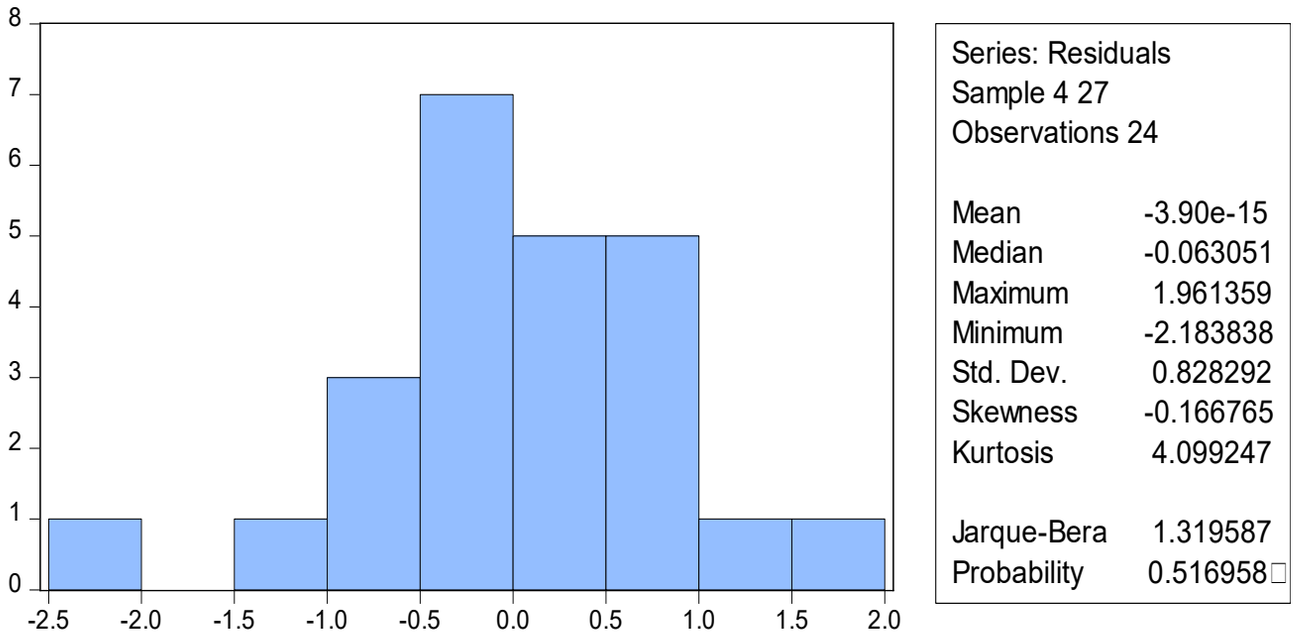

Figure 1: *Normality Test*

(Source: Output of Eviews 10 estimated by researcher)

From the histogram Figure 1, that residuals appear to be regularly distributed. The P value is 0.51 The JB value is 1.32. So, it can say that the residuals in the model follow normal distribution. The probability value is more than 5% hence the model is regularly (normally) distributed. The result from normality test is presented in Figure 1.

Stability Test

The results obtained from stability test are presented in Figures 2 and 3.

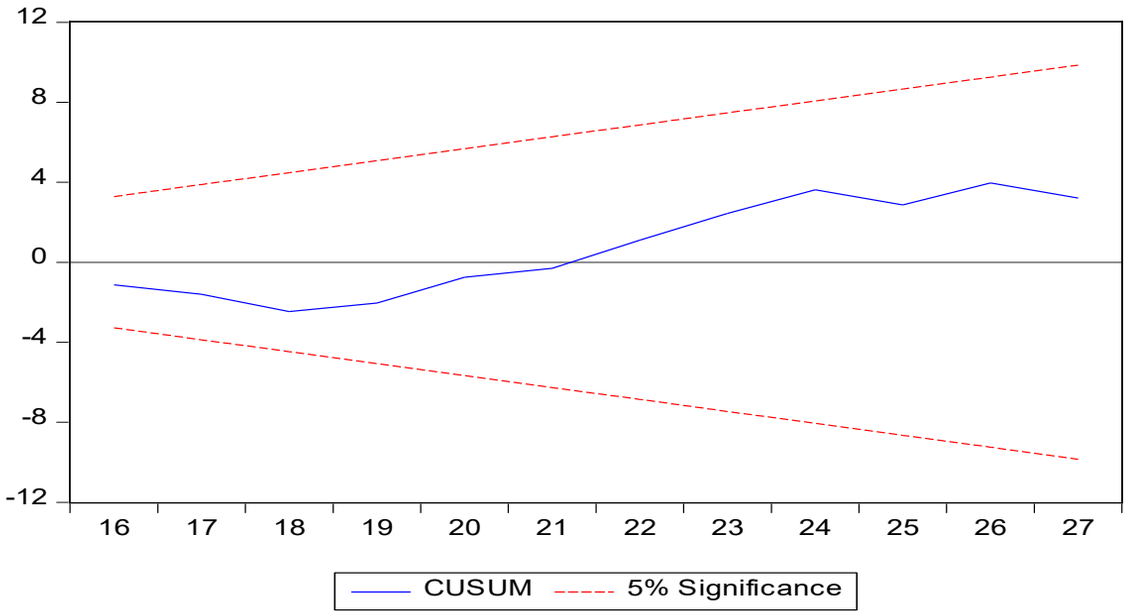

Figure 2: *Plot of CUSUM Test for PCGDP Model*

(Source: Output of Eviews 10 estimated by researcher)

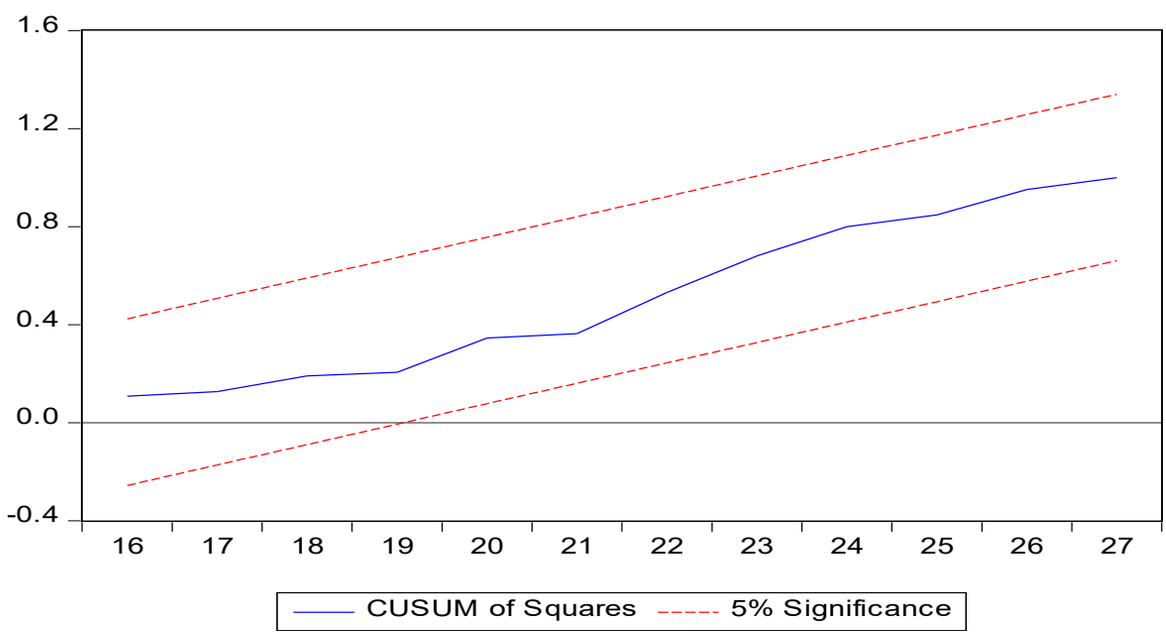

Figure 3: *Plot of CUSUM of Squares Test for PCGDP Model*

(Source: Output of Eviews 10 estimated by researcher)

The stability test results are presented in Figures 2 and 3. The curve blue line lies within the critical bounds, the upper and lower bounds (the dotted red line) of the 5 percent confidence interval. The cumulative sum of recursive residual (CUSUM) and

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cumulative sum of squares of recursive residual ($CUSUM_{SQ}$) are used to test the stability of Coefficients of ARDL model. The tests reflect that the estimated coefficients do not indicate any problem with stability.

Granger Causality Test

The results of the short run Granger causality test are shown in Table 8.

Table 8

Granger Causality Test

Null Hypothesis:	Obs	F-Statistic	Prob.
GCFGDP does not Granger Cause PCGDP	25	0.58187	0.5680
PCGDP does not Granger Cause GCFGDP		0.78715	0.4687
FDIGDP does not Granger Cause PCGDP	25	1.38275	0.2739
PCGDP does not Granger Cause FDIGDP		0.12832	0.8803
DCGDP does not Granger Cause PCGDP	25	0.58598	0.5658
PCGDP does not Granger Cause DCGDP		3.38450	0.0542
FDIGDP does not Granger Cause GCFGDP	25	1.09763	0.3529
GCFGDP does not Granger Cause FDIGDP		6.90013	0.0053
DCGDP does not Granger Cause GCFGDP	25	2.07477	0.1518
GCFGDP does not Granger Cause DCGDP		1.08019	0.3585
DCGDP does not Granger Cause FDIGDP	25	4.56205	0.0233
FDIGDP does not Granger Cause DCGDP		0.04545	0.9557

(Source: Output of Eviews 10 estimated by researcher)

The Table 8 suggests that there is no significant bidirectional as well as unidirectional causally relation between FDI and Real GDP per capita growth and domestic credit and Real GDP per capita growth. The test reveals a strong unidirectional causal association between Domestic credit to foreign direct investment as well as Gross capital formation to foreign direct investment.

Robustness Test

The robustness of estimated model is examined through FMOLS and CCR model. The results are presented in Table 9 and Table 10.

Table 9

Fully Modified Least Squares (FMOLS) Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GCFGDP	0.320696	0.061669	5.200306	0.0000
FDIGDP	0.601609	1.429640	0.420811	0.6780
DCGDP	-0.049000	0.016966	-2.888078	0.0085
C	-3.778513	1.281168	-2.949271	0.0074
R-squared	0.446023	Mean dependent var		2.711871
Adjusted R-squared	0.370480	S.D. dependent var		2.162700
S.E. of regression	1.715935	Sum squared resid		64.77753
Long-run variance	1.436610			

(Source: Output of Eviews 10 estimated by researcher)

Table 10

Canonical Cointegrating Regression (CCR) Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GCFGDP	0.305434	0.072322	4.223243	0.0003
FDIGDP	0.674311	1.566516	0.430453	0.6711
DCGDP	-0.044242	0.020069	-2.204467	0.0383
C	-3.606530	1.482282	-2.433093	0.0236
R-squared	0.438940	Mean dependent var		2.711871
Adjusted R-squared	0.362431	S.D. dependent var		2.162700
S.E. of regression	1.726870	Sum squared resid		65.60577
Long-run variance	1.436610			

(Source: Output of Eviews 10 estimated by researcher)

Like the result of Table 9, in Table 10, the GCFGDP and DCGDP are significant and FDIGDP is insignificant. The coefficient values of GCFGDP and FDIGDP are positive. The result is similar as the result obtained in short run ARDL model. This also proved that the estimated model is robust. So, the results of both FMOLS and CCR are same as the ARDL model. This model is robust.

Discussion

This study's general objective is to identify the relationship between FDI, financial

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development and Nepal's economic growth between 1995/96 to 2021/22. This study supports the theory that the FDI positively affect the economic growth. Both short-term and long-term economic growth are positively affected by Foreign direct investment. In short-run the FDI appears insignificant relation with economic growth and the findings are in line with those of (Neupane, 2020) and (Elliott & Kulkarni, 2006).

In long-run, FDI appears strong and positive relationship with economic growth which is in line with the results of previous researches by (Aryal et al., 2024), (Dahal et al., 2024), (Khanal, 2020), (Gurung, 2004) and (Adhikary, 2015). In the international context also, numerous researchers found the strong and positive relationship between FDI and economic growth such as (Borenzstein et al. 1998), (Omran, 2003), (Alfaro et al. 2004), (Li & Liu, 2005), (Benedict & John, 2017) and (Acquah & Ibrahim, 2019). (Acharya & Paudel, 2020) examined the negative association between FDI and economic growth of Nepal.

Nepal's economic growth is significantly and negatively correlated with financial development both in the short-run as well as long-run. This is the consistent result with the (Acquah & Ibrahim, 2019). The result of this study is differed from the result of (Alfaro et al. 2004). The negative association of financial development and economic growth may be the inclusion of FDI in the model. But one period lag in the financial development in the short run demonstrates the beneficial effect on economic growth.

From Granger causality test, it is found that FDI does not have unidirectional and bi-directional causal relationship with economic growth which is consistency result with (Pokharel & Pokharel, 2021). Financial development also does not have unidirectional as well as bidirectional causal association with economic growth and this result is similar with the result obtained by (Dhungana, 2014). The result reveals that there is unidirectional causality from gross capital formation to FDI and financial development to FDI. This result shows the consistent with the result obtained by (Bayer & Gavilelea, 2018).

Conclusion

The finding from the various econometric tools explores that the economic growth of Nepal is affected by the FDI and financial development. This study supports the theory that the FDI positively affect the economic growth. Descriptive analysis verifies a normal distribution of data, suggesting reliability for additional analysis. The result of descriptive analysis suggests FDI contributes in promoting economic growth. The error correction model further confirms the long-term association and the F-statistic value of 11.41 in long-run bound test reveals the existence of long-term association among the

variables. The coefficient value of 8.044 explores that one unit increase in FDI leads to 8.042 units rise in economic growth. The negative coefficient of -0.075 represents that one unit increase in domestic credit results in 0.075 unit fall in economic growth.

This study concludes that the FDI has significant and positive effect on economic growth of Nepal in the long-run where as positive but insignificant effect in the short-run. Financial development also affects the Nepal's economic growth in both short-run and long-run. There is no existence of bidirectional as well as unidirectional relationship between FDI and economic growth and financial development and economic growth as tested by Granger causality test.

This study had some limitations. The relevant data for FDI of Nepal is limited. As FDI is a vast topic and the study is only based on the twenty-seven observations and cannot include more variables for the estimation of the model. Significant number of variables cannot be added in the model due to the insufficient data. Further research could be conducted considering a wide range of other variables which will help to produce more accurate generalized result on impact of FDI on economic growth.

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