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## **THE CONTRIBUTION OF EDUCATION TO ECONOMIC GROWTH: EVIDENCE FROM NEPAL**

### **Abstract:**

This paper investigates the long run relationship between education and economic growth in Nepal between 1995 and 2013 through application of Johansen Cointegration technique and OLS. The results from OLS show that secondary and higher education contributes significantly to the Real GDP Per Capita in Nepal. The elementary education also positively influences economic growth but the results are statistically less significant. The cointegration test results confirmed the existence of long run relationship in education (a well-educated human capital) and Real GDP Per Capita. It is therefore, suggested to keep education on top priority in public policies, make serious efforts for Universalization of Primary Education and discourage the drop-out rate at all levels of education to achieve sustained economic growth.

### **Keywords:**

Education, Economic growth, Ordinary Least Squares (OLS)

**JEL Classification:** I21, O40, C32