

## **Liberalization and Productivity Growth in Nepal: A case of FDI firms**

Topic: Productivity and efficiency I

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This study investigates empirically what is TFP growth of FDI firms in Nepal in 1990 after economic liberalization process. We use econometric model based on Cobb Douglas production function and theoretical model of TFP growth accounting method. The econometric and non parametric TFP estimation provides negative TFP growth of FDI firms in Nepal. The result indicates negative effect of inferior labor (lower quality labor), under utilization of FDI capacity, no significant technology and financial transfer and poor business environment on TFP growth in FDI firms.