OPINION IN LEAD
Economics of election

Democracy is viewed as a system that ensures freedom of the people, representation of powers and respect for human rights. Although the notion of democracy has evolved, the same principle, that is, the people for the people, still remains. Currently, the democratic systems around the world, either representative democracy in which the people choose or vote for governing officials or direct democracy in which citizens directly participate in decision-making, have become a significant component in global growth in 2022 and ask for inflation. To understand how elections can influence economic growth, we need to look at the history of elections and their impact on foreign exchange reserves.

International Monetary Fund's World Economic Outlook projects global growth to slow down, as indicated in 2021 to 3.6 percent and further to 3.3 percent in 2022, while inflation rates in advanced economies and emerging market and developing economies are likely to decline in 2023. However, inflation projections of 5.7 percent in advanced economies and 5.9 percent in emerging market and developing economies in 2022 may push inflation targets. It is clear that elections can influence the economy, as they involve expenses made to lure the voters into voting for them. With the local level elections just around the corner in Nepal, a question arises: to what extent do election campaigning expenditures benefit the economy?

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Election Commission, Nepal (ECN) has been allotted a budget of Rs 4.89 billion for the preparation and organization of the elections. The ECN spent money on the preparation of elections, including printing ballot papers, setting up polling stations, and deploying human resource to carry out the election successfully.

The war in Ukraine has triggered a costly humanitarian crisis that will continue to affect the global economy in 2022. The International Monetary Fund (IMF) has predicted that global growth will slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and further to 3.3 percent in 2023, while inflation rates in advanced economies and emerging market and developing economies are likely to decline in 2023. However, inflation projections of 5.7 percent in advanced economies and 5.9 percent in emerging market and developing economies in 2022 may push inflation targets. It is clear that elections can influence the economy, as they involve expenses made to lure the voters into voting for them. With the local level elections just around the corner in Nepal, a question arises: to what extent do election campaigning expenditures benefit the economy?

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