

Carbon dioxide, economic development, financial development and trade openness relationship of India: ARDL approach

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Abstract

This study investigates the long and short run relationships among carbon emissions, economic growth, financial development and trade openness in India for the year of 1971 to 2014. The autoregressive distributed lag model (ARDL) is employed for the cointegration analyses and granger causality analysis. Results had shown the empirical analysis shown presence of a cointegration among CO₂, financial development and trade openness. Analysis shown long and short run relationship between CO₂, financial development and trade openness and economic development did not shown any short or long run relation. Hence usage of renewable energy such as solar and hydro projects needs to consider most important.

Keywords: Carbon Emission, economic growth, financial development, trade, India, ARDL.