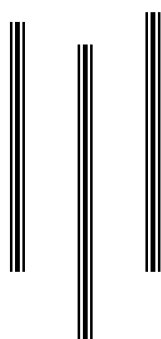
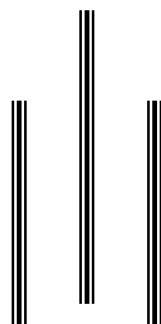


# Current Macroeconomic Situation

*(Based on Annual Data of 2004/05)*



**Nepal Rastra Bank**

*September 2005*

**Current Macroeconomic Situation**  
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## CONTENTS

1. Executive Summary .....	1
2. Gross Domestic Product .....	4
3. Monetary Situation .....	4
4. Money Market .....	7
5. Share Market Transactions .....	8
6. Price Situation .....	9
7. Inflation in Nepal and India .....	12
8. Government Budgetary Operation .....	13
9. Foreign Trade .....	15
10. Balance of Payments .....	18
11. Foreign Exchange Reserves .....	19
12. Exchange Rate Trends .....	20
13. Price of Oil and Gold in the International Market .....	21

### Tables

## **Executive Summary**

### **Economic Growth**

1. As per the Central Bureau of Statistics (CBS) data, Gross Domestic Product (GDP) increased by 2.0 percent at factor cost. Last year, the GDP had increased by 3.3 percent.
2. An analysis of GDP from source side reveals that non-agriculture GDP which contributed 61 percent in total production in 2004/05 increased by only 1.6 percent due mainly to decline in contribution of construction and trade, restaurant and hotel sub-sectors, and sluggish performance of other sub-sectors. As a result of difficult situation within the country, construction work of both the Government and the private sector has slowed down as well as tourists inflow declined which contributed to such a reduced growth of non-agriculture GDP in the review year.
3. As a consequence of unfavourable weather situation, the agriculture GDP increased by just 2.8 percent in 2004/05 compared to a growth of 3.9 percent last year.
4. An analysis of GDP from demand side shows that a growth of aggregate domestic absorption remained at 5.8 percent in 2004/05. Such an aggregate domestic absorption had increased by 9.3 percent in the previous year. Slow down in both consumption and investment expenditure contributed to a reduced growth of aggregate domestic demand. External demand for Nepalese goods and services also declined by 0.7 percent in 2004/05 in contrast to a growth of 14.5 percent last year.

### **Monetary Aggregates**

5. Growth of both monetary aggregates decelerated in 2004/05. Compared to a growth of 12.8 percent in 2003/04, broad money supply increased by 8.8 percent in 2004/05. Similarly, narrow money supply, which had increased by 12.2 percent in the previous year, increased only by 6.7 percent in the review year.
6. During 2004/05, the reduced growth of NFA in almost all months lowered the expansion of money supply accordingly.
7. Structure of domestic source of money supply has changed in 2004/05. In the total flow of domestic credit, the share of government and non-financial government enterprises increased to 29.4 percent in 2004/05 from a negative 1.9 percent in 2003/04. As a consequence, the share of private sector and financial corporations came down to 70.6 percent in the review year from 101.9 percent in the previous year.

8. Credit flow to private sector increased by higher rates till the eleven-month of 2004/05, however it came to halt in the twelve month of the review year. Changes in black listing procedure on June 1, 2005 as per the recommendation of Shankar Sharma commission resulted in a loan recovery of commercial banks of about Rs.3.0 billion in the last month alone. This contributed to the slowdown in credit expansion to the private sector.
9. As a consequence of loan recovery, commercial banks' balances with Nepal Rastra Bank increased from about Rs.14.0 billion as at mid-June 2005 to about Rs.20.0 billion as at mid-July 2005.
10. Increase in paid up capital and profit of commercial banks resulted in a substantial rise of net non-monetary liabilities in 2004/05.

### **Inflation**

11. During 2004/05, annual inflation, based in national urban consumer price index, remained at 4.5 percent. Such inflation had remained at 4.0 percent last year. Despite lower aggregate demand as well as slow expansion of monetary aggregates, inflation remained higher than that of previous year due mainly to rise in price of petroleum products, rice and sugar.
12. Price index of food and beverage group increased by 4.0 percent compared to a rise of 3.3 percent last year. Similarly, the price index of non-food and service groups, which had increased by 4.7 percent last year, went up by 5.1 percent in the review year.

### **Government Budgetary Situation**

13. Government's budget deficit, on cash basis, increased by 11.9 percent in 2004/05. Such a budget deficit had increased by only 0.7 percent last year.
14. Though the growth of total government expenditure remained at the previous year's level, a decline in non-debt resource mobilisation in the review year resulted in such a rise of budget deficit in 2004/05.
15. Of the total budget deficit on cash basis (Rs.14.2 billion), 84.4 percent (Rs.12.0 billion) was financed from internal loans and the rest from foreign loans. Such a contribution of internal loans and foreign loans were 39.3 percent and 60.7 percent respectively in the previous year.

### **External Trade**

16. In external sector, exports increased by 8.0 percent in 2004/05 at the same rate as in the previous year. Total import, however, declined by 3.0 percent in 2004/05 in contrast to a growth of 9.6 percent in the previous year.
17. Of the total exports, export to India increased by 28.2 percent while exports to the third countries decreased by 18.8 percent.

18. Of the total imports, imports from India increased by 9.0 percent while imports from the third countries decreased by 19.4 percent.
19. Increase in exports of jute products, vegetable ghee, copper wire, chemicals and polyester yarn to India contributed to rise in export to India. However, heavy decline in exports of readymade garment to the third countries caused the decline in export to the third countries.
20. Substantial decline in imports of raw wool, chemical fertilizer, thread, telecommunication equipments and parts, aircraft equipments, crude soybean oil and crude palm oil contributed to a decline in imports from the third countries.
21. As a result of decline of both exports to and imports from the third countries, the share of trade with India in Nepal's total trade has increased. Compared to the share of 57.6 percent in total trade in 2003/04, the share of trade with India increased to 65.8 percent in 2004/05. Consequently, share of the third countries in total trade declined to 34.2 percent in review year.

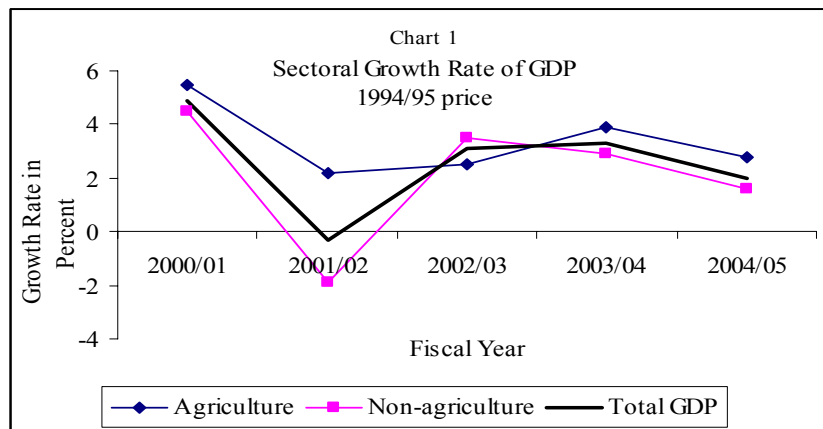
#### **Balance of Payments and Foreign Exchange Reserve**

22. As per the annual monetary survey, balance of payments (BOP) remained at a surplus of Rs.7.1 billion in 2004/05. Such a BOP position was a surplus of Rs.16.0 billion in 2003/04.
23. As a consequence of decline in imports of goods and services, foreign exchange reserve is sufficient to cover the merchandise imports for 11.8 months in review year compared to 11.5 months in the preview year. With regard to imports of goods and services, foreign exchange reserves can cover the imports for 10 months compared to 9.7 month in the previous year.
24. Total foreign exchange reserve increased to US \$ 1.85 billion as at mid-July 2005 from the level of US\$ 1.76 billion as at mid-July 2004. Of the foreign exchange reserve as of mid-July 2005, convertible currencies comprised 95.4 percent, while the rest 4.6 percent constituted non-convertible reserves.
25. The exchange rate of Nepalese Rupee with US dollar appreciated by 5.4 percent in the review year and stood at Rs.70.35 per US dollar as at mid-July 2005.

## Current Macroeconomic Situation (Based on Annual Data of 2004/05)

### Gross Domestic Product

1. As per the Central Bureau of Statistics (CBS)'s data, gross domestic product (GDP) is estimated to have increased by 2.0 percent in 2004/05. Last year, GDP had risen by 3.3 percent. A decline in paddy production by 3.7 percent owing to unfavorable weather condition resulted in the slower growth of agriculture GDP by just 2.8 percent in the review year compared to a growth of 3.9 percent in the previous year. Non-agriculture GDP also observed a marginal growth of 1.6 percent in 2004/05 compared to a growth of 2.9 percent in 2003/04. Sluggish capital expenditure of His Majesty's Government, decline in tourist arrivals and stagnant private sector investment contributed to slowdown in non-agriculture production. Existing difficult environment for production and distribution adversely affected the growth of GDP.



2. Analysis of GDP from demand side shows that the growth rate of total domestic absorption decelerated to 5.8 percent in 2004/05 compared to a rise of 9.3 percent in 2003/04. Of the total domestic absorption, the private sector absorption, which contributed about 79 percent, declined largely in 2004/05 due to the decreasing demand for investment. The growth rate of public sector investment remained at 0.6 percent in 2004/05.

### Monetary Situation

3. During 2004/05, impact of economic slowdown is well reflected on the monetary aggregates. The growth of both monetary aggregates has remained lower than in the previous year. The claims on government and credit flow to non-financial corporations increased during the review year while the claims

on private sector has increased at the same rate as in the previous year. As a result of substantial growth of net non-monetary liability, the growth rate of net domestic credit (NDA) has remained equivalent to that of previous year's level. However, the deceleration in net foreign asset (NFA) contributed to lower growth of monetary aggregates. Weak external demand for Nepalese goods and services accounted for the low growth of economic activities and monetary aggregates. Expansion of bank credit to consumer sectors did not contribute much to the growth of economic activities.

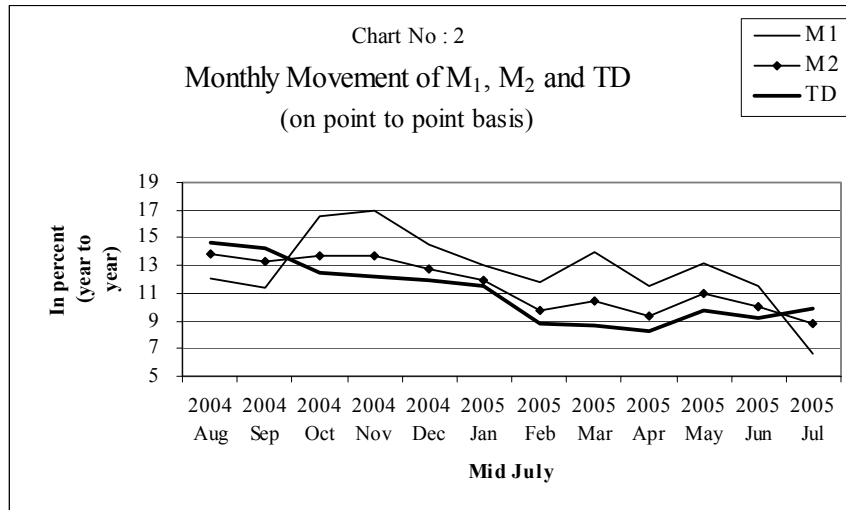
4. During 2004/05, broad money growth rate decelerated to 8.8 percent from 12.8 percent in 2003/04. Narrow money, which had increased by 12.2 percent in the previous years, increased by a modest 6.7 percent in 2004/05. A subdued growth of NFA accounted for such lower growths of monetary aggregates in the review year.
5. NFA of monetary sector (after adjusting exchange valuation) has increased by just 6.6 percent (Rs.7.1 billion) during the review year whereas such a NFA had increased by a much higher rate of 17.5 percent (Rs.16 billion) in 2003/04. Decline in inflow of foreign aid as well as service income net due to weak performance of tourism sector contributed to the lower growth of NFA during the review year.
6. Domestic credit, an expansionary factor of money supply, increased by a higher rate of 13.2 percent during the review year compared to a growth of 9.9 percent in the previous year. In the review year, a substantial growth of credit flow to government and non- financial government corporations contributed to such a higher growth in domestic credit. In contrast to a decline by 0.8 percent in the previous year, claims on His Majesty's Government increased by 9.0 percent during 2004/05. Much lower than projected inflow of foreign loan was a factor behind such a rise in claims on the government.
7. Of the other components of domestic credit, claims on non-financial government corporations increased substantially by 123.2 percent (Rs.3.6 billion) compared to a growth of 2.6 percent last year. During the review year, commercial banks extended credit facility to some non-financial government corporations like Nepal Oil Corporation, Royal Nepal Airlines Corporation, National Trading Limited and Janak Educational Material Centre. Due to repayment of loans by Nepal Development Bank, and Development and Credit Bank to Nepal Rastra Bank (NRB), and decline in balance maintained by the branches of ADB/N undertaking commercial banking activities, at their headquarter, the claims on financial enterprises, however, decelerated in 2004/05.
8. Though, claims on private sector was increasing till the first eleven month of the review year due to competition among commercial banks for consumer loans, such a growth of private sector credit flow ultimately remained at the



same rate as in the previous year (14.3 percent) owing to the improvement in loan recovery in the last month of the review year. Of the total domestic credit, the share of credit flow to private sector, hence came down to 72.7 percent in the review year from 95.2 percent in the previous year. Changes made in the black listing procedure of loan defaulters as per the Shankar Sharma's report resulted in the loan recovery of about Rs.3.0 billion in the last month of 2004/05. As a consequence, overall private sector credit flow remained same as in the previous year and the share of private sector credit in total domestic credit declined.

9. Net non-monetary liabilities, a contractionary factor of money supply, witnessed a substantial growth of 20.1 percent during the review year compared to a growth of 9.8 percent in the previous year. Increase in paid up capital, profit and adjustment of foreign exchange valuation loss during the review year accounted for such a rise in net non-monetary liabilities.
10. On the demand side of broad money supply, currency in circulation outside banks increased by 8.8 percent during the review year. Such a currency in circulation had increased by 11.1 percent in the previous year. A lower growth in income, particularly agricultural income contributed to a decelerated growth of currency holding by the public. Likewise, demand deposit, compared to a growth of 14.5 percent in the previous year, increased by just 2.5 percent during the review year. Lower growth of overall income, loan recovery and private sector credit flow to consumable goods which caused currency drain instead of credit creation from the banking system resulted in the substantial reduction in the growth of demand deposits. Moreover, time deposit a part of broad money, registered a growth of 9.9 percent in 2004/05 compared to a growth of 13.1 percent growth in 2003/04.
11. Of the two main determinants of money supply, the growth of reserve money has remained lower while money multipliers increased during the review year. Compared to a growth of 16.6 percent in the previous year, reserve money increased by only 2.1 percent during the review year. Subdued growth of NFA of NRB on sources side and a cut in CRR by one percentage point coupled with reduction of excess reserve of commercial banks on uses side owing to a provision of automatic and transparent standing liquidity facility (SLF) contributed to a lower growth of reserve money during the review year.
12. In contrast to a decline in the previous year, money multipliers increased during the review year. Narrow money multiplier increased by 4.5 percent to 1.04 and broad money multiplier increased by 6.6 percent to 3.13. A reduction in excess reserve because of the provision of automatic SLF facility contributed to the increase in the value of multipliers.
13. On annual point-to-point basis, narrow money exhibited higher growth in the third and fourth month of the review fiscal year, after then, the growth of

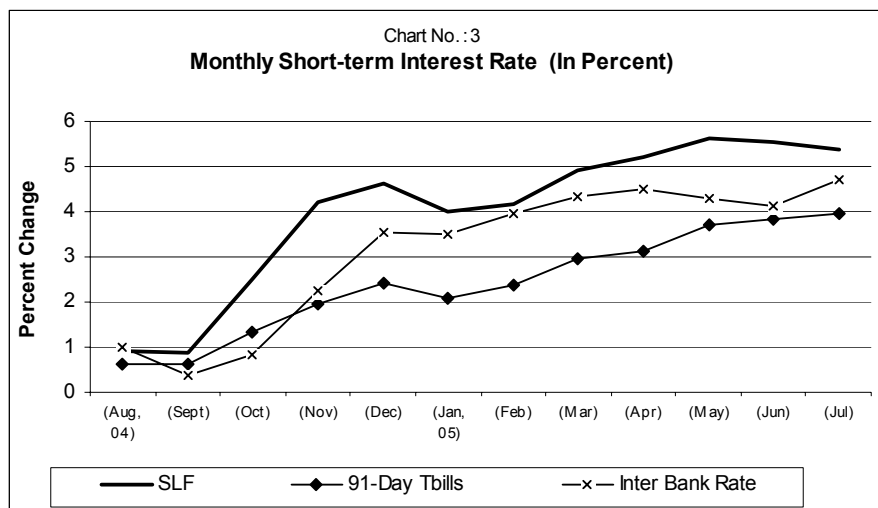
narrow money supply remained subdued. Similarly, except first month, the growth of broad money decelerated gradually. The monthly movement of time deposit followed the similar pattern of broad money. Decline in inflow of foreign aid contributed to such a slow down in monetary aggregates while lower economic growth resulted in the lower expansion of time deposits. The lower real interest rates also contributed to such a lower growth of time deposits.



### Money Market

14. Monetary instruments like outright sale auction, outright purchase auction, repo auction, and reverse repo auction have been introduced in the review fiscal year 2004/05. Liquidity Monitoring and Forecasting Framework (LMFF) has also been put in place as the basis for the conduct of open market operations. In addition, collateralized SLF has also been put in place from the review fiscal year for the commercial banks as a safety valve for the domestic payment system.
15. Of the above-mentioned monetary instruments, liquidity of Rs.10.5 billion was absorbed through outright sale auction while liquidity of Rs.1.3 billion was injected through outright purchase auction during the review year. Moreover, through repo auction, short-term liquidity of Rs.6.7 billion was injected and through reverse repo auction, liquidity of Rs.5.3 billion was mopped up. Commercial banks utilized the SLF amounting to Rs.49.3 billion during the review year.
16. During the first quarter of the review fiscal year, short-term interest rate declined sharply due to cut in CRR on slack season. As a consequence, in the first and second month of the review year 2004/05, the weighted average 91 days treasury bills rate declined to 0.62 percent and 0.63 percent

respectively. Likewise, the weighted average inter-bank rate also remained at 1.016 percent and 0.387 percent respectively. NRB, through open market operation, mopped up the excess liquidity. As a result, short-term interest rates moved up gradually in the subsequent months. At the end month of the review fiscal year, the weighted average 91 days treasury bills rate reached 3.94 percent and the inter-bank rate climbed up to 4.71 percent. The following graph also exhibits monthly movement of short-term interest rates during the review year.

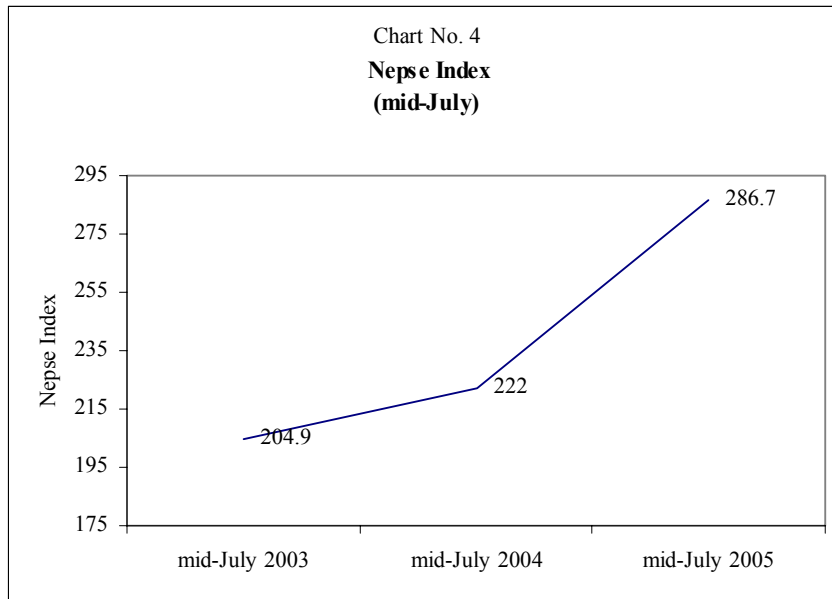


17. NRB intervened 44 times in foreign exchange market during the review year. Out of which, in 40 interventions, NRB purchased US dollar worth of Rs.37.9 billion and through 4 interventions, NRB sold US dollar equivalent of Rs.3.6 billion. As a result, net liquidity of Rs.34.3 billion was injected through foreign exchange intervention in the economy. During the review year, US dollar remained weak in the international market. Hence, the Nepalese rupee also appreciated against US dollar by 5.4 percent, from Rs.74.14 per US dollar at the end of 2003/04 to Rs.70.35 per US dollar at the end of 2004/05.

### Share Market Transactions

18. The NEPSE index increased by 29.1 percent to 286.67 in mid July 2005. Other share market indicators such as share value, number of company listed and market capitalization also increased. Compared to 2003/04, the total number of transaction increased by 24.2 percent in the review year. Similarly, number of listed companies in Nepal Stock Exchange also increased by 9.6 percent to 125 as at mid- July 2005 from 114 as at mid-July 2004. Paid up capital of listed companies increased by 39.6 percent amounting to Rs.16.8 billion as at mid July 2005. Issuance of new share and

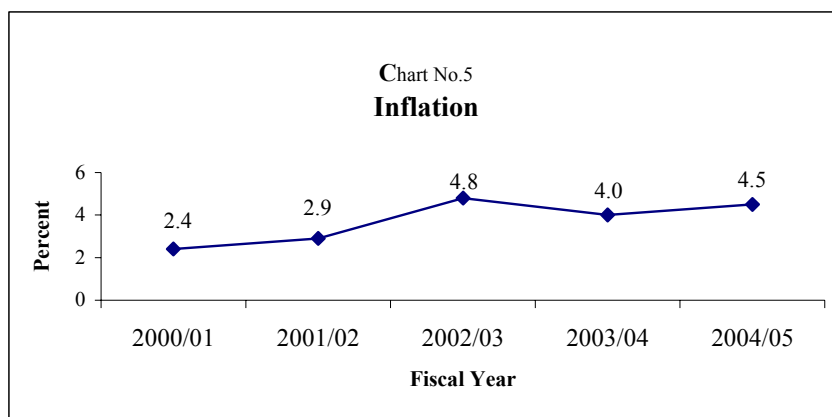
preference shares by banks, finance companies and insurance companies contributed to such a rise in paid-up capital. Market capitalization increased by 48.1 percent to Rs.61.4 billion. Though the transaction of share of commercial banks and insurance companies remained remarkable, the transactions of other companies remained subdued as in the previous year.



19. Analysis of monthly movement of share market in 2004/05 reveal much fluctuations. The NEPSE index, which was 241.51 as at mid August 2004 declined to 234.58 as at mid-September 2004, 231.31 as at mid-October 2004, 235.08 as at mid- November 2004, 236.38 as at mid- December 2004 and 239.61 as at mid- January 2005. An incident of brutal killing of 12 Nepalese in Iraq on August 28, 2004 and subsequent violent protest in different parts of the country affected the share market transactions.

### **Price Situation**

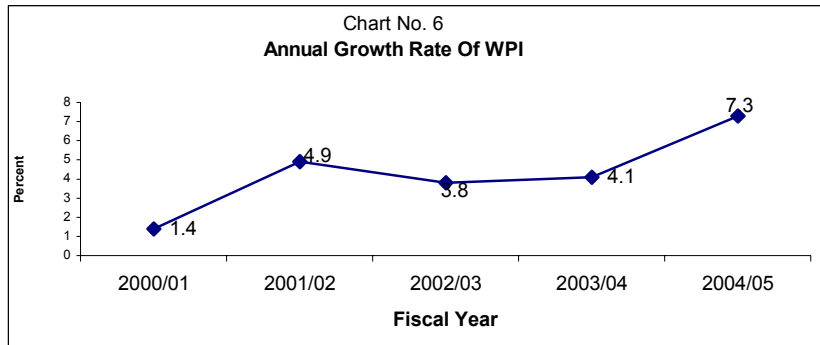
20. As measured by the National Urban Consumer Price Index (Base year 1995/96 = 100), the annual average inflation rate during 2004/05, registered a rise of 4.5 percent compared to an increase of 4.0 percent in 2003/04. The upward revisions in price of the petroleum products time and again, change in the existing VAT rate in conjunction with an unexpected rise in the price of rice accounted for an upward pressure in the general price level in the review year.



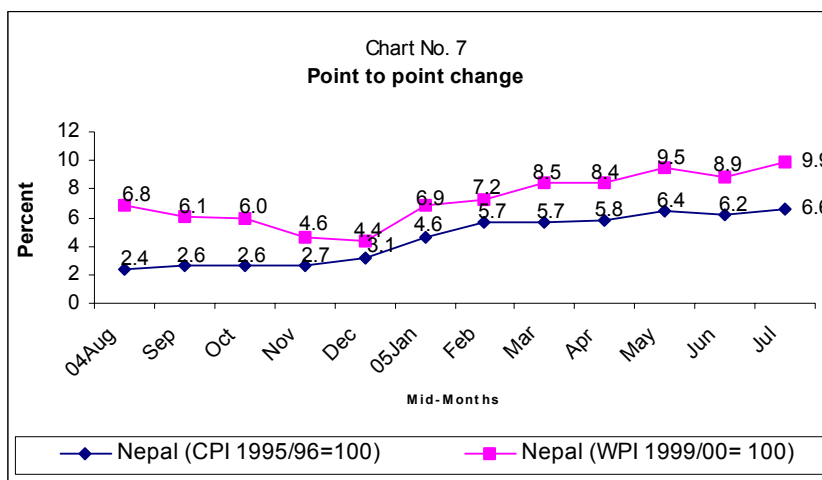
21. On a point-to-point basis, the National Urban Consumer Price Index (CPI) as at mid-July 2005 increased by 6.6 percent, compared to a rise of 2.0 percent during the corresponding month of the previous year. The sharp rise in the price of rice and rice products in conjunction with the increase in the prices of housing goods and services, transport and communication and restaurant meals resulting from the upward revision in the prices of petroleum products since February 2005, accounted for the overall rise in the price index. In the review period, the rise in the prices of sugar and related products; vegetables and fruits; beverages as well as meat, fish and eggs also to some extent contributed towards the upward pressure on the overall price index. The overall price index, which was recorded at 156.4 points in mid-July 2004, rose to 166.8 points in mid-July 2005.
22. In the review period, on a point-to-point basis, the index of food and beverages group moved up by 6.0 percent compared to an increase of 1.9 percent during the same period last year. The rise in the prices of grains and cereals products, sugar and related products, restaurant meals, vegetables and fruits as well as meat, fish and eggs pushed up the price index of this group. The indices of sugar and related products (12.8 percent), grains and cereal products (9.1 percent), restaurant meals (8.3 percent), vegetables and fruits (6.8 percent), beverages (4.4 percent), pulses (4.3 percent), meat, fish and eggs (3.0 percent) and milk and milk products (2.5 percent) increased in the review period. However, the indices of spices as well as oil and ghee declined by 4.2 percent and 2.6 percent respectively in the review period.
23. The index of non-food and services group increased by 7.3 percent compared to an increase of 2.3 percent during the same period of the previous year. The sharp rise in the price index of this group is a reflection of the rise in the prices of petroleum products, which exerted an upward pressure on the price of transport and communication as well as on housing goods and services. The indices of transport and communication (14.3 percent), housing goods and services (13.3 percent), education, reading and recreation (4.8 percent),

tobacco and related products (4.3 percent), cloth, clothing and sewing services (2.9 percent), footwear (1.7 percent) and medical and personal care (1.5 percent) all increased in the review period.

24. Region wise, the price indices of the Kathmandu Valley, Terai and Hills in the review period increased by 5.5 percent, 7.1 percent and 7.5 percent respectively where as the index of Kathmandu Valley had increased by 4.6 percent and the indices of Terai and Hills each had increased by 1.0 percent during the corresponding period of the previous year.
25. On an annual average basis the National Wholesale Price Index (Base year 1999/00=100) increased by 7.3 percent during 2004/05 compared to the 4.1 percent increase in the previous year. The higher growth in the price index was mainly due to the surge in the prices of food grains, cash crops, construction materials, chemical fertilizer and chemical goods together with a significant rise in the prices of petroleum products.

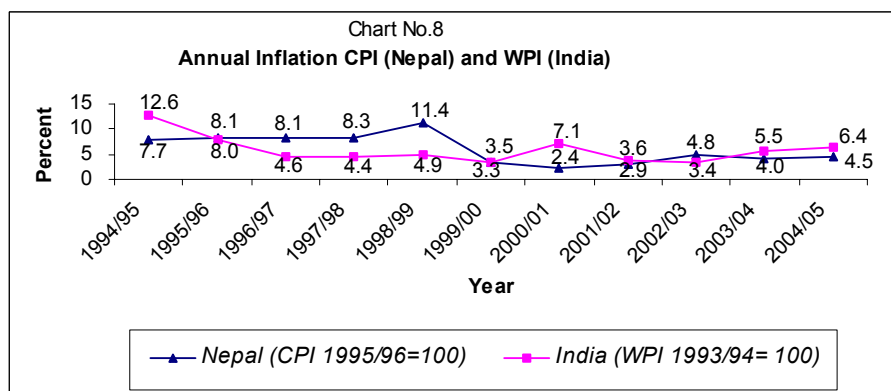


26. The National Wholesale Price Index as at mid-July, 2005 stood at 129.9 depicting a rise of 9.9 percent on a point-to-point basis as against the increase of 4.8 percent during the corresponding month of the previous year. The higher growth in the price index was due mainly to the rise in the prices of food grains, cash crops as well as chemical fertilizer and chemical goods together with the sharp rise in the prices of petroleum products in spite of the decline in the prices of spices, textile related products and electric and electronics goods. The indices for agricultural, domestic manufactured and imported commodities increased by 10.8 percent, 5.2 percent and 11.7 percent respectively in the review period.



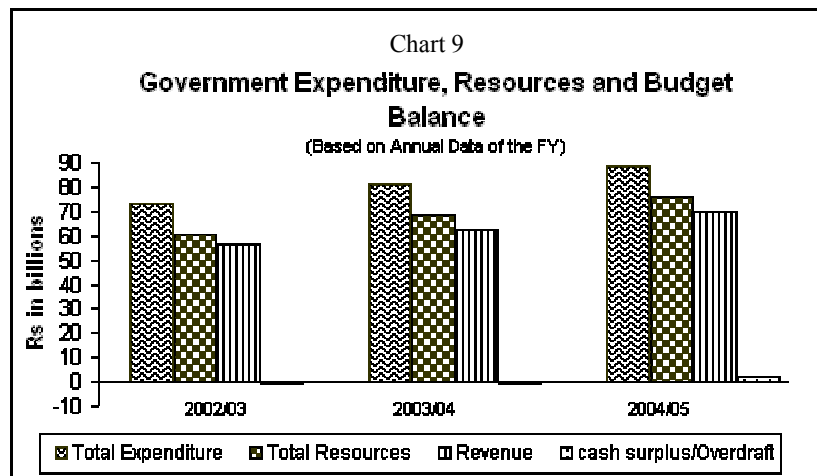
### Inflation in Nepal and India

27. Inflation in Nepal measured by CPI increased at an average annual rate of 4.5 percent during 2004/05 while the inflation in Indian, measured by Wholesale Price Index of India (WPI) averaged at an annual rate of 6.4 during the same fiscal year. The respective inflation rates for the same period of the previous year had remained at 4.0 percent and 5.5 percent. The main driver in Indian Price Index in the review year was the increase in the prices of iron and steel as well as petroleum products. Likewise, the higher rate of Nepalese inflation was due to the upward revision in the prices of petroleum products by an average of 35.7 percent in conjunction with a revision in VAT rate from existing 10 percent to 13 percent. Moreover, an unexpected rise in the prices of rice and rice products as well as vegetables (from April to July 2005) also contributed to the upward pressure on CPI.



## Government Budgetary Operation

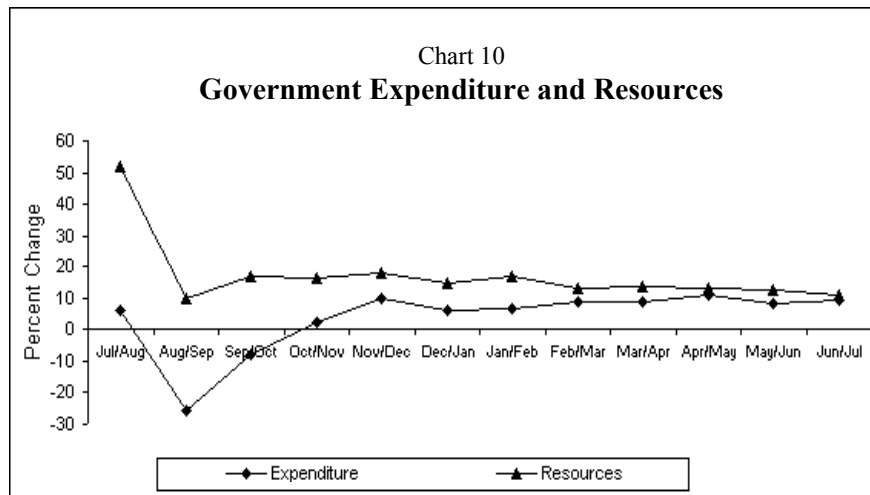
28. The budget deficit, during the review year, increased by 11.9 percent to Rs.14.2 billion compared to the preceding year due mainly to the higher level of government expenditure. His Majesty's Government (HMG) mobilized Rs.2.2 billion through foreign cash loans and borrowed Rs.8.9 billion internally (Treasure Bills Rs.5.5 billion, Development Bonds Rs.3.0 billion, National Saving Certificates Rs.0.2 billion and Citizen Saving Certificates Rs.0.2 billion) to finance the budget deficit. The rest was accounted for by the other account of the government (Rs.524.6 million) and overdraft borrowing from Nepal Rastra Bank (Rs.2.5 billion). In the previous year, the government had maintained a cash balance of Rs.753.0 million.
29. Based on the annual cash flow data of 2004/05, the total expenditure of the government increased by 11.1 percent to Rs.90.2 billion. Last year also the government expenditure had increased by the same rate of 11.1 percent. Of the total expenditure, recurrent expenditure stood at Rs.58.1 billion (65.3 percent), whereas the capital expenditure at Rs.16.4 billion (18.2 percent) and principal repayment at Rs.13.5 billion (15.0 percent). Expenditure under freeze account recorded a fall of 14.2 percent to Rs.1.4 billion, accounting for 1.5 percent of the total expenditure.



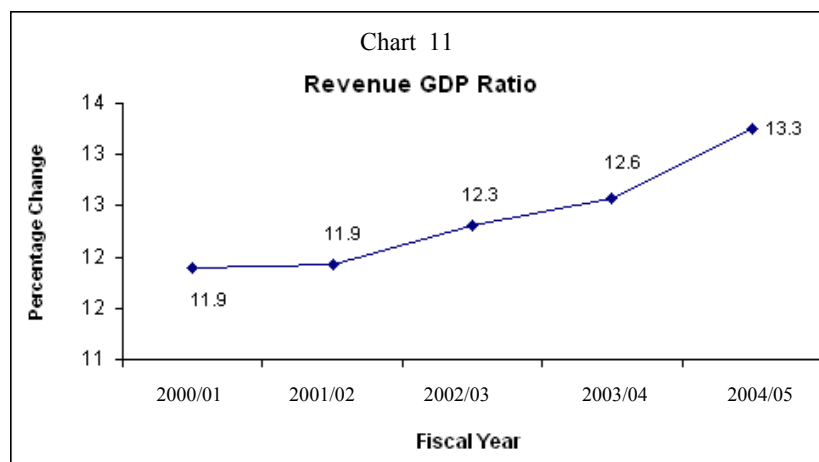
30. Total non-debt resources (revenue, non-budgetary receipts and others, and foreign grants) increased by 11.0 percent to Rs.76.1 billion compared to a rise of 13.3 percent in the previous year. Revenue, the major source (92.2 percent) of government resources, grew by 12.5 percent to Rs.70.1 billion compared to a rise of 10.9 percent in the previous year. Foreign cash grants recorded a marginal growth of 1.8 percent to Rs.5.2 billion compared to a substantial increase in the previous year.



31. During 2004/05, budget estimate of total government expenditure was Rs.115.0 billion, but based on cash flow data only 78.4 percent of the annual target was actually spent. Such expenditure was 79.3 percent of the budget target in the previous year. Total government expenditure increased in every month of the fiscal year except August and September. Resources increased impressively throughout the year. Revenue, the major source of government resources, also increased at an average rate of 10-12 percent compared to the corresponding month in the previous year although its growth was lower in the month of October and November. Despite the leakages in the customs points, the reform in the customs administration generated positive impact on the revenue mobilization. For example, despite the decline in the import by 3.0 percent the customs revenue did not decrease. Similarly, the upward revision in VAT rate contributed positively to revenue mobilization from VAT. Consequently, the revenue GDP ratio increased to 13.3 percent in the review year from 12.6 percent in the previous year. The growth rate of foreign grants, which was very impressive during the first half of the fiscal year, could not maintain the same pace.



32. The declining trend of budget deficit continued throughout the fiscal year due mainly to the slow growth in government expenditure compared to that of the resources. But, in the last month of the fiscal year, as the government expenditure jumped compared to the resource mobilization, the budget deficit also increased. The traditional trend of the government to spend the budget in hurry at the end of the fiscal year continued this year also. For example, the capital expenditure up to the eleven months was recorded at Rs.9.9 billion, whereas Rs.6.7 billion was spent in the last month of the fiscal year. Similarly, the recurrent expenditure amounting to Rs.10.0 billion was spent only in the last month.



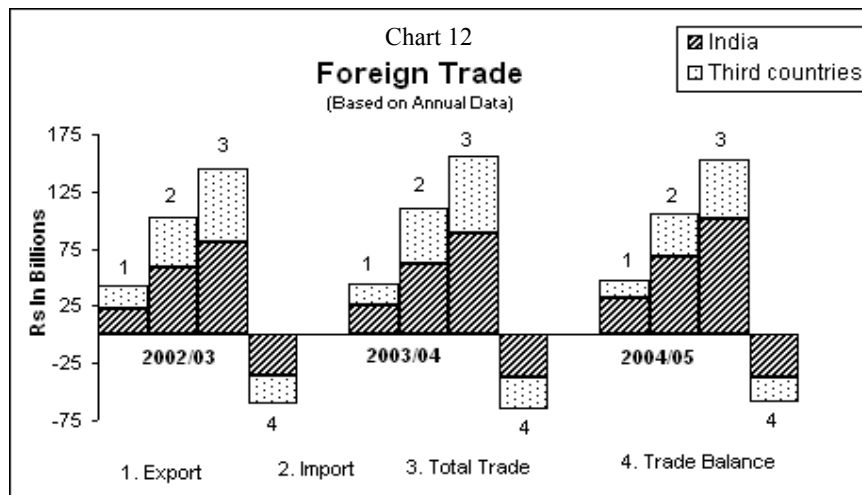
Thus, the budget deficit in the month of mid-July increased due to the sharp rise in expenditure. Since the domestic borrowings as well as external loans could not meet the budget deficit, the government resorted to overdraft borrowing amounting to Rs.2.5 billion from Nepal Rastra Bank. To fulfill the budget deficit, HMG mobilized Rs.8.9 billion through internal borrowings and Rs.2.2 billion from foreign cash loans. In the previous year, to finance the budget deficit, the government had mobilized Rs.5.6 billion through internal borrowing and Rs.7.7 billion through external loans. As the committed foreign loans amounting to Rs.7.0 billion under PRSC was not released, it led to the sharp increase in domestic borrowings in 2005/06.

33. In addition, government mobilized the gross internal loan of Rs.8.9 billion leading to an increase in the total internal debt to Rs.90.1 billion as at mid-July 2005 from Rs.85.4 billion as at mid-July 2004.

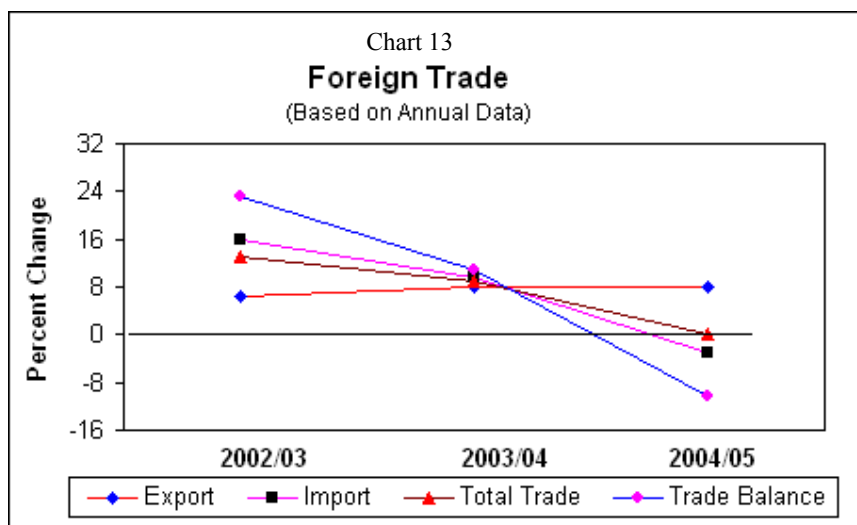
### Foreign Trade

34. The external sector of the economy exhibited a mixed performance during 2004/05. Although there was a decline in exports to overseas primarily due to the large decline in readymade garments emanating from the abolition of the multi-fibre arrangement (MFA) quota system on January 1, 2005, total exports increased owing to the remarkable growth in exports to India. The significant decline in overseas imports resulted in a decline in total imports. Consequently, trade deficit declined significantly. Likewise, despite the increase in total exports, total trade remained, more or less, at the previous year's level as a result of the decline in imports.
35. Based on customs data, total exports during the review year increased by 8.0 percent to Rs.58.2 billion in comparison to a similar export growth in the previous year. The ratio of total exports to GDP went up slightly to 11.0 percent from 10.9 percent in the previous year. Likewise, total imports, which had increased by 9.6 percent in the previous year fell by 3.0 percent

this year. Such a total import of goods amounted to Rs.132.2 billion in the review year. This stood at 25 percent of GDP. Due to the decline in imports, trade deficit fell by 10.2 percent to Rs.74.0 billion this year in comparison to an increase of 10.7 percent to Rs.82.4 billion in the previous year. Consequently, the ratio of trade deficit to GDP went down to 14.0 percent from 16.6 percent in the previous year. Total trade, which had expanded by 9.1 percent in the previous year rose just by 0.1 percent in the review year reaching Rs.190.4 billion.

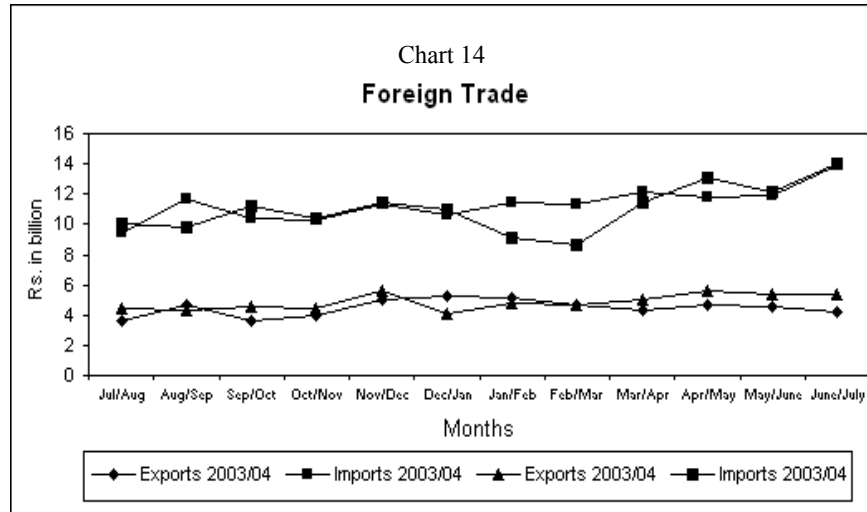


36. Exports to India increased significantly in 2004/05. It registered a growth of 28.2 percent to Rs.39.4 billion in the review year compared to a rise of 16.4 percent in the previous year. However, exports to other countries declined by 18.8 percent to Rs.18.8 billion compared to the decline of 1.6 percent a year earlier. Among the principal exportable commodities, the exports of cardamom, vegetable ghee, catechu, jute goods, bags, plastic utensils, juice, polyester yarn, copper wire and rod, G.I. sheet, chemicals and textiles to India have increased; however, there was a decline in the exports of toothpaste, ginger, soap, G.I. pipe, M.S. pipe, readymade garments and pashmina goods to India. Likewise, among the major commodities exported to other countries, there was an increase in the export of woollen carpets by 2.7 percent. Export of commodities such as readymade garments, pashmina, silverware and jewelry and tanned skin all declined. The decline in export of readymade garments, the major exportable to overseas countries (whose share in total third-country exports is still 32.4 percent) by 36.8 percent, can be ascribed to the cumulative impact of subsequent erosion in competitiveness in the international market, particularly following scrapping of quota regime in January 2005.



37. In terms of the composition of total exports to India, while primary goods formed 28.9 percent, manufactured goods constituted 71.1 percent. The respective shares of primary and manufactured goods in the previous year were 27.4 percent and 72.6 percent. Likewise, the shares of primary products and manufactured goods in total export to other countries were 9.0 percent and 91.0 percent in the review year compared to the respective shares of 8.7 percent and 91.3 percent a year earlier.
38. Growth rate of imports from India decelerated to 9.0 percent to Rs.85.8 billion compared to a rise of 11.0 percent in the previous year. However, as against a growth of 7.7 percent in the previous year, imports from other countries fell by 19.4 percent to Rs.46.4 billion in the review year. Among the major imports from India, the import of petroleum products that forms 31 percent of total imports went up by 32.1 percent. Likewise, imports of chemicals, petroleum products, medicine, cold-rolled sheet, plastic granules, polyester yarn and readymade garments from India rose while imports of wheat, rice, hot-rolled sheet, M.S. billet, textiles and cement declined. Likewise, the imports of sugar, transport vehicles and parts, MS billet, MS wire, copper wire, rod, scrapes and sheets, medicine, medical equipments and crude coconut oil from other countries climbed up while imports of thread, textiles, raw wool, crude soybean oil, crude palm oil, chemical fertilizer, plastic granules, telecommunication equipments and parts, aircraft equipment and electrical goods declined. Overall, the decline in imports from third countries could be ascribed to host of factors such as the significant drop in import of industrial raw materials and capital goods by 30.8 percent, lack of investment-friendly climate, the possible diversion of import of some commodities (such as thread and polythene granules) from other countries towards India and the inclusion of 25 additional items in the

list of items that can be imported on payment of convertible currency from India in the previous year.



39. With regard to the structure of imports from India, industrial raw materials & capital goods and petroleum products constituted 43.4 percent and 31.1 percent respectively, while the miscellaneous goods including consumer items comprised the rest, that is, 25.6 percent. In the previous year, their respective shares were 48.2 percent, 25.6 percent and 26.2 percent. Similarly, the share of industrial raw materials and capital goods in total imports from other countries went down to 53.4 percent from 62.2 percent in the previous year.
40. As a result of the increase of import from, and export to, India and their declines with regard to other countries, India's share in total trade went up to 65.8 percent from 57.6 percent in the previous year; the share of other countries went down correspondingly to 34.2 percent from 42.4 percent in the previous year.
41. The overall export/import ratio went up to 44.1 percent in the review year from 39.6 percent in the previous year. The export/import ratio for India rose to 46.0 percent from 39.1 percent in the previous year; likewise this ratio for other countries increased slightly to 40.5 percent from 40.2 percent in the previous year.

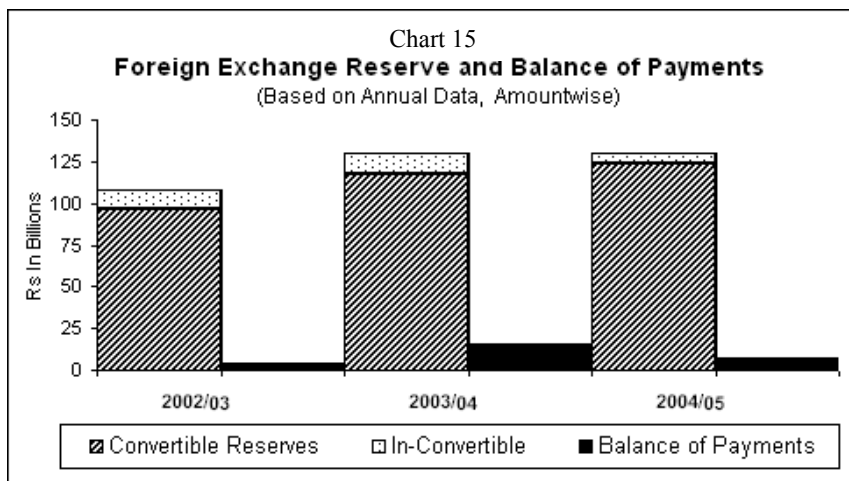
### Balance of Payments

42. As per the monetary statistics, the overall BOP posted a lower surplus of Rs.7.1 billion in the review year in comparison to a higher surplus of Rs.16.0 billion in the previous year. The lower inflow of net government loans is largely responsible for the lower surplus in the BOP in the review year.

43. On the basis of eleven month BOP statistics, current account posted a surplus of Rs.28.0 billion in the review year in comparison to a lower surplus of Rs.13.9 billion a year earlier. Despite substantial decline of 77.2 percent in net service, substantial decline in trade deficit along with a sharp increase (16.0 percent) in transfer net contributed to the surplus in the current account. Under the transfer receipts, the workers' remittances went up by 10.1 percent to Rs.59.1 billion compared to the rise of 6.8 percent in the previous year.
44. The rise in workers' remittances has assisted in meeting the high level of trade deficit further leading to a surplus in the current account. Without the remittances, the current account would have posted a deficit of Rs.31.1 billion.
45. Under the capital account front, capital transfer stood at Rs.1.1 billion in comparison to the level of Rs.1.3 billion last year. One of the factors responsible for the decline in the capital account is the slackness in the development activities.
46. Under the financial account, other investment assets increased by Rs.23.1 billion compared to Rs.33.3 billion in the previous year. Trade credits comprised Rs.2.2 billion of this amount. Compared to an increment of Rs.9.1 billion in the previous year, other investment liabilities declined by Rs.3.2 billion in the review year. Rs.5.3 billion stood at the account for trade credits. HMG obtained Rs.6.3 billion as foreign loan and repaid Rs.5.4 billion in amortization. Consequently, the net government borrowing stood at Rs.911.9 million. Foreign currency and deposit liabilities rose by Rs.1.7 billion. Overall, the financial account resulted into a negative sum of Rs.26.2 billion.

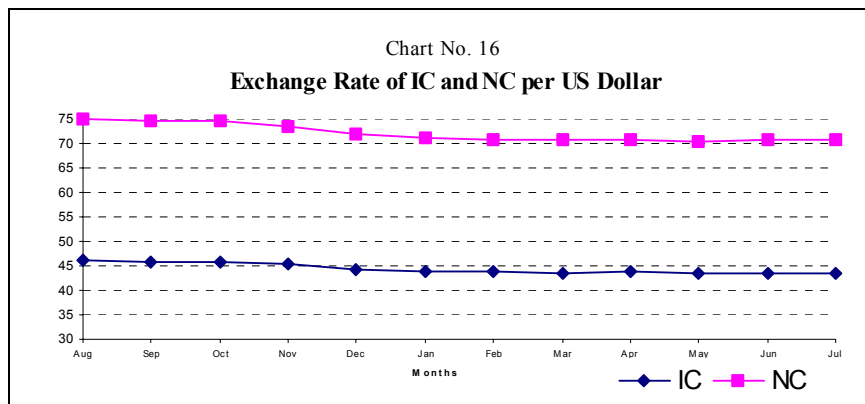
### **Foreign Exchange Reserves**

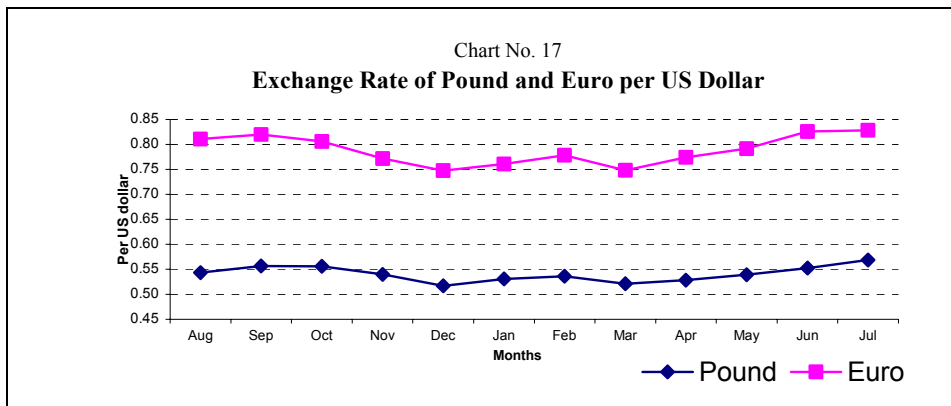
47. In mid-July 2005, the gross foreign exchange reserves fell by 0.2 percent to Rs.129.9 billion in contrast to an increase of 20.3 percent to Rs.130.2 billion in mid-July 2004. While the convertible currency reserve rose by 6.0 percent mainly due to the decline in imports from other countries and the upsurge in remittances through the banking channel, the inconvertible reserves plummeted by 55.3 percent this year. The share of convertible reserves in the total reserves went up to 95.4 percent as at mid-July 2005 from 89.8 percent in the same point of time in the previous year, resulting in the corresponding fall in the share of the non-convertible reserves to 4.6 percent from 10.2 percent. The current reserve, being in a comfortable position, is able to finance merchandise imports of 11.8 months and merchandise and service imports of 10.0 months.



### Exchange Rate Trends

48. The exchange rate of Nepalese rupee vis-à-vis the Indian rupee remained constant in 2004/05. In mid-July 2005, the US dollar depreciated vis-à-vis the Nepalese rupee and the India rupee by 5.4 percent and 5.7 percent respectively in comparison to the corresponding period of the previous year. The US Dollar has been depreciating vis-à-vis the Nepalese rupee and the Indian rupee from the beginning of 2004/05. Likewise, the US dollar appreciated vis-à-vis the Euro and British Pound (shown in the graph) by 2.5 percent and 5.3 percent respectively.





### Price of Oil and Gold in the International Market

49. The price of oil (Crude Oil Brent) in the international market soared by 51.1 percent to US\$ 57.4 per barrel on July 15, 2005 from US\$ 38.0 per barrel during the same period last year. Similarly, there was an increase in the price of gold by 3.8 percent to US\$ 418.35 per ounce on July 15, 2005 from US\$ 403.15 in the corresponding period of the previous year.



## **Current Macroeconomic Situation**

*(Based on Annual Data of the FY 2004/05)*

### **STATISTICAL TABLES**

- 1 Monetary Survey
- 2 Summary Share Market Transactions
- 3 National Urban Consumer Price Index (Yearly Series)
- 4 National Urban Consumer Price Index (Monthly Series)
- 5 National Urban Consumer Price Index (Point-to-point)
- 6 National Wholesale Price Index (Yearly Series)
- 7 National Wholesale Price Index (Monthly Series)
- 8 National Wholesale Price Index (Point-to-point)
- 9 Government Budgetary Operation
- 10 Outstanding Domestic Debt of HMG
- 11 Direction of Foreign Trade
- 12 Import of Selected Commodities from India
- 13 Import of Selected Commodities from Other Countries
- 14 Export of Selected Commodities to India
- 15 Export of Selected Commodities to Other Countries
- 16 Structure of Exports and Imports
- 17 Summary Balance of Payments
- 18 Gross Foreign Exchange Reserve

**Table 1**  
**Monetary Survey**

(Rs. in million)

Monetary aggregates	2003 Jul	2004 Jul	2005 July (e)	Changes during FY			
				2003/04		2004/05	
				Amount	Percent	Amount	Percent
<b>1. Foreign Assets, Net</b>	<b>91407.0</b>	<b>108804.6</b>	<b>109144.0</b>	<b>16005.1</b> <sup>1/</sup>	<b>17.5</b>	<b>7144.2</b> <sup>2/</sup>	<b>6.6</b>
1.1. Foreign Assets	109306.3	131366.0	130919.1	22059.7	20.2	-446.9	-0.3
1.2 Foreign Currency Deposits	17388.4	21174.6	20157.6	3786.2	21.8	-1017.0	-4.8
1.3 Other Foreign Liabilities	510.9	1386.7	1617.6	875.9	171.4	230.8	16.6
<b>2. Net Domestic Assets</b>	<b>154504.1</b>	<b>168501.2</b>	<b>192618.7</b>	<b>15389.7</b> <sup>1/</sup>	<b>10.0</b>	<b>17312.6</b> <sup>2/</sup>	<b>10.3</b>
2.1. Domestic Credit	228443.8	251088.9	285032.1	22645.1	9.9	33943.2	13.5
a. Net Claims on Govt.	62825.0	62313.7	67933.1	-511.4	-0.8	6372.4	10.2
i. Claims on Govt.	63286.7	63066.7	67933.1	-220.0	-0.3	5619.4	8.9
ii. Govt. Deposits	461.7	753.0	0.0	291.3	63.1	-753.0	-100.0
b. Claims on Non-Financial Govt. Ent.	2833.2	2914.9	6506.9	81.7	2.9	3592.0	123.2
c. Claims on Financial Institutions	11828.7	13343.9	12652.3	1515.2	12.8	-691.6	-5.2
i. Government	11739.0	13203.3	12620.3	1464.3	12.5	-583.0	-4.4
ii. Non-government	89.7	140.6	32.0	50.9	56.7	-108.6	-77.2
d. Claims on Private Sector	150956.9	172516.5	197186.8	21559.6	14.3	24670.3	14.3
2.2. Net Non-monetary Liabilities	73939.8	82587.7	92413.4	7255.41/	9.8	16630.62/	20.1
<b>3. Broad Money (M<sub>2</sub>)</b>	<b>245911.1</b>	<b>277305.9</b>	<b>301762.7</b>	<b>31394.8</b>	<b>12.8</b>	<b>24456.8</b>	<b>8.8</b>
3.1. Money Supply (M <sub>1</sub> )	83753.9	93969.5	100290.0	10215.6	12.2	6320.5	6.7
a. Currency	56885.7	63218.9	68784.1	6333.1	11.1	5565.3	8.8
b. Demand Deposits	26868.2	30750.7	31505.8	3882.5	14.5	755.1	2.5
3.2. Time Deposits	162157.2	183336.4	201472.7	21179.2	13.1	18136.2	9.9
<b>4. Broad Money Liquidity (M<sub>3</sub>)</b>	<b>263299.5</b>	<b>298480.5</b>	<b>321920.2</b>	<b>35181.0</b>	<b>13.4</b>	<b>23439.7</b>	<b>7.9</b>
<b>Reserve Money</b>	<b>80979.3</b>	<b>94415.2</b>	<b>96411.1</b>	<b>13435.9</b>	<b>16.6</b>	<b>1995.9</b>	<b>2.1</b>
Money multiplier (M <sub>1</sub> )	1.034	0.995	1.040		-3.8		4.5
Money multiplier (M <sub>2</sub> )	3.037	2.937	3.130		-3.3		6.6

1/ Adjusting the exchange valuation gain of Rs. 1392.5 million.

2/ Adjusting the exchange valuation loss of Rs 6804.9 million.

e = estimates.

**Table 2**  
**Summary of Share Market Transactions**

S.No.	Particulars	Mid - June 2004 - Mid - July 2004				Mid - June 2005 - Mid - July 2005				% Change	
		1				2				2 Over 1	
1	Number of Companies Listed (Mid - July)	114				125				9.6	
2	Total Amount of Listed Shares (Rs. Million) (Mid - July)	12016				16776				39.6	
3	Market Days	20				20				-	
4	Number of Companies Traded	72				91				26.4	
5	Number of Transactions	9951				6976				-29.9	
6	Average Daily Turnover : Number ( '000 ) : Amount (Rs.Million)	39.51				136.70				246.0	
		12.77				9.90				-22.5	
7	Market Capitalization of Listed Companies (Rs. Million)	41425.00				61365.89				48.1	
8	Ratio of Turnover to Market Capitalization (%)	0.62				0.32				-	
		Share Units ('000)	% Share of unit	Rs In Million	% Share of Value	Share Units ('000)	% Share of unit	Rs In Million	% Share of Value	Change in Share Unit (%)	Change in Share Amount (%)
		1	2	3	4	5	6	7	8	5 Over 1	7 Over 3
9	<b>Turnover Details</b>	790.27	100.00	255.45	100.00	2733.99	100.00	198.02	100.00	246.0	-22.5
	Commercial Banks	634.69	80.31	233.68	91.48	310.17	11.34	128.42	64.85	-51.1	-45.0
	Development Banks	3.42	0.43	0.41	0.16	29.51	1.08	4.16	2.10	762.9	914.6
	Insurance	22.97	2.91	3.20	1.25	47.15	1.72	7.56	3.82	105.3	136.3
	Finance	121.64	15.39	16.20	6.34	123.44	4.52	17.93	9.05	1.5	10.7
	Manufacturing & Processing	1.03	0.13	1.24	0.49	10.82	0.40	0.86	0.43	950.5	-30.6
	Hotel	3.87	0.49	0.16	0.06	3.81	0.14	0.19	0.10	-1.6	18.8
	Trading	0.44	0.06	0.54	0.21	0.80	0.03	1.24	0.63	81.8	129.6
	Others	2.21	0.28	0.02	0.01	2208.29	80.77	37.66	19.02	99822.6	188200.0

Share Price	NEPSE INDEX*				
	Mid - July			% Change	
	2003	2004	2005	2004 over 2003	2005 over 2004
High	207.43	227.83	285.52	9.8	25.3
Low	203.78	211.31	286.67	3.7	35.7
Closing	204.86	222.04	286.67	8.4	29.1

\* Base Year: February 12, 1994  
Source: Nepal Stock Exchange Ltd.

**Table 3**  
**National Urban Consumer Price Index**  
**(1995/96 = 100)**

Groups & sub-groups 1	Weight %	2056/57	2057/58	2058/59	2059/60	2060/61	2061/62	Percentage Change				
		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	Column 4 Over 3	Column 5 Over 4	Column 6 Over 5	Column 7 Over 6	Column 8 Over 7
2	3	4	5	6	7	8	2.4	2.9	4.8	4.0	4.5	
<b>1. OVERALL INDEX</b>	<b>100.00</b>	<b>134.9</b>	<b>138.1</b>	<b>142.1</b>	<b>148.9</b>	<b>154.8</b>	<b>161.8</b>	<b>2.4</b>	<b>2.9</b>	<b>4.8</b>	<b>4.0</b>	<b>4.5</b>
<b>1.1. FOOD &amp; BEVERAGES</b>	<b>53.20</b>	<b>136.1</b>	<b>133.0</b>	<b>137.9</b>	<b>144.0</b>	<b>148.8</b>	<b>154.7</b>	<b>-2.3</b>	<b>3.7</b>	<b>4.4</b>	<b>3.3</b>	<b>4.0</b>
Grains and Cereals Products	18.00	145.0	125.1	127.7	138.2	139.8	145.1	-13.7	2.1	8.2	1.2	3.8
Rice and Rice Products	(14.16)	145.8	124.4	125.8	136.6	138.0	142.4	-14.7	1.1	8.6	1.0	3.2
Pulses	2.73	118.7	121.6	123.9	125.3	126.1	131.6	2.4	1.9	1.1	0.6	4.4
Vegetables and Fruits	7.89	120.6	125.6	135.0	135.7	140.3	146.9	4.1	7.5	0.5	3.4	4.7
Spices	1.85	141.2	153.0	156.1	142.3	148.0	146.5	8.4	2.0	-8.8	4.0	-1.0
Meat, Fish and Eggs	5.21	134.0	137.8	143.5	148.2	158.3	168.5	2.8	4.1	3.3	6.8	6.4
Milk and Milk Products	4.05	136.9	144.7	146.4	147.8	150.4	151.1	5.7	1.2	1.0	1.8	0.5
Oil and Ghee	3.07	110.9	105.7	114.5	136.9	153.7	150.8	-4.7	8.3	19.6	12.3	-1.9
Sugar and Related Products	1.21	113.4	126.4	133.8	124.4	123.9	154.6	11.5	5.9	-7.0	-0.4	24.8
Beverages	2.28	141.2	144.0	151.2	161.6	162.1	165.0	2.0	5.0	6.9	0.3	1.8
Restaurant Meals	6.91	150.8	162.9	168.2	174.1	183.2	192.6	8.0	3.3	3.5	5.2	5.1
<b>1.2. NON-FOOD &amp; SERVICES</b>	<b>46.80</b>	<b>133.4</b>	<b>144.2</b>	<b>147.2</b>	<b>154.6</b>	<b>161.8</b>	<b>170.1</b>	<b>8.1</b>	<b>2.1</b>	<b>5.0</b>	<b>4.7</b>	<b>5.1</b>
Cloth, Clothing & Sewing Services	8.92	127.8	130.6	133.8	135.7	138.1	141.5	2.2	2.5	1.4	1.8	2.5
Cloths	(2.28)	120.2	123.4	125.5	124.6	126.3	130.7	2.7	1.7	-0.7	1.4	3.5
Clothings	(5.75)	127.7	130.3	133.5	136.6	138.1	140.5	2.0	2.5	2.3	1.1	1.7
Footwear	2.20	127.1	129.1	131.2	132.7	133.3	133.9	1.6	1.6	1.1	0.5	0.5
Housing	14.87	127.5	142.5	144.5	153.0	163.1	178.1	11.8	1.4	5.9	6.6	9.2
Fuel, Light and Water	(5.92)	139.2	170.2	168.6	182.6	200.8	230.3	22.3	-0.9	8.3	10.0	14.7
Transport and Communication	4.03	146.5	158.4	162.4	172.2	185.2	198.2	8.1	2.5	6.0	7.5	7.0
Medical and Personal Care	8.03	139.4	147.4	156.5	163.2	169.3	172.1	5.7	6.2	4.3	3.7	1.7
Education, Reading and Recreation	7.09	141.6	161.4	159.3	174.1	182.1	190.1	14.0	-1.3	9.3	4.6	4.4
Tobacco and Related Products	1.66	137.4	139.9	146.3	150.5	153.2	156.2	1.8	4.6	2.9	1.8	2.0
<b>Urban Consumer Price Index : Kathmandu Valley</b>												
OVERALL INDEX	100.00	129.7	133.8	136.5	141.7	150.1	157.6	3.2	2.0	3.8	5.9	5.0
FOOD & BEVERAGES	51.53	130.9	130.5	133.8	137.5	145.6	151.8	-0.3	2.5	2.7	5.9	4.3
NON-FOOD & SERVICES	48.47	128.4	137.2	139.4	146.3	155.0	163.8	6.9	1.6	4.9	6.0	5.7
DOMESTIC GOODS	81.26	130.3	132.5	134.8	139.5	148.1	154.4	1.7	1.7	3.5	6.1	4.3
IMPORTED GOODS	18.74	127.1	139.3	143.9	151.2	158.9	171.3	9.6	3.3	5.1	5.1	7.8
TRADABLE GOODS	68.86	128.7	130.9	134.5	139.1	146.5	154.1	1.7	2.8	3.4	5.3	5.2
NON-TRADABLE GOODS	31.14	132.0	140.2	141	147.4	158.1	165.4	6.2	0.6	4.6	7.2	4.6
GOVT.CONTROLLED GOODS	17.03	130.1	147.4	140.3	149.9	160.5	177.6	13.3	-4.8	6.8	7.1	10.7
NON-CONTROLLED GOODS	82.97	129.6	131.0	135.8	140.0	148.0	153.5	1.1	3.7	3.1	5.7	3.7
<b>Urban Consumer Price Index : Terai</b>												
OVERALL INDEX	100.00	137.7	139.2	144.0	152.2	156.9	163.8	1.1	3.4	5.7	3.1	4.4
FOOD & BEVERAGES	54.98	138.1	132.0	138.0	146.3	149.2	155.0	-4.4	4.5	6.0	2.0	3.9
NON-FOOD & SERVICES	45.02	137.1	147.9	151.5	159.3	166.4	174.5	7.9	2.4	5.1	4.5	4.9
<b>Urban Consumer Price Index : Hills</b>												
OVERALL INDEX	100.00	135.6	142.6	146.2	151.8	156.6	163.5	5.2	2.5	3.8	3.2	4.4
FOOD & BEVERAGES	53.04	139.0	139.8	144.1	148.5	153.0	158.8	0.6	3.1	3.1	3.0	3.8
NON-FOOD & SERVICES	46.96	131.8	145.7	148.6	155.5	160.8	168.8	10.5	5.9	7.2	3.4	5.0

P = Provisional.

**Table 4**  
**National Urban Consumer Price Index**  
**(1995/96 = 100)**

Mid-July, 2005 (ASADH 2062)

Groups & sub-groups 1	Weight %	2002/03		2003/04		2004/05P		Percentage Change			
		Jun/Jul 3	May/Jul 4	Jun/Jul 5	Apr/May 6	May/Jul 7	Jun/Jul 8	Column 5 Over 3	Column 5 Over 4	Column 8 Over 5	Column 8 Over 7
<b>1. OVERALL INDEX</b>	<b>100.00</b>	<b>153.3</b>	<b>155.0</b>	<b>156.4</b>	<b>164.0</b>	<b>164.6</b>	<b>166.8</b>	<b>2.0</b>	<b>0.9</b>	<b>6.6</b>	<b>1.3</b>
<b>1.1. FOOD &amp; BEVERAGES</b>	<b>53.20</b>	<b>148.4</b>	<b>148.7</b>	<b>151.2</b>	<b>155.7</b>	<b>156.6</b>	<b>160.3</b>	<b>1.9</b>	<b>1.7</b>	<b>6.0</b>	<b>2.4</b>
Grains and Cereal Products	18.00	144.0	136.8	139.2	146.5	148.7	151.8	-3.3	1.8	9.1	2.1
Rice and Rice Products	(14.16)	144.0	134.3	137.4	143.8	146.5	150.2	-4.6	2.3	9.3	2.5
Pulses	2.73	125.6	128.9	128.5	129.0	130.5	134.0	2.3	-0.3	4.3	2.7
Vegetables and Fruits	7.89	138.0	136.4	148.0	139.8	139.8	158.0	7.2	8.5	6.8	13.0
Spices	1.85	147.7	157.0	153.8	148.2	149.2	147.4	4.1	-2.0	-4.2	-1.2
Meat, Fish and Eggs	5.21	152.7	164.9	167.0	173.2	172.5	172.0	9.4	1.3	3.0	-0.3
Milk and Milk Products	4.05	149.4	150.5	150.7	151.6	154.5	154.5	0.9	0.1	2.5	0.0
Oil and Ghee	3.07	148.3	154.6	152.2	150.1	149.8	148.2	2.6	-1.6	-2.6	-1.1
Sugar and Related Products	1.21	116.7	137.6	140.4	161.6	158.9	158.4	20.3	2.0	12.8	-0.3
Beverages	2.28	162.0	160.3	160.3	167.4	167.4	167.4	-1.0	0.0	4.4	0.0
Restaurant Meals	6.91	181.2	184.5	184.5	199.7	200.1	199.9	1.8	0.0	8.3	-0.1
<b>1.2. NON-FOOD &amp; SERVICES</b>	<b>46.80</b>	<b>158.9</b>	<b>162.5</b>	<b>162.5</b>	<b>173.8</b>	<b>173.9</b>	<b>174.4</b>	<b>2.3</b>	<b>0.0</b>	<b>7.3</b>	<b>0.3</b>
Cloth, Clothing & Sewing Services	8.92	135.8	138.9	139.0	142.4	142.5	143.1	2.4	0.1	2.9	0.4
Cloths	(2.28)	124.5	128.2	128.4	131.2	131.2	131.6	3.1	0.2	2.5	0.3
Clothings	(5.75)	136.8	138.6	138.6	141.6	141.8	142.6	1.3	0.0	2.9	0.6
Footwear	2.20	133.1	132.7	132.7	134.9	134.9	134.9	-0.3	0.0	1.7	0.0
Housing goods and Services	14.87	161.6	164.5	164.4	184.7	184.8	186.2	1.7	-0.1	13.3	0.8
Fuel, Light and Water	(5.92)	200.5	201.2	201.1	242.5	242.7	246.0	0.3	0.0	22.3	1.4
Transport and Communication	4.03	186.7	183.7	183.7	209.9	209.9	209.9	-1.6	0.0	14.3	0.0
Medical and Personal Care	8.03	164.5	170.2	170.2	172.7	172.7	172.7	3.5	0.0	1.5	0.0
Education, Reading and Recreation	7.09	174.1	182.6	182.5	191.2	191.2	191.2	4.8	-0.1	4.8	0.0
Tobacco and Related Products	1.66	151.1	153.1	153.1	159.7	159.7	159.7	1.3	0.0	4.3	0.0
<b>Urban Consumer Price Index : Kathmandu Valley</b>											
OVERALL INDEX	100.00	145.5	151.9	152.2	159.2	158.7	160.5	4.6	0.2	5.5	1.1
FOOD & BEVERAGES	51.53	141.2	148.0	148.5	152.1	151.3	154.2	5.2	0.3	3.8	1.9
NON-FOOD & SERVICES	48.47	150.2	156.1	156.1	166.6	166.6	167.2	3.9	0.0	7.1	0.4
DOMESTIC GOODS	81.26	143.0	149.9	150.3	155.2	154.8	156.7	5.1	0.3	4.3	1.2
IMPORTED GOODS	18.74	156.4	160.7	160.3	176.2	175.7	176.8	2.5	-0.2	10.3	0.6
TRADABLE GOODS	68.86	143.0	148.5	149.0	155.2	154.6	157.0	4.2	0.3	5.4	1.6
NON-TRADABLE GOODS	31.14	151.2	159.4	159.1	167.9	167.8	168.2	5.2	-0.2	5.7	0.2
GOVT. CONTROLLED GOODS	17.03	157.2	161.9	162.2	183.5	184.7	186.0	3.2	0.2	14.7	0.7
NON-CONTROLLED GOODS	82.97	143.1	149.9	150.1	154.2	153.4	155.2	4.9	0.1	3.4	1.2
<b>Urban Consumer Price Index : Terai</b>											
OVERALL INDEX	100.00	156.9	156.2	158.4	165.9	167.1	169.7	1.0	1.4	7.1	1.6
FOOD & BEVERAGES	54.98	151.3	147.4	151.4	155.5	157.7	162.1	0.1	2.7	7.1	2.8
NON-FOOD & SERVICES	45.02	163.7	167.0	167.0	178.5	178.5	179.0	2.0	0.0	7.2	0.3
<b>Urban Consumer Price Index : Hills</b>											
OVERALL INDEX	100.00	156.3	157.0	157.9	167.1	167.6	169.7	1.0	0.6	7.5	1.3
FOOD & BEVERAGES	53.04	152.7	153.7	155.4	161.8	162.6	165.9	1.8	1.1	6.8	2.0
NON-FOOD & SERVICES	46.96	160.3	160.8	160.8	173.1	173.3	174.1	0.3	0.0	8.3	0.5

P = Provisional.

\* = Revised

**Table 5**  
**National Urban Consumer Price Index**  
**(Base Year: 1995/96 = 100)**

**( Point to Point Annual Changes)**

Months	2002/03		2003/04		2004/05P	
	INDEX	%CHANGES	INDEX	%CHANGES	INDEX	%CHANGES
mid -Aug	147.5	4.2	155.4	5.4	159.1	2.4
mid-Sep	148.4	3.3	156.1	5.2	160.2	2.6
mid -Oct	148.7	3.0	157.1	5.6	161.2	2.6
mid-Nov	148.0	2.2	156.6	5.8	160.8	2.7
mid -Dec	147.0	2.7	154.2	4.9	159.0	3.1
mid-Jan	145.3	3.3	152.5	5.0	159.5	4.6
mid -Feb	145.8	4.6	152.7	4.7	161.4	5.7
mid-Mar	146.7	5.2	153.1	4.4	161.9	5.7
mid-Apr	151.5	8.1	154.1	1.7	163.1	5.8
mid-May	152.1	7.7	154.1	1.3	164.0	6.4
mid-June	152.2	6.6	155.0	1.8	164.6	6.2
mid-July	153.3	6.1	156.4	2.0	166.8	6.6
<b>Average</b>	<b>148.9</b>	<b>4.8</b>	<b>154.8</b>	<b>4.0</b>	<b>161.8</b>	<b>4.5</b>

P: Provisional.

**Table 6**  
**National Wholesale Price Index**  
**(By Groups and Sub-groups of Commodities)**  
**(Base Year 1999/2000 = 100)**

Groups and Sub-groups	Weight %	2000/01	2001/02	2002/03	2003/04	2004/05P	Percentage Change			
		1	2	3	4	5	2/1	3/2	4/3	5/4
<b>Overall Index</b>	<b>100.0</b>	<b>101.4</b>	<b>106.4</b>	<b>110.4</b>	<b>114.9</b>	<b>123.3</b>	<b>4.9</b>	<b>3.8</b>	<b>4.1</b>	<b>7.3</b>
<b>Agricultural Commodities</b>	<b>49.6</b>	<b>98.2</b>	<b>105.6</b>	<b>109.6</b>	<b>111.9</b>	<b>118.5</b>	<b>7.6</b>	<b>3.8</b>	<b>2.1</b>	<b>5.9</b>
Foodgrains	16.6	82.4	87.5	95.3	93.7	102.4	6.2	8.9	-1.7	9.3
Cash Crops	6.1	109.4	139.6	131.7	120.5	147.3	27.5	-5.6	-8.5	22.2
Pulses	3.8	105.0	111.4	114.5	115.3	118.7	6.1	2.8	0.7	2.9
Fruits and Vegetables	11.2	105.4	107.0	112.3	121.3	114.7	1.6	4.9	8.0	-5.4
Spices	1.9	98.3	103.3	97.8	106.1	102.0	5.0	-5.3	8.4	-3.9
Livestock Production	10.0	106.7	111.4	117.2	126.2	134.8	4.4	5.2	7.7	6.8
<b>Domestic Manufactured Commodities</b>	<b>20.4</b>	<b>100.0</b>	<b>105.5</b>	<b>108.4</b>	<b>114.5</b>	<b>121.6</b>	<b>5.5</b>	<b>2.8</b>	<b>5.6</b>	<b>6.2</b>
Food Related Products	6.1	95.9	103.2	107.2	109.0	112.0	7.7	3.8	1.7	2.8
Beverages and Tobacco	5.7	101.6	108.2	112.1	116.3	122.2	6.5	3.6	3.7	5.0
Construction Materials	4.5	103.8	109.0	109.5	126.4	145.9	5.0	0.5	15.5	15.4
Others	4.1	100.0	101.4	104.0	107.3	108.5	1.4	2.5	3.2	1.1
<b>Imported Commodities</b>	<b>30.0</b>	<b>107.8</b>	<b>108.4</b>	<b>113.1</b>	<b>120.1</b>	<b>132.3</b>	<b>0.6</b>	<b>4.3</b>	<b>6.2</b>	<b>10.1</b>
Petroleum Products and Coal	5.4	128.7	125.8	141.0	158.3	196.2	-2.3	12.1	12.3	23.9
Chemical Fertilizers and Chemical Goods	2.5	108.6	120.8	122.9	127.6	143.1	11.3	1.7	3.8	12.1
Transport Vehicles and Machinery Goods	7.0	101.9	101.4	102.9	108.3	117.3	-0.5	1.4	5.3	8.4
Electric and electronic Goods	1.9	99.4	99.3	97.6	96.1	96.7	-0.1	-1.6	-1.6	0.7
Drugs and Medicine	2.7	102.2	102.0	103.2	107.0	108.3	-0.2	1.2	3.6	1.2
Textile related Products	3.1	100.7	101.9	105.8	110.8	113.2	1.2	3.8	4.8	2.1
Others	7.4	105.1	105.8	109.9	115.9	122.2	0.7	3.9	5.5	5.5

P = Provisional

**Table 7**  
**National Wholesale Price Index**  
*(1999/00 = 100)*  
**Mid-July, 2005 (Ashadh, 2062)**

Groups and Sub-groups 1	Weight % 2	2002/03	2003/04		2004/05P			Percentage Change			
		Jun/Jul 3	May/Jul 4	Jun/Jul 5	Apr/May 6	May/Jul 7	Jun/Jul 8	Column 5 Over 3	Column 5 Over 4	Column 8 Over 5	Column 8 Over 7
<b>I. Overall Index</b>	<b>100.0</b>	<b>112.7</b>	<b>116.2</b>	<b>118.1</b>	<b>125.2</b>	<b>126.5</b>	<b>129.9</b>	<b>4.8</b>	<b>1.6</b>	<b>9.9</b>	<b>2.7</b>
<b>1.1 Agricultural Commodities</b>	<b>49.59</b>	<b>110.7</b>	<b>111.1</b>	<b>115.3</b>	<b>118.1</b>	<b>120.7</b>	<b>127.7</b>	<b>4.1</b>	<b>3.8</b>	<b>10.8</b>	<b>5.8</b>
Foodgrains	16.58	97.8	89.1	92.0	102.3	108.5	112.0	-6.0	3.2	21.8	3.3
Cash Crops	6.09	117.8	132.6	150.4	134.7	150.4	163.2	27.7	13.4	8.5	8.5
Pulses	3.77	111.8	118.2	117.3	114.8	117.0	123.5	4.9	-0.8	5.3	5.5
Fruits and Vegetables	11.18	116.9	113.8	118.5	114.5	108.0	125.4	1.4	4.2	5.7	16.1
Spices	1.95	103.8	113.8	111.4	110.9	104.9	101.6	7.3	-2.1	-8.9	-3.2
Livestock Production	10.02	121.8	128.1	129.0	141.0	141.4	141.6	5.9	0.7	9.8	0.1
<b>1.2 Domestic Manufactured Commodities</b>	<b>20.37</b>	<b>110.1</b>	<b>119.3</b>	<b>118.7</b>	<b>125.4</b>	<b>126.0</b>	<b>124.9</b>	<b>7.9</b>	<b>-0.5</b>	<b>5.2</b>	<b>-0.9</b>
Food-Related Products	6.12	107.6	113.9	113.4	115.1	116.4	115.3	5.4	-0.5	1.7	-1.0
Beverages and Tobacco	5.68	112.0	117.0	117.0	124.6	124.6	124.7	4.4	0.0	6.6	0.0
Construction Materials	4.50	116.0	140.3	138.7	154.5	155.7	152.4	19.5	-1.2	9.9	-2.1
Others	4.07	104.5	107.6	107.2	110.0	109.4	109.4	2.7	-0.3	2.0	0.0
<b>1.3 Imported Commodities</b>	<b>30.04</b>	<b>117.9</b>	<b>122.6</b>	<b>122.4</b>	<b>136.6</b>	<b>136.6</b>	<b>136.7</b>	<b>3.8</b>	<b>-0.2</b>	<b>11.7</b>	<b>0.1</b>
Petroleum Products and Coal	5.40	158.1	158.5	158.5	212.0	212.0	211.9	0.3	0.0	33.7	0.0
Chemical Fertilizers and Chemical Goods	2.46	125.8	130.2	131.0	154.8	154.8	153.1	4.1	0.6	16.9	-1.1
Transport Vehicles and Machinery Goods	6.97	103.6	113.3	113.4	118.1	118.1	119.5	9.5	0.1	5.4	1.2
Electric and Electronic Goods	1.87	97.6	97.2	97.2	96.7	96.7	96.6	-0.4	0.0	-0.6	-0.1
Drugs and Medicine	2.73	104.1	107.3	107.3	109.8	109.8	108.0	3.1	0.0	0.6	-1.7
Textile-Related Products	3.10	107.0	114.2	114.2	112.0	112.4	112.1	6.7	0.0	-1.8	-0.3
Others	7.51	114.2	118.4	117.2	123.6	123.3	123.8	2.6	-1.0	5.6	0.4

P = Provisional



**Table 8**  
**National Wholesale Price Index**  
**(Base Year 1999/00=100)**

**(Point to Point Annual Changes)**

Months	2002/03		2003/04		2004/05P	
	Index	% Change	Index	% Change	Index	% Change
<b>04 mid-Aug</b>	110.9	2.7	114.4	3.1	122.1	6.8
<b>mid-Sep</b>	112.4	3.1	116.0	3.2	123.1	6.1
<b>mid-Oct</b>	112.5	1.7	116.4	3.5	123.4	6.0
<b>mid-Nov</b>	112.6	0.3	117.2	4.1	122.6	4.6
<b>mid-Dec</b>	107.5	0.7	113.9	5.9	119.0	4.4
<b>05 mid-Jan</b>	104.6	-0.9	112.0	7.0	119.7	6.9
<b>mid-Feb</b>	107.3	3.5	112.9	5.2	121.0	7.2
<b>mid-Mar</b>	109.6	5.9	113.5	3.6	123.2	8.5
<b>mid-Apr</b>	111.3	8.9	114.2	2.6	123.7	8.4
<b>mid-May</b>	112.3	8.0	114.3	1.7	125.2	9.5
<b>mid-June</b>	111.2	5.6	116.2	4.5	126.5	8.9
<b>mid-July</b>	112.7	6.1	118.1	4.8	129.9	9.9
<b>ANNUAL</b>	<b>110.4</b>	<b>3.8</b>	<b>114.9</b>	<b>4.1</b>	<b>123.3</b>	<b>7.3</b>

P: Provisional

**Table 9**  
**Government Budgetary Operation+**  
**(On Cash Basis)**  
**During the Fiscal Year**

Rs. in Million

Heads	Amount			Change %		
	2002/03	2003/04	2004/05P	2002/03	2003/04	2004/05
<b>Sanctioned Expenditure</b>	<b>74716</b>	<b>82604.3</b>	<b>92670.2</b>	<b>2.3</b>	<b>10.6</b>	<b>12.2</b>
Recurrent	*	*	59866.4	-	-	-
Capital	*	*	17877.2	-	-	-
<i>a.Domestic Resources &amp; Loans</i>	*	*	16083.4	-	-	-
<i>b.Foreign Grants</i>	*	*	1793.8	-	-	-
Principal Repayment	*	*	13536.3	-	-	-
Others (Freeze Account)	1370.9	1621.3	1390.3	-12.5	18.3	-14.2
<b>Unspent Government Balance</b>	<b>1663.6</b>	<b>1441.8</b>	<b>2470.4</b>	<b>15.4</b>	<b>-13.3</b>	<b>71.3</b>
Recurrent	*	*	1007.5	-	-	-
Capital	*	*	1459.9	-	-	-
Principal Repayment	*	*	3	-	-	-
<b>Actual Expenditure</b>	<b>73052.4</b>	<b>81162.5</b>	<b>90199.8</b>	<b>2.0</b>	<b>11.1</b>	<b>11.1</b>
Recurrent	*	*	58858.9	-	-	-
Capital	*	*	16417.3	-	-	-
Principal Repayment	*	*	13533.3	-	-	-
Others (Freeze Account)	1370.9	1621.3	1390.3	-12.5	18.3	-14.2
<b>Resources</b>	<b>60475.4</b>	<b>68499.7</b>	<b>76032.5</b>	<b>13.6</b>	<b>13.3</b>	<b>11.0</b>
Revenue	56229.8	62331	70121.3	11.5	10.9	12.5
Foreign Grants	2499.7	5153.6	5245.7	20.7	106.2	1.8
Non-Budgetary Receipts,net	1605.9	855.9	702.6	-1.1	-46.7	-17.9
Others #	135.9	164.5	9.7	-116.2	21.0	-94.1
V. A. T.	4.1	-5.3	-46.8	-109.2	-229.3	783.0
<b>Deficits(-) Surplus(+)</b>	<b>-12577</b>	<b>-12662.8</b>	<b>-14167.3</b>	<b>-31.4</b>	<b>0.7</b>	<b>11.9</b>
<b>Sources of Financing</b>	<b>12577.038</b>	<b>12662.8</b>	<b>14167.3</b>	<b>-31.4</b>	<b>0.7</b>	<b>11.9</b>
Internal Loans	8274.6	4971	11957.6	-40.3	-39.9	140.5
<i>a.Treasury Bills</i>	1768.5	2460	5471.2	17.9	39.1	122.4
<i>b.Development Bonds</i>	6408.5	2000	3000	19.3	-68.8	50.0
<i>c.National Savings Certificates</i>	400	900	216.9	-20.0	125.0	-75.9
<i>d. Citizen Saving Certificates</i>	303.038	247.8	250	-51.8	-18.2	0.9
<i>e.Overdrafts</i> ++	-461.7	-753	2494.9	-107.8	63.1	-431.3
<i>f. Others@</i>	-143.7	116.2	524.6	392.1	-180.9	351.5
Foreign Loans	4302.4	7691.8	2209.7	-3.8	78.8	-71.3

+ As per NRB records.

# Change in outstanding amount disbursed to VDC/DDC remaining unspent.

++ Minus (-) indicates surplus.

@ Interest from government treasury transactions and others.

\* Data of this period is not available because of reclassification of the government account from the current fiscal year.

P : Provisional.

**Table 10**  
**Outstanding Domestic Debt of HMG**  
**( Duing the FY)**

Rs. in million

No.	Name of Bonds/Ownership	2003	2004	2005	% change	
		Mid-Jul	Mid-Jul	Mid-Jul	2004	2005
<b>1</b>	<b>Treasury Bills</b>	<b>48860.7</b>	<b>49429.6</b>	<b>51383.1</b>	<b>1.2</b>	<b>4.0</b>
	a. Banking Sector	46990.7	45958.7	50425.4	-2.2	9.7
	<i>i. Nepal Rastra Bank</i>	15816.9	9804.4	10923.8	-38.0	11.4
	<i>ii. Commercial Banks</i>	31173.8	36154.3	39501.6	16.0	9.3
	b. Non-Banking Sector	1870.0	3470.9	957.7	85.6	-72.4
	<i>(of which ADB/N)</i>	<i>930.0</i>	<i>690.0</i>	<i>200.0</i>	<i>-25.8</i>	<i>-71.0</i>
<b>2</b>	<b>Development Bonds</b>	<b>16059.2</b>	<b>17549.2</b>	<b>19999.2</b>	<b>9.3</b>	<b>14.0</b>
	a. Banking Sector	9036.9	9885.7	9623.2	9.4	-2.7
	<i>i. Nepal Rastra Bank</i>	1796.0	3298.3	1518.7	83.6	-54.0
	<i>ii. Commercial Banks</i>	7240.9	6587.4	8104.5	-9.0	23.0
	b. Non-Banking Sector	7022.3	7663.5	10376.0	9.1	35.4
<b>3</b>	<b>National Saving Certificates</b>	<b>9629.8</b>	<b>9029.8</b>	<b>6576.8</b>	<b>-6.2</b>	<b>-27.2</b>
	a. Banking Sector	110.0	450.8	231.4	309.8	-48.7
	<i>i. Nepal Rastra Bank</i>	0.0	340.8	231.4	0.0	-32.1
	<i>ii. Commercial Banks</i>	110.0	110.0	0.0	0.0	-100.0
	b. Non-Banking Sector	9519.8	8579.0	6345.4	-9.9	-26.0
<b>4</b>	<b>Citizen Saving Bonds</b>	<b>931.1</b>	<b>1178.9</b>	<b>1428.9</b>	<b>26.6</b>	<b>21.2</b>
	a. Banking Sector	0.0	45.8	49.6	0.0	8.3
	<i>i. Nepal Rastra Bank</i>	0.0	45.8	49.6	0.0	8.3
	b. Non-Banking Sector	931.1	1133.1	1379.3	21.7	21.7
<b>5</b>	<b>Special Bonds</b>	<b>9164.5</b>	<b>8946.2</b>	<b>8176.3</b>	<b>-2.4</b>	<b>-8.6</b>
	a. Banking Sector	6954.3	6530.9	5666.9	-6.1	-13.2
	<i>i. Nepal Rastra Bank</i>	<i>6009.7</i>	<i>5586.3</i>	<i>4722.3</i>	<i>-7.0</i>	<i>-15.5</i>
	<i>ii. Commercial Banks</i>	<i>944.6</i>	<i>944.6</i>	<i>944.6</i>	<i>0.0</i>	<i>0.0</i>
	b. Non-Banking Sector	2210.2	2415.3	2509.4	9.3	3.9
	<i>(Of which duty drawback)</i>	<i>736.8</i>	<i>941.7</i>	<i>1035.9</i>	<i>27.8</i>	<i>10.0</i>
<b>6</b>	<b>Short Term Loan &amp; Advances</b>	<b>-461.7</b>	<b>-753.0</b>	<b>2494.9</b>	<b>63.1</b>	<b>-431.3</b>
	Nepal Rastra Bank	-461.7	-753.0	2494.9	63.1	-431.3
<b>7</b>	<b>Grand Total</b>	<b>84183.6</b>	<b>85380.7</b>	<b>90059.2</b>	<b>1.4</b>	<b>5.5</b>
	a. Banking Sector	62630.2	62118.9	68491.4	-0.8	10.3
	<i>i. Nepal Rastra Bank</i>	<i>23160.9</i>	<i>18322.6</i>	<i>19940.7</i>	<i>-20.9</i>	<i>8.8</i>
	<i>ii. Commercial Banks</i>	<i>39469.3</i>	<i>43796.3</i>	<i>48550.7</i>	<i>11.0</i>	<i>10.9</i>
	b. Non-Banking Sector	21553.4	23261.8	21567.8	7.9	-7.3
	<i>(of which ADB/N)</i>	<i>930.0</i>	<i>690.0</i>	<i>200.0</i>	<i>-25.8</i>	<i>-71.0</i>

**Table 11**  
**Direction of Foreign Trade \***  
**FY 2004/05**

Rs. in million

	2002/03 <sup>(R)</sup>	2003/04 <sup>(R)</sup>	2004/05 <sup>(E)</sup>	Percent Change		
				2002/03	2003/04	2004/05
<b>Total Exports (f.o.b.)</b>	<b>49930.6</b>	<b>53910.7</b>	<b>58236.2</b>	<b>6.4</b>	<b>8.0</b>	<b>8.0</b>
To India	26430.0	30777.1	39448.4	-5.5	16.4	28.2
To Other Countries	23500.6	23133.6	18787.8	23.8	-1.6	-18.8
<b>Total Imports (c.I.f.)</b>	<b>124352.1</b>	<b>136277.1</b>	<b>132186.8</b>	<b>15.8</b>	<b>9.6</b>	<b>-3.0</b>
From India	70924.2	78739.5	85836.2	25.3	11.0	9.0
From Other Countries	53427.9	57537.6	46350.6	5.2	7.7	-19.4
<b>Trade Balance</b>	<b>-74421.5</b>	<b>-82366.4</b>	<b>-73950.6</b>	<b>23.1</b>	<b>10.7</b>	<b>-10.2</b>
With India	-44494.2	-47962.4	-46387.8	55.2	7.8	-3.3
With Other Countries	-29927.3	-34404.0	-27562.8	-5.8	15.0	-19.9
<b>Total Trade</b>	<b>174282.7</b>	<b>190187.8</b>	<b>190423.0</b>	<b>12.9</b>	<b>9.1</b>	<b>0.1</b>
With India	97354.2	109516.6	125284.6	15.1	12.5	14.4
With Other Countries	76928.5	80671.2	65138.4	10.3	4.9	-19.3

<b>1. Export / Import Ratio (%)</b>	<b>40.2</b>	<b>39.6</b>	<b>44.1</b>
India	37.3	39.1	46.0
Other Countries	44.0	40.2	40.5
<b>2. Share in total export</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
India	52.9	57.1	67.7
Other Countries	47.1	42.9	32.3
<b>3. Share in total import</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
India	57.0	57.8	64.9
Other Countries	43.0	42.2	35.1
<b>5. Share in total trade</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
India	55.9	57.6	65.8
Other Countries	44.1	42.4	34.2

R = Revised

P = Provisional

E = Estimate

\* = Custom based data

Table 12  
**Import of Selected Commodities from India**  
(During the Fiscal Year)

	Annual				(Rs in Million)		
	2001/02	2002/03	2003/04(R)	2004/05(P)	% Change		
					2002/03	2003/04	2004/05
<b>A. Major Items</b>	<b>45682.3</b>	<b>58579.9</b>	<b>63565.2</b>	<b>67422.0</b>	<b>28.2</b>	<b>8.5</b>	<b>6.1</b>
1. Live Animals	337.5	404.0	403.4	242.1	19.7	-0.1	-40.0
2. Textiles	3232.7	4186.1	3275.6	2112.6	29.5	-21.8	-35.5
3. Readymade Garments	422.4	444.7	489.4	835.6	5.3	10.1	70.7
4. Raw Cotton	66.2	91.4	96.1	122.8	38.1	5.1	27.8
5. Thread	757.0	1105.8	1003.9	1098.4	46.1	-9.2	9.4
6. Vegetables	685.2	772.8	738.4	834.6	12.8	-4.5	13.0
7. Fruits	216.2	284.5	336.8	288.9	31.6	18.4	-14.2
8. Pipe and Pipe Fittings	101.9	128.4	129.8	243.0	26.0	1.1	87.2
9. Cement	2749.8	2934.7	2318.9	1193.5	6.7	-21.0	-48.5
10. Medicine	2980.4	3225.7	3340.9	3690.2	8.2	3.6	10.5
11. Vehicles & Spare Parts	4259.1	3857.8	4948.2	5118.5	-9.4	28.3	3.4
12. Electrical Equipment	800.6	997.5	1106.3	1111.7	24.6	10.9	0.5
13. Tobacco	597.2	534.3	659.9	493.4	-10.5	23.5	-25.2
14. Tea	53.1	39.5	36.0	25.4	-25.6	-8.9	-29.4
15. Cuminseeds and Peppers	282.9	199.3	225.0	400.3	-29.6	12.9	77.9
16. Paper	469.0	431.2	410.1	405.1	-8.1	-4.9	-1.2
17. Coal	633.6	695.4	782.7	796.5	9.8	12.6	1.8
18. Horlicks & Milk Products	399.2	508.8	428.3	354.4	27.5	-15.8	-17.3
19. Salt	381.8	713.3	607.3	390.4	86.8	-14.9	-35.7
20. Books and Magazines	301.7	304.5	331.3	333.4	0.9	8.8	0.6
21. Enamel & Other Paints	60.4	111.2	124.6	123.2	84.1	12.1	-1.1
22. Glass Sheet and G.Wares	315.9	439.8	449.6	499.6	39.2	2.2	11.1
23. Chemical Fertilizer	92.4	183.5	563.0	387.5	98.6	206.8	-31.2
24. Rice	226.4	744.9	555.5	412.7	229.0	-25.4	-25.7
25. Sugar	196.5	119.5	12.8	56.4	-39.2	-89.3	340.6
26. Chemicals	1041.6	1906.6	2563.6	3356.8	83.0	34.5	30.9
27. Tyre Tubes,Flapes	175.8	252.2	246.1	227.0	43.5	-2.4	-7.8
28. Agri. Equip. & Parts	350.8	689.9	497.5	508.7	96.7	-27.9	2.3
29. Sanitaryware	128.4	126.7	128.4	129.5	-1.3	1.3	0.9
30. Wire Products	133.0	162.7	116.8	139.8	22.3	-28.2	19.7
31. Bitumen	128.7	54.3	169.7	121.7	-57.8	212.5	-28.3
32. Other Machinery & Parts	1773.4	2571.8	3295.3	2948.9	45.0	28.1	-10.5
33. Molasses Sugar	154.6	122.2	101.9	67.7	-21.0	-16.6	-33.6
34. Other Stationary Goods	59.9	68.4	90.0	99.2	14.2	31.6	10.2
35. Insecticides	122.4	145.8	144.6	94.3	19.1	-0.8	-34.8
36. Cooking Stoves	44.3	47.0	41.6	58.2	6.1	-11.5	39.9
37. Shoes & Sandles	48.0	87.7	74.1	69.3	82.7	-15.5	-6.5
38. Plastic Utensils	76.5	126.5	187.1	128.5	65.4	47.9	-31.3
39. Radio, TV, Deck & Parts	111.7	128.6	92.1	103.2	15.1	-28.4	12.1
40. Petroleum Products	13906.1	18811.6	20169.5	26652.2	35.3	7.2	32.1
41. Cosmetics	133.0	409.7	422.6	383.9	208.0	3.1	-9.2
42. Dry Cell Battery	80.4	79.2	72.5	55.1	-1.5	-8.5	-24.0
43. Incense Sticks	59.2	62.6	58.8	63.4	5.7	-6.1	7.8
44. Castic Soda	174.6	206.5	239.7	214.6	18.3	16.1	-10.5
45. Coldrolled Sheet Incoil	1148.7	1392.8	3332.9	4084.5	21.3	139.3	22.6
46. Hotrolled Sheet Incoil	928.4	2639.2	2059.9	568.6	184.3	-21.9	-72.4
47. Aluminium Ingot, Billet & Rod	261.7	304.6	539.9	443.2	16.4	77.2	-17.9
48. M.S. Wire Rod	834.1	939.3	1339.3	1480.0	12.6	42.6	10.5
49. Steel Sheet	10.7	212.2	6.0	459.7	1883.2	-97.2	7561.7
50. M.S. Billet	3177.2	3573.2	4201.5	3393.8	12.5	17.6	-19.2
<b>B. Others</b>	<b>10939.8</b>	<b>12344.3</b>	<b>15174.3</b>	<b>18414.2</b>	<b>12.8</b>	<b>22.9</b>	<b>21.4</b>
<b>Total (A+B)</b>	<b>56622.1</b>	<b>70924.2</b>	<b>78739.5</b>	<b>85836.2</b>	<b>25.3</b>	<b>11.0</b>	<b>9.0</b>

R=Revised

P=Provisional

Table 13  
**Imports of Selected Commodities from Other Countries**  
(During the Fiscal Year)

	Annual				(Rs in Million)		
	2001/02	2002/03	2003/04(R)	2004/05(P)	% Change		
					2002/03	2003/04	2004/05
<b>A. Major Items</b>	<b>39010.0</b>	<b>38114.1</b>	<b>42242.6</b>	<b>29543.2</b>	<b>-2.3</b>	<b>10.8</b>	<b>-30.1</b>
1. Edible Oil	195.1	145.3	416.6	360.5	-25.5	186.7	-13.5
2. Powder Milk	35.2	154.0	84.1	43.4	337.5	-45.4	-48.4
3. Raw Wool	1010.9	1604.8	2017.8	1633.0	58.7	25.7	-19.1
4. M.S.Wire Rod	3.5	0.0	0.0	135.5	-100.0	0.0	0.0
5. Copper Wire Rod,Scrapes & Sheets	2095.2	873.7	968.8	1387.2	-58.3	10.9	43.2
6. Polythene Granules	2025.4	2800.4	2834.3	1972.7	38.3	1.2	-30.4
7. M.S. Billet	0.0	1.6	68.2	255.5	0.0	4162.5	274.6
8. Medicine	680.9	619.3	583.1	701.2	-9.0	-5.8	20.3
9. Insecticides	8.5	18.8	16.7	20.3	121.2	-11.2	21.6
10. Chemical Fertilizer	2559.6	800.6	1281.9	170.5	-68.7	60.1	-86.7
11. Textiles	1816.1	2032.0	2752.1	1365.8	11.9	35.4	-50.4
12. Threads	1871.3	1456.1	1977.5	821.2	-22.2	35.8	-58.5
13. Medical Equip.& Tools	889.6	659.9	612.2	686.4	-25.8	-7.2	12.1
14. Transport Equip.& Parts	1813.7	1684.5	1625.6	1726.4	-7.1	-3.5	6.2
15. Video Television & Parts	1164.2	1120.6	1099.4	842.3	-3.7	-1.9	-23.4
16. Electrical Goods	1572.1	1443.8	1616.3	1174.9	-8.2	11.9	-27.3
17. Telecommunication Equip. Parts	1065.7	2358.8	2483.9	1829.7	121.3	5.3	-26.3
18. Office Equip.& Stationary	126.2	166.9	209.8	119.8	32.3	25.7	-42.9
19. Readymade Garments	1060.6	1394.4	493.5	539.6	31.5	-64.6	9.3
20. Petroleum Products *	402.2	290.4	291.1	215.5	-27.8	0.2	-26.0
21. Aircraft Spareparts	986.7	996.2	2301.1	980.5	1.0	131.0	-57.4
22. Steel Rod & Sheet	293.4	362.1	522.0	192.6	23.4	44.2	-63.1
23. Shoes and Sandals	510.2	559.4	615.9	129.4	9.6	10.1	-79.0
24. Umbrella and Parts	37.3	65.7	83.9	107.4	76.1	27.7	28.0
25. Drycell Battery	234.6	127.5	124.7	70.1	-45.7	-2.2	-43.8
26. G.I.Wire	10.6	34.0	0	12.7	220.8	-100.0	0.0
27. Palm Oil	289.2	236.4	308.5	228.2	-18.3	30.5	-26.0
28. Computer Parts	1770.6	1420.3	1274.1	1211.4	-19.8	-10.3	-4.9
29. Coconut Oil	48.2	81.0	125.3	63.6	68.0	54.7	-49.2
30. Zinc Ingot	595.9	932.1	1264.0	1266.3	56.4	35.6	0.2
31. Other Stationaries	67.5	83.8	113.1	78.3	24.1	35.0	-30.8
32. Synthetic & Natural Rubber	181.6	215.1	60.4	85.5	18.4	-71.9	41.6
33. Tyre,Tube & Flaps	194.8	148.4	194.9	158.5	-23.8	31.3	-18.7
34. X-Ray Film	62.2	59.2	62.7	77.7	-4.8	5.9	23.9
35. Tello	79.8	197.9	135.7	164.2	148.0	-31.4	21.0
36. P.V.C.Compound	96.4	243.4	303.2	218.8	152.5	24.6	-27.8
37. Textile Dyes	10.5	10.2	11.4	380.9	-2.9	11.8	3241.2
38. Other Machinery & Parts	2176.1	1936.3	2460.1	2629.1	-11.0	27.1	6.9
39. Cuminseed	18.2	135.8	111.6	16.2	646.2	-17.8	-85.5
40. Gold	618.7	75.0	50.1	4.9	-87.9	-33.2	-90.2
41. Silver	393.6	283.7	61.9	212.2	-27.9	-78.2	242.8
42. Betelnut	754.8	600.2	768.0	638.7	-20.5	28.0	-16.8
43. Clove	87.6	197.7	98.7	90.4	125.7	-50.1	-8.4
44. Raw Silk	125.0	55.9	50.7	57.3	-55.3	-9.3	13.0
45. Crude Coconut Oil	91.8	193.7	34.5	59.2	111.0	-82.2	71.6
46. Crude Soyabean Oil	1229.0	1614.2	2079.1	834.6	31.3	28.8	-59.9
47. Crude Palm Oil	5821.2	5055.6	5277	2085.5	-13.2	4.4	-60.5
48. Small Cardamom	79.7	558.8	421.2	361.6	601.1	-24.6	-14.2
49. Parafin Wax	90.3	40.9	61.8	68.9	-54.7	51.1	11.5
50. Cigarette Paper	13.8	15.6	16.0	6.8	13.0	2.6	-57.5
51. Pipe & Pipe Fittings	5.3	13.7	11.2	12.5	158.5	-18.2	11.6
52. Storage Battery	62.9	123.0	94.8	72.3	95.5	-22.9	-23.7
53. Cosmetic Goods	104.6	226.3	290.2	196.4	116.3	28.2	-32.3
54. Writing & Printing Paper	443.0	373.8	452.7	198.1	-15.6	21.1	-56.2
55. Synthetic Carpet	81.5	122.0	135.0	131.3	49.7	10.7	-2.7
56. Door Locks	23.3	32.7	24.3	19.7	40.3	-25.7	-18.9
57. Flash Light	186.7	295.1	117.7	42.0	58.1	-60.1	-64.3
58. Bags	107.1	138.6	107.2	16.4	29.4	-22.7	-84.7
59. Camera	218.8	194.8	132.5	97.0	-11.0	-32.0	-26.8
60. Watches & Bands	270.5	179.0	185.7	120.5	-33.8	3.7	-35.1
61. Toys	52.1	58.6	40.6	3.9	12.5	-30.7	-90.4
62. Button	32.4	59.0	93.3	27.4	82.1	58.1	-70.6
63. Fastener	39.4	96.9	64.2	48.4	145.9	-33.7	-24.6
64. Glasswares	17.1	38.6	68.7	64.4	125.7	78.0	-6.3
<b>B. Others</b>	<b>11756.9</b>	<b>15313.8</b>	<b>15295.0</b>	<b>16807.4</b>	<b>30.3</b>	<b>-0.1</b>	<b>9.9</b>
<b>Total (A+B)</b>	<b>50766.9</b>	<b>53427.9</b>	<b>57537.6</b>	<b>46350.6</b>	<b>5.2</b>	<b>7.7</b>	<b>-19.4</b>

R=Revised  
P=Provisional

**Table 14**  
**Exports of Major Commodities to India**  
(During the Fiscal Year)

					(Rs in million)		
	Annual				% Change		
	2001/02	2002/03	2003/04(R)	2004/05(P)	2002/03	2003/04	2004/05
<b>A. Major Items</b>	<b>24726.2</b>	<b>21851.1</b>	<b>27176.4</b>	<b>31485.8</b>	<b>-11.6</b>	<b>24.4</b>	<b>15.9</b>
1. Herbs	84.1	111.9	91.5	127.9	33.1	-18.2	39.8
2. Ghee(Clarified)	60	54.6	76.5	62.9	-9.0	40.1	-17.8
3. Dried Ginger	80.5	108.4	78.0	73.4	34.7	-28.0	-5.9
4. Mustard & Linseed	10.2	46.7	37.6	25.7	357.8	-19.5	-31.6
5. Raw Jute	8.3	0.0	0.9	0.0	-100.0	0.0	-100.0
6. Jute Goods	1630.1	1899.0	1882.6	2693.5	16.5	-0.9	43.1
(a) Hessian	44.7	44.2	143.5	186.1	-1.1	224.7	29.7
(b) Sackings	609.2	855.9	1056.5	1456.2	40.5	23.4	37.8
(c) Twines	976.2	998.9	682.6	1051.2	2.3	-31.7	54.0
7. Pulses	1005.7	880.4	579.1	660.2	-12.5	-34.2	14.0
8. Live Animals	56.2	62.5	55.1	33.2	11.2	-11.8	-39.7
9. Catechue	180.4	145.4	162.5	431.7	-19.4	11.8	165.7
10. Ginger	207.9	315.4	287.1	137.4	51.7	-9.0	-52.1
11. Oil Cakes	302.6	311.1	324.1	291.8	2.8	4.2	-10.0
12. Ricebran Oil	90.6	210.0	194.7	199.0	131.8	-7.3	2.2
13. Stone and Sand	104.6	189.5	209.1	153.3	81.2	10.3	-26.7
14. Biscuits	26.0	25.1	15.5	8.8	-3.5	-38.2	-43.2
15. Cardamom	359.9	469.6	451.0	600.7	30.5	-4.0	33.2
16. Rosin	233.7	221.6	173.6	208.0	-5.2	-21.7	19.8
17. Skin	157.8	248.5	332.3	337.3	57.5	33.7	1.5
18. Noodles	227.0	309.7	259.7	369.3	36.4	-16.1	42.2
19. Brans	41.2	62.8	40.5	52.2	52.4	-35.5	28.9
20. Cinnamon	8.9	4.7	6.3	9.2	-47.2	34.0	46.0
21. Cattlefeed	215.0	405.9	550.9	538.2	88.8	35.7	-2.3
22. Marble Slab	23.0	28.6	36.9	62.4	24.3	29.0	69.1
23. Tooth Paste	1606.7	1002.8	1478.8	1283	-37.6	47.5	-13.2
24. Polyester Yarn	1070.4	656.9	1114.5	1896.2	-38.6	69.7	70.1
25. Medicine (Ayurvedic)	583.4	743.1	289.9	197.5	27.4	-61.0	-31.9
26. Soap	528.9	469.2	539.6	367.3	-11.3	15.0	-31.9
27. Ghee (Vegetable)	7081.4	3812.3	2959.0	4635.9	-46.2	-22.4	56.7
28. Turpentine	40.5	24.7	19.3	42.7	-39.0	-21.9	121.2
29. Turmeric	4.2	0.0	0.0	0.1	-100.0	0.0	0.0
30. Brooms	56.7	102.7	65.9	81.1	81.1	-35.8	23.1
31. Handicraft Goods	31.8	44.8	27.4	100.9	40.9	-38.8	268.2
32. Pashmina	637.3	475.6	427.7	341.6	-25.4	-10.1	-20.1
33. Thread	846.9	1235.2	1637.4	2213.4	45.8	32.6	35.2
34. Copper Wire Rod	2620.5	356.6	200.8	530.1	-86.4	-43.7	164.0
35. M.S. Pipe	410.4	548.2	851.8	316.6	33.6	55.4	-62.8
36. Plastic Utensils	770.9	807.7	1192.4	1361.5	4.8	47.6	14.2
37. Zinc sheet	13.3	970.6	2785.3	1663.2	7197.7	187.0	-40.3
38. Chemicals	87.3	148.5	610.0	1407.5	70.1	310.8	130.7
39. Zinc Oxide	103.6	52.8	45.0	1.0	-49.0	-14.8	-97.8
40. G.I. pipe	165.9	357.2	556.3	424.0	115.3	55.7	-23.8
41. Shoes and Sandles	98.0	108.2	107.7	235.9	10.4	-0.5	119.0
42. Textiles	978.2	1377.8	2823.2	2996.6	40.9	104.9	6.1
43. Juice	452.9	600.1	786.8	1091.3	32.5	31.1	38.7
44. Paper	251.5	363.6	266.3	169.7	44.6	-26.8	-36.3
45. Batica hair oil	211.4	386.7	524.6	232.3	82.9	35.7	-55.7
46. Aluminium Section	219.8	255.1	381.1	879.2	16.1	49.4	130.7
47. Particle Board	243.1	243.8	283.5	335.3	0.3	16.3	18.3
48. Wire	252.2	150.9	710.9	1221.4	-40.2	371.1	71.8
49. Fruits	6.1	2.4	0.9	1.5	-60.7	-62.5	66.7
50. Vegetable	25.7	43.0	18.1	17.2	67.3	-57.9	-5.0
51. Readymade garment	213.5	399.2	626.7	365.7	87.0	57.0	-41.6
<b>B. Others</b>	<b>3230.0</b>	<b>4578.9</b>	<b>3600.7</b>	<b>7962.6</b>	<b>41.8</b>	<b>-21.4</b>	<b>121.1</b>
<b>Total(A+B)</b>	<b>27956.2</b>	<b>26430.0</b>	<b>30777.1</b>	<b>39448.4</b>	<b>-5.5</b>	<b>16.4</b>	<b>28.2</b>

R=Revised

P=Provisional

**Table 15**  
**Exports of Major Commodities to Other Countries**  
**(During the Fiscal Year)**

	Annual				(Rs. in million) % Change		
	2001/02	2002/03	2003/04(R)	2004/05(P)	2002/03	2003/04	2004/05
<b>A. Major Items</b>	<b>16800.2</b>	<b>19893.2</b>	<b>18357.2</b>	<b>14530.7</b>	<b>18.4</b>	<b>-7.7</b>	<b>-20.8</b>
1. Woolen Carpet	6212.5	5320.0	5677.5	5832.7	-14.4	6.7	2.7
2. Handicraft ( Metal and Wooden )	233.8	352.1	626.4	523.3	50.6	77.9	-16.5
3. Tanned Skin	464.7	227.3	309.0	223.4	-51.1	35.9	-27.7
4. Readymade Garments	7833.0	11890.1	9550.0	6039.3	51.8	-19.7	-36.8
5. Pulses	216.0	214.9	280.7	104.5	-0.5	30.6	-62.8
6. Tea	25.9	44.5	113.7	81.6	71.8	155.5	-28.2
7. Nigerseed	12.9	10.6	8.5	0.0	-17.8	-19.8	-100.0
8. Herbs	25.4	33.3	48.3	46.2	31.1	45.0	-4.3
9. Silverware and Jewelleries	274.1	347.7	368.7	363.2	26.9	6.0	-1.5
10. Readymade Leather Goods	56.4	33.1	30.6	30.2	-41.3	-7.6	-1.3
11. Nepalese Paper & Paper Products	200.5	262.0	279.6	237.9	30.7	6.7	-14.9
12. Pashmina.	1245.0	1157.6	1064.2	1048.4	-7.0	-8.1	-1.5
<b>B. Others</b>	<b>2188.4</b>	<b>3607.4</b>	<b>4776.4</b>	<b>4257.1</b>	<b>64.8</b>	<b>32.4</b>	<b>-10.9</b>
<b>Total (A+B)</b>	<b>18988.6</b>	<b>23500.6</b>	<b>23133.6</b>	<b>18787.8</b>	<b>23.8</b>	<b>-1.6</b>	<b>-18.8</b>

R=Revised

P=Provisional



**Table 16**  
**Structure of Exports and Imports**  
**(During the Fiscal Year)**

Rs. in million

	Amount			share Percent		
	2002/03	2003/04	2004/05P	2002/03	2003/04	2004/05
<b><i>Imports from india</i></b>	<b>70924.2</b>	<b>78739.5</b>	<b>85836.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industrial Raw Materials and Capital Goods	32970.9	37949.5	37242.3	46.5	48.2	43.4
Petroleum Products	18811.6	20169.5	26652.2	26.5	25.6	31.1
Others	19141.7	20620.6	21941.7	27.0	26.2	25.6
<b><i>Imports from Other Countries</i></b>	<b>53427.9</b>	<b>57537.6</b>	<b>46350.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industrial Raw Materials and Capital Goods	30408.5	35781.8	24759.4	56.9	62.2	53.4
Others	23019.4	21755.8	21591.2	43.1	37.8	46.6
<b><i>Exports to India</i></b>	<b>26430.0</b>	<b>30777.1</b>	<b>39448.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Primary goods	9519.5	8435.2	11383.7	36.0	27.4	28.9
Finished goods	16910.5	22341.9	28064.7	64.0	72.6	71.1
<b><i>Exports to Other Countries</i></b>	<b>23500.6</b>	<b>23133.6</b>	<b>18787.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Primary goods	1804.4	2001.4	1700.2	7.7	8.7	9.0
Finished goods	21696.2	21132.2	17087.6	92.3	91.3	91.0

Table 17  
**Summary Balance of Payment**

Particulars	2002/03		2003/04		2004/05	% Change During 11 months	
	11 months	Annual	11 months	Annual	11 months	2003/04	2004/05
<b>A. Current Account</b>	<b>11633.6</b>	<b>11614.7</b>	<b>13864.8</b>	<b>14598.0</b>	<b>27987.8</b>	<b>19.2</b>	<b>101.9</b>
Goods: Exports f.o.b.	46849.0	50760.7	50955.3	55228.3	54197.6	8.8	6.4
Oil	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	46849.0	50760.7	50955.3	55228.3	54197.6	8.8	6.4
Goods: Imports f.o.b.	-110047.2	-121053.0	-119315.6	-132909.9	-116296.4	8.4	-2.5
Oil	-17310.2	-18811.6	-17849.4	-20167.3	-23637.1	3.1	32.4
Other	-92737.0	-102241.4	-101466.2	-112742.6	-92659.3	9.4	-8.7
<b>Balance on Goods</b>	<b>-63198.2</b>	<b>-70292.3</b>	<b>-68360.3</b>	<b>-77681.6</b>	<b>-62098.8</b>	<b>8.2</b>	<b>-9.2</b>
<b>Services: Net</b>	<b>6361.8</b>	<b>7049.7</b>	<b>7618.3</b>	<b>9074.9</b>	<b>1735.4</b>	<b>19.8</b>	<b>-77.2</b>
Services: credit	23868.6	26518.9	30191.5	34315.9	24121.6	26.5	-20.1
Travel	10725.7	11747.7	16136.7	18147.4	10370.1	50.4	-35.7
Government n.I.e.	6134.8	6624.0	6311.9	7143.9	6003.6	2.9	-4.9
Other	7008.1	8147.2	7742.9	9024.6	7747.9	10.5	0.1
Services: debit	-17506.8	-19469.2	-22573.2	-25241.0	-22386.2	28.9	-0.8
Transportation	-7889.3	-8618.4	-8566.2	-9382.1	-8188.1	8.6	-4.4
Travel	-5597.8	-6171.5	-9006.1	-10021.5	-8029.1	60.9	-10.8
Other	-4019.7	-4679.3	-5000.9	-5837.4	-6169.0	24.4	23.4
<b>Balance on Goods and Services</b>	<b>-56836.4</b>	<b>-63242.6</b>	<b>-60742.0</b>	<b>-68606.7</b>	<b>-60363.4</b>	<b>6.9</b>	<b>-0.6</b>
<b>Income: Net</b>	<b>-654.9</b>	<b>-675.7</b>	<b>-2070.6</b>	<b>-1683.9</b>	<b>-563.4</b>	<b>216.2</b>	<b>-72.8</b>
Income: credit	4019.9	4487.0	3009.4	3841.5	4951.2	-25.1	64.5
Income: debit	-4674.8	-5162.7	-5080.0	-5525.4	-5514.6	8.7	8.6
<b>Balance on Goods, Services and Income</b>	<b>-57491.3</b>	<b>-63918.3</b>	<b>-62812.6</b>	<b>-70290.6</b>	<b>-60926.8</b>	<b>9.3</b>	<b>-3.0</b>
<b>Transfers: Net</b>	<b>69124.9</b>	<b>75533.0</b>	<b>76677.4</b>	<b>84888.6</b>	<b>88914.6</b>	<b>10.9</b>	<b>16.0</b>
Current transfers: credit	71224.0	77765.1	80381.7	89161.8	92181.2	12.9	14.7
Grants	12378.0	13842.2	17093.7	19557.8	19908.7	38.1	16.5
Workers' remittances	50282.2	54203.3	53693.7	58587.6	59101.4	6.8	10.1
Pensions	6770.1	7327.3	7054.5	7906.2	11453.2	4.2	62.4
Other	1793.7	2392.3	2539.8	3110.2	1717.9	41.6	-32.4
Current transfers: debit	-2099.1	-2232.1	-3704.3	-4273.2	-3266.6	76.5	-11.8
<b>B Capital Account (Capital Transfer)</b>	<b>5232.8</b>	<b>5393.9</b>	<b>1330.5</b>	<b>1452.2</b>	<b>1052.3</b>	<b>-74.6</b>	<b>-20.9</b>
<b>Total, Groups A plus B</b>	<b>16866.4</b>	<b>17008.6</b>	<b>15195.3</b>	<b>16050.2</b>	<b>29040.1</b>	<b>-9.9</b>	<b>91.1</b>
<b>C Financial Account (Excluding Group E)</b>	<b>-19040.4</b>	<b>-17198.9</b>	<b>-24234.1</b>	<b>-21540.1</b>	<b>-26156.7</b>	<b>27.3</b>	<b>7.9</b>
Direct investment in Nepal	-139.9	961.4	0.0	0.0	136.0	-100.0	0.0
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment: assets	-37786.3	-34629.5	-33320.7	-32591.2	-23125.0	-11.8	-30.6
Trade credits	149.4	1041.0	-5324.6	-2247.6	-2150.5	-3664.0	-59.6
Other	-37935.7	-35670.5	-27996.1	-30343.6	-20974.5	-26.2	-25.1
Other investment: liabilities	18885.8	16469.2	9086.6	11051.1	-3167.7	-51.9	-134.9
Trade credits	17499.4	16899.3	738.9	3629.8	-5296.3	-95.8	-816.8
Loans	-78.8	-52.4	3256.6	3325.2	405.5	-4232.7	-87.5
General Government	18.9	-432.8	3325.5	3479.1	911.9	17495.2	-72.6
Drawings	4760.6	5236.0	8507.0	9244.7	6303.0	78.7	-25.9
Repayments	-4741.7	-5668.8	-5181.5	-5765.6	-5391.1	9.3	4.0
Other sectors	-97.7	380.4	-68.9	-153.9	-506.4	-29.5	635.0
Currency and deposits	1465.2	-377.7	5091.1	4096.1	1723.1	247.5	-66.2
Nepal Rastra Bank	-134.6	-23.4	30.7	-77.4	46.1	-122.8	50.2
Deposit money banks	1599.8	-354.3	5060.4	4173.5	1677.0	216.3	-66.9
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total, Group A through C</b>	<b>-2174.0</b>	<b>-190.3</b>	<b>-9038.8</b>	<b>-5489.9</b>	<b>2883.4</b>	<b>315.8</b>	<b>-131.9</b>
<b>D. Miscellaneous Items, Net</b>	<b>6126.4</b>	<b>4176.1</b>	<b>27367.3</b>	<b>25591.2</b>	<b>6485.4</b>	<b>346.7</b>	<b>-76.3</b>
<b>Total, Group A through D</b>	<b>3952.4</b>	<b>3985.8</b>	<b>18328.5</b>	<b>20101.3</b>	<b>9368.8</b>	<b>363.7</b>	<b>-48.9</b>
<b>E. Reserves and Related Items</b>	<b>-3952.4</b>	<b>-3985.8</b>	<b>-18328.5</b>	<b>-20101.3</b>	<b>-9368.8</b>	<b>363.7</b>	<b>-48.9</b>
Reserve assets	-3651.8	-3685.2	-18885.2	-20658.0	-10153.9	417.1	-46.2
Nepal Rastra Bank	-5221.0	-7809.9	-19648.0	-19507.8	-4265.0	276.3	-78.3
Deposit money banks	1569.2	4124.7	762.8	-1150.2	-5888.9	-51.4	-872.0
Use of Fund Credit and Loans	-300.6	-300.6	556.7	556.7	785.1	-285.2	41.0
<b>Changes in reserve net (- increase)</b>	<b>-2487.2</b>	<b>-4363.5</b>	<b>-13237.4</b>	<b>-16005.2</b>	<b>-7645.7</b>	<b>432.2</b>	<b>-42.2</b>

Table 18

## Gross Foreign Exchange Holding of the Banking Sector

(Rs in Million)

	Mid-Jul. 2003	Mid-Jul. 2004	Mid-Jul. 2005	Percent Change Mid-Jul.	
				2004	2005
<b>Nepal Rastra Bank</b>	<b>86966.1</b>	<b>107915.9</b>	<b>104426.0</b>	<b>24.1</b>	<b>-3.2</b>
Convertible	76752.0	96235.9	100825.9	25.4	4.8
Inconvertible	10214.1	11680.0	3600.1	14.4	-69.2
<b>Commercial Bank</b>	<b>21263.3</b>	<b>22289.2</b>	<b>25472.7</b>	<b>4.8</b>	<b>14.3</b>
Convertible	20249.2	20734.8	23154.9	2.4	11.7
Inconvertible	1014.1	1554.4	2317.8	53.3	49.1
<b>Total Reserve</b>	<b>108229.4</b>	<b>130205.1</b>	<b>129898.7</b>	<b>20.3</b>	<b>-0.2</b>
Convertible	97001.2	116970.7	123980.8	20.6	6.0
Share in total (in percent)	89.6	89.8	95.4		
Inconvertible	11228.2	13234.4	5917.9	17.9	-55.3
Share in total (in percent)	10.4	10.2	4.6		
<b>Import Capacity (Equivalent Months)</b>					
Merchandise	10.4	11.5	11.8		
Merchandise and Services	9.0	9.7	10.0		
1.Gross Foreign Exchange Reserve	108229.4	130205.1	129898.7	20.3	-0.2
2.Gold,SDR,IMF Gold Tranche	1076.9	1160.9	1020.5	7.8	-12.1
3.Gross Foreign Assets(1+2)	109306.3	131366.0	130919.2	20.2	-0.3
4.Foreign Liabilities	17899.3	22561.4	21775.2	26.0	-3.5
5.Net Foreign Assets(3-4)	91407.0	108804.6	109144.0	19.0	0.3
6.Change in NFA (before adj. ex. val.)*	-2987.8	-17397.6	-339.4	-	-
7.Exchange Valuation (- loss)	-1375.6	1392.5	-6804.9	-	-
<b>8.Change in NFA (- increase) (6+7)**</b>	<b>-4363.4</b>	<b>-16005.1</b>	<b>-7144.3</b>	<b>-</b>	<b>-</b>

Sources: Nepal Rastra Bank and Commercial Banks; Estimated.

\* = Change in NFA is derived by taking mid-july as base.

\* \* = After adjusting exchange valuation gain/loss