



Monetary Policy for Fiscal Year 2011/12



Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu
Nepal

**Monetary Policy
for
Fiscal Year 2011/12**

Delivered by Governor Dr. Yuba Raj Khatiwada
on July 21, 2011

Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu
Nepal

www.nrb.org.np

ACRONYMS

BOP	=	Balance of Payments
CBS	=	Central Bureau of Statistics
CRR	=	Cash Reserve Ratio
GDP	=	Gross Domestic Product
GoN	=	Government of Nepal
INR	=	Indian Rupee
KYC	=	Know Your Customer
LC	=	Letter of Credit
LIBOR	=	London Iner-bank Offer Rate
LMFF	=	Liquidity Monitoring and Forecasting Framework
NEPSE	=	Nepal Stock Exchange
NPL	=	Non-Performing Loan
NRB	=	Nepal Rastra Bank
NRN	=	Non-Resident Nepalese
SLF	=	Standing Liquidity Facility
SLR	=	Statutory Liquidity Ratio
USD	=	US Dollar
y-o-y	=	year on year

Table of Contents

Background	1
International Economic Outlook	2
Domestic Economic Outlook	3
Domestic Product	3
Price	4
Government Finance	5
External Sector	5
Financial Market	7
Monetary Management	9
Financial Stability and Liquidity Management	11
Monetary Policy and Financial Sector Program of 2011/12	12
Monetary Policy Stance	13
Economic and Monetary Targets	14
Instruments of Monetary Policy Operation	15
Micro Finance and Access to Finance	16
Financial Sector Reform, Regulation and Supervision	19
Foreign Exchange Management	22
Appendix 1: Progress Matrix of Policy Targets Outlined in Monetary Policy 2010/11	25
Appendix 2: Progress Matrix of Policies and Program Pertaining to Financial Sector and Foreign Exchange Outlined in Monetary Policy of 2010/11	26
Appendix 3: Projection of Monetary Survey	37
Appendix 4: List of Goods Allowed to Import from India Against the Payment of Convertible Foreign Currencies	38
Statistical Tables	

Monetary Policy for 2011/12

Background

1. With the major objectives of maintaining price stability and external as well as financial sector stability and to create a favorable environment for high and sustainable economic growth as directed by NRB Act, 2002, this bank has been formulating and publicly announcing monetary policy on an annual basis since 2002/03. Accordingly, the monetary policy of 2010/11 and its midterm review were made public on 28 July 2010 and 3 March 2011 respectively.
2. Like in the past few years, the economic growth is estimated to have remained at a lower level in 2010/11. Current account deficit narrowed down significantly on account of improvement on export and remittances inflow together with deceleration in import growth. As a result, the overall balance of payments is estimated to have stood at marginal surplus despite increased imbalance in financial account. As food prices could not improve as per expectation, the inflation rate is estimated to have stood at the previous year's level. The banking sector liquidity could not expand to an expected level due to slowdown in deposit growth led by slowdown in government expenditure, share market and real estate transactions.
3. In this economic and financial background, the monetary policy for 2011/12 has been made public along with the review of implementation status of previous year's monetary policy. Necessary adjustments in direction, targets and instruments of monetary policy have been made by analyzing internal as well as external economic outlook. With a view to make the activities of this bank more transparent, programs pertaining to financial sector reform, regulation and supervision, foreign exchange and micro-finance that are to be implemented in 2011/12 have also been included in this policy document.
4. Controlling inflation and maintaining favorable balance of payments on one hand and minimizing possible adverse impact from the shortage of monetary liquidity on economic growth and financial sector sustainability on the other are the standing challenges of monetary policy management at present. For maintaining financial stability, monetary policy also needs to address issues such as productive use of credit, enhancing access to financial services, deposit guarantee and good governance. This monetary policy also needs to include the programs expected from the central bank through Budget Speech for 2011/12 announced by the Government of Nepal. Monetary policy for the year 2011/12 has been formulated by taking these issues into account.
5. While preparing this monetary policy, suggestions received from the interactions with different stakeholders including Nepal Bankers' Association, Development Bankers' Association, Nepal Finance Company Association, Nepal Micro-finance Bankers' Association, industrial and commercial associations and entrepreneurs have been incorporated to the extent possible.

International Economic Outlook

6. There still remain some risks and challenges in the world economy even though the global economy is moving towards recovery from the economic recession. Weak economic growth in developed countries, uncertainty on sustainability of high growth in emerging and developing economies due to high inflation, challenges arising in financial sector stability due to the high level of fiscal deficit in developed countries, specially in the European countries and the possible spillover to other countries of adverse impact of the Japanese economy due to the earthquake and tsunami are the major risks and challenges in the current world economy.
7. The world economy expanded by 5.1 percent in 2010 against a contraction by 0.5 percent in 2009. According to the latest forecast of International Monetary Fund, the global economy will expand by 4.3 percent in 2011. It is estimated that the US economy will expand by 2.5 percent in 2011. Similarly, Euro zone growth for 2011 has been forecasted to be 2.0 percent. The economic growth of emerging and developing economies has been forecasted to be 6.6 percent for 2011. Among the neighboring countries, Indian economy is forecasted to grow by 8.2 percent in 2011 compared to the 10.4 percent growth in 2010. Similarly, the Chinese economy has been projected to expand by 9.6 percent in 2011 compared to the growth of 10.3 percent in 2010.
8. Global price outlook does not seem so favorable because of an impact of liberal fiscal and monetary policy pursued to address economic recession and high food and fuel prices in international market. The consumer inflation rate of developed countries for 2011 is projected to be 2.6 percent as compared to 1.6 percent in 2010. Similarly, the inflation rate in emerging and developing countries for 2011 is forecasted to be at 6.9 percent as compared to 6.1 percent in 2010. High inflation has remained as a major challenge of monetary management in both neighboring countries of Nepal. In India, the wholesale price index inflation, which was 10.5 percent in May 2010, stood at 9.1 percent in May 2011. Similarly, China, another neighboring country, has also experienced 5.5 percent inflation rate in May 2011.
9. Most of the countries have adopted cautious and balanced monetary and fiscal policies to maintain fiscal deficit at sustainable level and control inflation and to avoid possible adverse impact on the speed of global economic recovery. The Reserve Bank of India has increased repo rate and statutory cash reserve ratio to 7.5 percent and 6 percent respectively to address the inflationary pressure in the economy. The Reserve Bank had reduced repo rate from 9.00 percent to 4.75 percent and statutory cash reserve ratio from 9.00 percent to 5.00 percent during the economic recession. Similarly, due to increasing inflationary pressure, the People's Bank of China has increased statutory cash balance ratio six times during the last six months, which has reached to 21.5 percent on 20 June 2011.

Domestic Economic Outlook

Domestic Product

10. The country has been experiencing sluggish economic growth for the last few years. As per the preliminary estimates of the Central Bureau of Statistics (CBS) and the Government of Nepal, the gross domestic product (GDP) growth has remained at 3.5 percent at basic price in 2010/11. The production of agriculture sector in the review year is estimated to have increased by 4.1 percent as a result of favorable monsoon. The major factor responsible for such growth in agriculture sector has been the rise in production of major food crops such as paddy, wheat and maize. As per the preliminary estimate of the Ministry of Agriculture and Cooperative published in May 2011, the production of paddy, maize and wheat is estimated to have increased by 10.9 percent, 11.5 percent and 12.2 percent respectively in 2010/11.
11. The production of industrial sector is estimated to have increased by 1.4 percent in 2010/11. Under this sector, the production of manufacturing; construction; and mining and quarrying sub-sectors are estimated to have increased by 1.5 percent, 3.3 percent and 2.1 percent respectively. However, the production of electricity, gas and water is estimated to have decreased by 4 percent.
12. The service sector also witnessed a lower growth in 2010/11 in comparison to the previous year. The service sector growth is estimated to stand at 3.6 percent in 2010/11 as compared to 6.0 percent in the previous year. As per the preliminary estimate of CBS, the lower growth in service sector is attributed to the contraction in wholesale and retail trade by 0.2 percent and lower growth in education as compared to previous year. Hotel and restaurant, transport and communication, health and social services and other community services sub-sectors are estimated to have increased respectively by 7.4 percent, 7.2 percent, 5.9 percent and 8.6 percent. The growth of overall service sector might be more than the estimate on account of remarkable improvement in the government expenditure, trade and other services during the last few months.
13. As per the data based on the eleven months of the fiscal year 2010/11, the tourist arrivals by air increased by 21.1 percent. The tourist arrivals had increased by 12.9 percent in the previous year. Tourist arrivals from India and other countries have increased by 40.4 percent and 15.9 percent respectively during this period. The increase in tourist arrival is mainly due to the promotional programmes launched in the course of "Nepal Tourism Year 2011"; increase in international airlines and flight frequencies; and the reduction in strike and road blockades. The increased tourist arrivals have helped to increase the income of hotel and restaurant services.
14. With regard to the structure of domestic demand, the total consumption (at 2000/01 prices) is estimated to have increased by 5.4 percent in 2010/11. Accordingly, the ratio of consumption to GDP increased to 93.3 percent. Gross fixed capital formation is estimated to have decreased by 10.4 percent and its ratio to GDP to have shrunk to 18 percent. The total consumption has increased at a higher rate on account of increase in government consumption by 10.6 percent despite a moderate

4 *Nepal Rastra Bank*

increase in private consumption by 4.9 percent. The sharp decline in gross fixed capital formation is due to weak investment from both the government and private sector.

15. Foreign employment had been affected to some extent in 2008/09 due to the global economic slowdown. However, the number of workers obtaining approval for foreign employment has increased by 18.7 percent in the first eleven months of 2010/11 due to gradual improvement in workers demand from major destination countries. The major destinations for foreign employment are Malaysia, Saudi Arabia, Qatar and United Arab Emirates.

Price

16. The annual inflation in 2010/11 is estimated to have remained at 9.6 percent. In mid-June 2011, the y-o-y consumer price index grew by 8.8 percent compared to 8.2 percent in the corresponding period of the previous year. The y-o-y price index of food and beverage increased by 14.3 percent and that of non-food and services group grew by 4.3 percent in the review period. The prices of these two groups had increased by 9.8 percent and 7.0 percent respectively in the previous year. The pressure on prices is generated basically due to lack of improvement in food prices, continued power crisis, increase in salary and wages and high food prices in India.
17. The y-o-y wholesale price index increased by 10.7 percent in mid-May 2011 as against 8.4 percent in the same period of the previous year. The wholesale price index of agro-based commodities, domestic manufactured goods and imported goods rose by 11.8 percent, 11.3 percent and 8.3 percent respectively in the review period as compared to 10.6 percent, 8.9 percent and 4.1 percent respectively in the same period of the previous year.
18. Wage rate increased substantially in the review period. The salary and wages index increased by 24.8 percent in mid-May 2011 compared to 13.0 percent in the corresponding period of the previous year. Under salary and wages index, the wage index increased by 32.8 percent. Among the components of wage index, index of agricultural labors, industrial labors and construction labors increased by 43.7 percent, 14.1 percent and 27.9 percent respectively.
19. The continued pressure on inflation in spite of lower growth in money supply (3.7 percent) reflects that it is a structural problem rather than monetary. Inflation is driven especially by weak supply of food items. Increasing trend in labor export has pushed the cost of production of both agricultural and industrial production on the one hand and cost of fund has also increased on the other. In the review period, the wage indices of agricultural and industrial labor increased by 43.7 percent and 14.1 percent respectively. The continued pressure on prices, therefore, was generated from lack of proportional increase in productivity and factor cost. Lingering political transition, weak labor relation, power crisis, inadequate physical infrastructure, lack of investment-friendly environment, lower capital expenditure by the government and structural bottlenecks of the economy are the sources of low productivity.

Government Finance

20. Government expenditure could not take the expected pace due to delay in the announcement of the previous year's budget. Likewise revenue mobilization was also adversely affected due to weak import growth, the main source of revenue, and slowdown in internal economic activities. The total government expenditure on cash basis increased by 12.5 percent to Rs. 212.18 billion during the eleven months of 2010/11 as compared to an increase of 29.1 percent in the corresponding period of the previous year. Of the total expenditure, recurrent expenditure rose by 14.7 percent and capital expenditure rose by 19.7 percent. Such expenditures had increased by 25.3 percent and 41.5 percent respectively in the corresponding period of the previous year. Capital expenditure of the review period on cash basis stood at 43 percent of the annual budget estimate for 2010/11.
21. During the eleven months of 2010/11, the revenue mobilization of the government increased by 14.5 percent to Rs. 175.86 billion compared to a growth of 26.7 percent in the corresponding period of the previous year. Deceleration in import growth, delayed budget, low economic growth and slowdown in economic activities including real estate transactions were responsible for such a lower growth in revenue mobilization. In the review period, foreign grants and loan assistance on cash basis to government increased by 9 percent and 14.7 percent respectively amounting together to Rs. 28.15 billion.
22. The budget deficit of the GoN on cash basis stood at Rs. 8.42 billion during the eleven months of 2010/11. Such a deficit was Rs. 6.69 billion during the corresponding period of the previous year. By mid-June 2011, the GoN's cash balance with NRB stood at Rs. 14.30 billion because the GoN raised domestic debt amounting to Rs. 19.0 billion and foreign debt amounting to Rs. 4.39 billion in the review period. However, the preliminary estimation is that the GoN might have used overdraft of more than Rs. 5.0 billion from NRB due to excessive release of expenditure in the twelfth month of 2010/11.

External Sector

23. Nepalese external sector situation has been remaining weak since 2009/10. The current account deficit narrowed down to Rs. 10.47 billion in the ten months of 2010/11 from Rs. 14.03 billion during the same period of the previous year due mainly to an improvement in exports accompanied by a slower growth in imports. However, the overall balance of payments deficit stood at Rs. 11.67 billion on account of increased imbalance in the financial account. Under the financial account, the loan receipt remained even lower than loan repayment by the GoN in the review period. The balance of payments is estimated to have stood at a surplus of Rs. 1 billion by the end of the fiscal year due to improvement in foreign aid disbursement during the last months of 2010/11.
24. The remittance from the foreign employment, which is contributing for economic stability, increased by 10.8 percent to Rs. 206.66 billion during the ten months of 2010/11. Such remittance inflow was Rs. 186.44 billion during the same period of the previous year. In the US dollar term, the remittance has increased by 14.1

6 *Nepal Rastra Bank*

percent to USD 2.85 billion. The remittance inflow was USD 2.50 billion during the same period of the previous year. An improvement in demand for workers in international labor market is attributed to the continuous increase in remittances.

25. As a result of increase in exports to India and other countries by 8.0 percent and 1.0 percent respectively, the total merchandise export increased by 5.6 percent during the eleven months of 2010/11. The total merchandise export had fallen by 10.3 percent as a result of decline in the exports to India and other countries by 4.8 percent and 12.2 percent respectively during the same period of the previous year. The export of zinc sheets, wire, toothpaste, juice, jute goods and cardamom and plastic utensils to India and export of pasmina, woolen carpet, pulses and tanned skin to other countries increased in the review period.
26. The total merchandise imports increased by 5.7 percent during the eleven months of 2010/11. It had increased by 33.7 percent during the same period of the previous year. Of the total imports, while the imports from India increased by 22.8 percent, the imports from other countries declined by 17.6 percent. The merchandise imports from India and other countries had increased by 35.2 percent and 31.7 percent respectively in the previous year. The imports from India increased due mainly to the increase in imports of petroleum products, M.S. billet, medicines, cold-rolled sheet in coil, chemical fertilizers, and electrical equipments while the imports from other countries declined due mainly to a decline in the import of gold, readymade garments, steel rod and sheet, betelnuts, polythene granules, thread, shoes and sandals and other machineries and parts.
27. The export-import ratio, an important indicator of international trade position, remained at 16.2 percent in the eleven months of 2010/11 as it was in the same period of the previous year. The share of India in total trade stood at 66.9 percent in the review period compared to the 58.7 percent in the same period of the previous year.
28. The trade deficit with India has increased rapidly in comparison to other countries due to an appreciation of the Nepalese rupee with other currencies in the context of fixed exchange rate with Indian rupee and the continuous increase in the demand as well as price of petroleum products that is imported from India. In order to finance the trade deficit with India, INR 111.32 billion was purchased by selling USD 2.46 billion during the eleven months of 2010/11. INR 91.83 billion was purchased by selling USD 1.97 billion during the same period of the previous year. The increase in the purchase of INR is due mainly to the increase in the imports of the petroleum products from India.
29. The import against the payment of USD from India has slightly declined during the eleven months of 2010/11. While such import had reached to Rs. 45.58 billion during the eleven months of 2009/10, it stood at Rs. 43.80 billion during the same period of 2010/11. The decline in the import from India against the payment of USD can be attributed to the weak performance of the manufacturing sector.
30. Since fixed exchange rate of Nepalese rupee with Indian currency has been set as a nominal anchor, it is essential to maintain foreign exchange reserve at a

comfortable level for external sector stability. As a result of deficit in the balance of payments and thereby reduction in the foreign exchange reserve, the import coverage of foreign exchange reserve has also shrunk in the later years. The foreign exchange reserve is estimated to have increased marginally to Rs. 270.0 billion in mid-July 2011 from Rs. 268.90 billion as of mid-July 2010. The reserve had declined by 6.2 percent during the same period of the previous year. In US dollar term, the reserve has increased by 0.3 percent to USD 3.62 billion in mid-May 2011 from mid-July 2010. Such reserve had declined by 6.6 percent during the same period of the previous year. Based on the imports of ten months of 2010/11, the existing level of foreign exchange reserve covers eight months of merchandise import and seven months of goods and services import.

Financial Market

31. The number of banks and financial institutions licensed by NRB has increased in 2010/11. As of mid-April 2011, the total number of class "A" to class "D" banks and financial institutions reached 219 comprising 31 commercial banks, 87 development banks, 80 finance companies and 21 micro-finance development banks compared to 203 in mid-July 2010. The number of commercial banks' branches reached 1,085 in mid-April 2011 from 990 in mid-July 2010. Of the total bank branches, 35.7 percent are located in Kathmandu valley, 25.3 percent in mountain and 39 percent in terai.
32. In addition to commercial banks, development banks and finance companies, there has been an enormous presence of the saving and credit cooperatives established under the Cooperative Act, 1992. As per the latest data from Department of Cooperatives, the number of saving and credit cooperatives reached 10558 in mid-April 2011 which mobilized Rs. 98 billion saving and disbursed Rs. 81 billion loan till mid-April 2011. The increasing presence and transactions of this type of institutions scattered around the country is believed to have contributed in financial outreach and competition in financial intermediation services.
33. Despite a slowdown in real estate and stock market transactions, the non-performing loan (NPL) ratio has increased marginally. This NPL ratio which was 2.5 percent in mid-July 2010 reached 3.4 percent in mid-April 2011. The NPL ratios of Nepal Bank Limited and Rastrya Banijya Bank Limited, which are of special concern under Financial Sector Reform Program, stood at 4.2 percent and 11.1 percent respectively. The NPL ratios of these two banks were respectively 2.3 and 9.8 percent in mid-July 2010. To avoid further depletion in the quality of loan and advances of banks and financial institutions, NRB has raised the ceiling for individual residential home loan upto Rs. 8 million from Rs. 6 million and allowed renewal of such loan upto mid-July 2012 upon the payment of interest dues by the borrowers. Similarly, banks and financial institutions are allowed to fix margin requirement of their own by minimizing inherent risk in such margin-type loan against the collateral of shares.
34. Though the increase in the number of banks and financial institutions has created competition in limited geographical areas and business sectors, some geographical regions are still beyond the outreach of financial services as of mid-April 2011.

8 *Nepal Rastra Bank*

There is only one bank or financial institution each in 9 backward districts, 2 each in 5 districts, 3 each in 8 districts, while some districts even outside the Kathmandu valley has up to 121 banks and financial institutions. Though gradual improvement in expansion of financial services in backward areas has been observed after NRB began to provide interest free working capital for branch expansion, the outreach of financial services is still not adequate in the geographical areas that require special attention for socio-economic development.

35. The short-term and long-term interest rates remained at higher level in 2010/11 relative to that in the previous year due to contraction in liquidity position. The weighted average 91-day Treasury bill rate stood at 7.1 percent in the eleven month of 2010/11 compared to 6.5 percent in the corresponding period of the previous year. The weighted average inter-bank rate stood at 8.13 percent in the eleven months of 2010/11 compared to 7.74 percent in the corresponding period of the previous year.
36. As a part of the capital market instrument, the issuance of development bond of the GoN on auction basis was started from 2004/05. Development Bond amounting to Rs. 8 billion was sold on auction basis in 2010/11. Of the total, Development Bond worth Rs. 5 billion was of 3-year maturity and that of Rs. 3 billion was of 5-year maturity. The coupon rate of both of these bonds was 9.5 percent. The sale of Foreign Employment Bond was amounted to Rs. 3.4 million in 2010/11. The sale of such bond was Rs. 4 million in the previous year.
37. Security market remained sluggish in 2010/11. The NEPSE index slipped to 297.6 points in mid-June 2011, the lowest level in 2010/11, and bounced back to 362.5 points at mid-July 2011 as a result of measures adopted in later months. The index was 477.7 points in mid-July 2010. The decline in the NEPSE index can be attributed to lack of improvement in investors' confidence, issuance of right and bonus share by commercial banks to meet the specified level of paid up capital, increase in the supply of shares and liquidity problem.
38. The market capitalization on y-o-y basis decreased by 29.1 percent to Rs. 265 billion in mid-June 2011 which stands at 21.7 percent of GDP. Of the total, the market capitalization of banks and financial institutions accounted for 68.8 percent; manufacturing and processing sectors 3.2 percent; hotels 2.0 percent; business entities 0.5 percent; hydropower 4.0 percent; and other sectors 21.5 percent.
39. Fluctuation in share prices may weaken investors' confidence and create adverse effects on economic stability. Therefore, NRB is putting effort for a sustainable and stable development of security market. Previously, NRB had introduced a provision regarding margin lending under which loan against share could be provided for only up to 60 percent of the average share price of last 180 days or latest market price, whichever was lower. Considering the sluggish performance of share market, NRB has undertaken liberal policy regarding loan renewal and margin call in 2010/11.

Monetary Management

40. Inflation and BOP targets could not be achieved even though monetary aggregates were maintained under control. This indicates that such structural problem could be solved only through further improvement in macroeconomic environment rather than only in monetary sector.
41. The monetary aggregates expanded at lower rate in 2010/11. The deceleration in growth of monetary aggregates in the review period is attributed to the deficit in BOP in most of the months and lack of expected increase in government capital expenditure. In the ten months of 2010/11, broad money supply, an important indicator of the monetary liquidity, increased by only 3.7 percent as compared to 9 percent growth in the corresponding period of the previous year. The broad money supply expanded by 7.3 percent based on the broad monetary survey which also includes activities of development banks and finance companies. Though the monetary survey that includes balance sheet of commercial banks showed lower monetary expansion, the broad monetary survey indicates that the monetary expansion has not been that lower. This is mainly because of higher growth of deposit mobilization and credit expansion by development banks and financial institutions relative to commercial banks. Broad money supply is estimated to have increased by 8.1 percent by the end of 2010/11 on account of surplus in BOP and increased government expenditure towards the end of the fiscal year.
42. The total domestic credit is estimated to have increased by 11.4 percent in 2010/11 as compared to initial projection of 15 percent. In the ten months of 2010/11, domestic credit based on monetary survey increased by 7.7 percent while the same based on broad monetary survey increased by 10.3 percent. Lower growth in domestic credit in the review period is attributed to the contraction in claims on government and deceleration in claims on private sector credit growth. Based on monetary survey, claims on private sector increased by 11.4 percent while based on broad monetary survey such claims increased by 13.7 percent. The claims on government and private sector are estimated to have increased by 4.6 percent and 13.3 percent respectively by the end of 2010/11.
43. The growth rate of deposit was also low in 2010/11. Deficit in BOP, increasing consumption tendency and cash surplus of the GoN in most of the months are among the factors responsible for lower growth in deposit mobilization compared to the previous year. The deposit mobilization by class 'A', class 'B' and class 'C' banks and financial institutions increased by 8.2 percent (Rs. 59.62 billion) to Rs. 788.72 billion in the ten months of 2010/11. In the corresponding period of the previous year such deposit had increased by 9.7 percent (Rs. 60.77 billion). In the ten months of the review year, fixed deposit increased by Rs. 65.64 billion and call deposit increased by Rs. 4 billion while current and saving deposits together declined by Rs. 10.48 billion. The saving deposit was diverted to fixed deposit on account of increased interest rates on fixed deposit.
44. In the first ten months of the review year, deposit mobilization of commercial banks increased by 3.8 percent (Rs. 23.72 billion) while loan and advances

10 *Nepal Rastra Bank*

increased by 10.6 percent (Rs. 63.23 billion). Of the total loan and advances, credit to private sector increased by 11.6 percent (Rs. 57.53 billion). The higher credit growth relative to deposit mobilization is due to the extension of credit by using excess reserve held by banks with NRB at the end of the previous year and bank balance held abroad as well as mobilization of capital in the review period. The banking sector liquidity management has been easing on account of improvement in liquidity arising from increased government expenditure in the later months.

45. In the first ten months of the review year, deposit mobilization by development banks and finance companies increased by 16.6 percent and 13.5 percent respectively. Similarly, development banks and finance companies mobilized capital worth Rs. 5.15 billion and Rs. 1.37 billion respectively. In this period, the development banks' credit to private sector increased by 29.3 percent and that by finance companies increased by 15.9 percent. Some problems in liquidity management were observed in few development banks and financial companies, which concentrated their lending on real estate, were dependent on few institutional depositors for resources and lent more relative to resources. Though the liquidity problem is currently managed with NRB liquidity facilities, the sustainable solution to the problems of these financial institutions could only be ensured through an appropriate investment policy, maintenance of quality assets and good governance.
46. Considering the inadequacy of credit flow to productive sector due to over concentration of credit to unproductive sector and liquidity shortfall, NRB had introduced a refinance facility to bank and financial institutions to provide credit to specified productive sectors through the mid-term review of monetary policy for the fiscal year 2009/10. Bank and financial institutions used Rs. 5.38 billion under this facility in 2010/11.
47. The bank credit to agriculture sector has not increased as reflected in the sector-wise distribution of credit. Credit to agriculture sector is only about 3 percent of total bank credit till mid-May 2011. The outstanding credit of commercial banks to agriculture sector declined to Rs. 13.55 billion in mid-May 2011 from Rs. 14.29 billion in mid-July 2010. Credit to tourism sector stood at 1.8 percent of total credit and that to electricity sector stood at 1.1 percent of total credit in the review period. Credit to tourism and electricity sectors was 1.7 percent and 1.2 percent respectively as at mid-July 2010. However, the credit to industrial production sector has increased to some extent in the review period. Credit to this sector increased to 22.1 percent (Rs. 115.35 billion) of total banks' credit as at mid-May 2011 from 20.5 percent (Rs. 94.71 billion) as of mid-July 2010. Similarly, the share of banks' credit to service sector and wholesale and retail trade increased to 6.9 percent and 20.6 percent respectively in mid-May 2011 from 6.2 percent and 18.5 percent respectively in mid-July 2010.
48. The liquid assets of commercial banks decreased by 5.7 percent in the ten months of 2010/11 due to BOP deficit and higher rate of credit flow relative to resource mobilization. The liquid asset to deposit ratio came down to 31.3 percent in mid-May 2011 from 34.5 percent in mid-July 2010. Though liquid assets to deposit ratio

declined, liquid assets of Rs. 201.93 billion, representing 31.3 percent of the total deposit liabilities, ensured the adequacy of liquidity within the banking system.

49. In the case of development banks and finance companies, the liquidity remained low. In mid-May 2011, liquid assets/deposit ratio of development banks and finance companies stood at 8.8 percent and 9.4 percent respectively. The low level of liquid assets relative to size of their deposit mobilization has also created some challenges in monetary and liquidity management. It has become difficult to manage liquidity through open market operation and standing liquidity facility due to very low level of investment in government securities by development banks and finance companies.

Financial Stability and Liquidity Management

50. Contraction of monetary liquidity and slowdown in real estate transactions influenced cash flow and created liquidity shortfall in banking system. Factors like lack of expected improvement in BOP, slowdown in the expansion of capital expenditure and surplus cash balance of the GoN with NRB in most of the time in the review year led to slowdown in reserve money and created both systemic and short-term problems in liquidity situation. In addition, some financial institutions which were not maintaining balance between structure of assets and liabilities, had low capital ratio but high credit-deposit ratio, concentrated credit in unproductive sector and created long-term assets on the basis of short-term resources faced structural liquidity problem. The problems in liquidity management of some financial institutions also emerged from their weak corporate governance.
51. Liquidity problem was observed in some financial institutions despite the fact that there was adequate liquidity in the system. To avoid systemic risk on payment system, NRB has been providing liquidity through open market operation; lender of last resort facility; refinance facility for liquidity management and standing liquidity facility to banks and financial institutions facing liquidity problem due to systemic and structural reasons. In addition, macro prudential regulations are also put in place to address problems associated with weak balance sheet and structural liquidity stress emerging from mismatch of assets and liabilities.
52. NRB injected net liquidity of Rs. 71.39 billion through open market operations in 2010/11 to avoid adverse impact on payment system due to liquidity problem. Under the open market operation, Rs. 92.39 billion was injected through repo auction. However, Rs. 2 billion was mopped up through outright sale auction and Rs. 19 billion was mopped up through reverse repo auction to manage excess liquidity of the banking system during the initial months of 2010/11, arising from heavy government expenditure at the end of the previous fiscal year.
53. Short-term standing liquidity facility (SLF) is available to banks and financial institutions to support their liquidity management. The banks and financial institutions used Rs. 216.67 billion in 2010/11 under this window. However, the outstanding amount of SLF as at mid-July 2011 stood at only Rs. 310 million. In the review year, development banks and finance companies used Rs. 22.27 billion and Rs. 6.25 billion respectively under this facility.

12 Nepal Rastra Bank

54. Commercial banks carried out inter-bank transaction of Rs. 397.56 billion in 2010/11 compared to Rs. 344.58 billion in the previous year. For further easing of liquidity management through inter-bank transactions, a new provision has been introduced so that class 'A', 'B' and 'C' licensed financial institutions can have inter-bank transactions with each other against good loan or any other acceptable collateral under specified conditions. However, such loan and advances from inter-bank transaction can only be used for liquidity management and for making payment to depositors. This provision will be helpful to manage systemic liquidity problem and to reduce risk related to inter-bank transactions.
55. NRB injected liquidity of Rs. 174.30 billion through the purchase of USD 2.41 billion from commercial banks in the fiscal year 2010/11. NRB had injected Rs. 118.66 billion through the purchase of USD 1.60 billion in the previous year. However, there was net mop up of liquidity from sale and purchase of foreign exchange in the review year because INR 123.84 billion purchased from Indian money market through the sale of USD 2.74 billion to bridge the trade deficit with India was sold in the market.
56. In the absence of liquid assets, general instruments such as open market operation and other existing instruments could not solve the liquidity problem. Therefore, to protect public confidence on financial and payment system, NRB has provided liquidity against good loan through the lender of the last resort window to financial institutions facing structural liquidity problems. Similarly, a 120-day refinance facility for liquidity management has been introduced under which NRB provides refinance up to 80 percent of collateral of good loan for financial institutions having quality assets in balance sheet but facing liquidity problem for being unable to convert those assets into liquid assets. Under this facility, Rs. 0.79 billion was provided to 3 development banks and 13 financial institutions up to mid-July 2011.
57. In 2010/11, NRB provided general refinance facility amounting to Rs. 5.38 billion to banks and financial institutions against the collateral of good loan to increase credit to productive sector. Of the total refinance, Rs. 3.59 billion was outstanding as at mid-July 2011. This facility was used by 9 commercial banks, 7 development banks and a finance company in the review period. This refinance facility has helped to avoid systemic risk as it encourages credit flow to productive sector and eases liquidity in the system.

Monetary Policy and Financial Sector Program of 2011/12

58. The policy stance, programs and instruments of the monetary policy for 2011/12 have been set by analyzing domestic economic outlook and the possible development in global economy and its likely impact on Nepalese economy. The strategy of the current monetary policy is to achieve macroeconomic stability to support growth target set in the three-year plan.

Monetary Policy Stance

59. In addition to inflation and balance of payments deficit, liquidity management and maintenance of financial stability have emerged as major challenges of monetary policy. A balanced and cautious monetary policy stance is necessary in the context of BOP deficit that has been prevailing for the last two years, high inflation and liquidity crunch. As the current BOP deficit and inflation are structural problems, no direct impact of monetary expansion is observed on these variables. Nevertheless, monetary policy needs to be cautious to avoid possible adverse impact of monetary expansion on BOP and inflation.
60. While determining the monetary policy stance, it is necessary to be cautious on the overvalued real exchange rate existing for the last couple of years as well as its negative impact on domestic savings. In the context of higher rate of inflation than expected, no improvement in productivity and weak investment climate, monetary management should be carried out so as to maintain balance in monetary and credit aggregates and interest rate.
61. The primary reason behind high inflation has been the supply side and cost push factors while the role of monetary liquidity in inflation is negligible. In such a situation, investment climate must be taken into account while following the path of monetary expansion to support economic growth and ease liquidity. A balanced policy stance is set considering the continuous increase in consumption/GDP ratio to 93.3 percent with no improvement in internal supply capacity in the present situation and possible adverse impact of monetary expansion on the economic growth, saving and liquidity situation from a surge in consumable import.
62. Financial sector stability being an issue of concern of central bank, NRB has adopted it as one of the main objectives of monetary policy. NRB has promptly introduced some measures such as early warning system, prompt corrective action, know your customer policy and risk-based supervision system to address weaknesses that emerge in financial institutions. In addition to continuation of these measures, risk of financial system will be managed through more effective contingency planning and stress testing of the banks and financial institutions based on some specified indicators. To strengthen the solvency of financial institutions, the monetary policy is directed towards effective implementation of capital adequacy ratio, cash reserve ratio, statutory liquidity ratio, net liquidity ratio, credit-deposit ratio and sectoral credit ceilings.
63. In addition to overall macroeconomic situation, it has become clear that weak corporate governance is also one of the main factors for current liquidity shortfall in the financial system. Regulatory measures will be used to address the liquidity and payments problems emerging from weak corporate governance. Similarly, to maintain public confidence towards the financial system, monetary management will be carried out using monetary instruments such as open market operation, general refinance facility, refinance facility for liquidity management, and standing liquidity facility.

14 *Nepal Rastra Bank*

64. There is always a risk of surge in non-performing assets as well as adverse impact on overall financial stability due to fluctuations in prices and transactions of assets such as real estate and shares. While setting the direction of monetary policy, possible impact of an increase in non-performing assets to the effectiveness of financial intermediation also has been taken into account.
65. Consolidated balance sheet of banks and financial institutions shows that the credit-deposit ratio is still high. The fully loaned-up situation of banks and financial institutions and credit concentration on unproductive sectors also added difficulties in liquidity management. If banks and financial institutions are able to reduce the credit-deposit ratio within the ceiling set by this bank in line with the orientation of monetary policy and regulatory standards, the liquidity situation will improve gradually.
66. Sectoral distribution of bank credit is not satisfactory. Volume of banking sector assets and its quality might be severely affected, if bank credit is concentrated on such sectors, which are instable and have low value addition. The tendency of expanding loan and advances to unproductive sector is considered risky for both financial and macroeconomic stability. Therefore, to discourage flow of credit to such sectors and increase credit to productive sector, the strategy of monetary management, selection of instruments and operation should also be focused on the same. So, while determining the monetary policy stance, emphasis has been given to the sectoral lending instruments rather than general instruments of credit control.
67. Currently, real interest rate on deposit is positive. However, it has been observed that lending rates have increased at a faster rate relative to deposit rate. Therefore, monetary measures will aim at keeping the interest rate spread at a satisfactory level.

Economic and Monetary Targets

68. The primary objectives of monetary policy of 2011/12 are controlling inflation pressure coming from excessive expansion of money supply, maintaining favorable BOP situation and facilitating economic growth by maintaining financial stability. The supply side must also be strengthened to contain inflation within the target. As the monsoon of this year began on time, agricultural production is expected to be satisfactory. Similarly, government capital expenditure is also expected to be effective because of the timely announcement of the government's policy, program and budget for this fiscal year. The production of both industrial and service sector will be expected to increase if labor relations and electricity supply improved and favorable industrial climate created. On the backdrop of the above domestic economic outlook, the target of the annual average inflation rate is set at 7 percent for 2011/12. The economic policies in neighboring countries as well as at the global level, which are directed towards controlling inflation, are also expected to help maintain inflation at the targeted level.
69. Another objective of monetary policy of 2011/12 is to carry-out monetary management so as to improve BOP situation for maintaining foreign exchange reserves sufficient to cover at least six months of goods and service imports. A

BOP surplus of about Rs. 5 billion is targeted on the basis of current trends and forecast of import and sources of foreign exchange.

70. In the Budget Speech of 2011/12, economic growth target is set at 5 percent. It will be possible to achieve the target, if there is an improvement in agricultural production, power supply, private sector investment and the capital expenditure of the GoN. The early starting of monsoon this year is expected to increase production of paddy. Therefore, if the sanctioned capital expenditure of the GoN is released on time, it will help to speed up economic activities and strengthen the confidence of the private sector as well as to achieve the targeted rate of economic growth. Necessary monetary management will be carried out so as to facilitate the achievement of the economic growth target mentioned in the budget speech.
71. In the context of main monetary policy targets of limiting inflation to 7 percent and achieving BOP surplus of Rs. 5 billion, the broad money supply, an intermediate target of monetary policy, is projected to grow by 12.5 percent in 2011/12.
72. In 2011/12, domestic credit is projected to grow by 13.7 percent. Commercial banks' credit to private sector is projected to increase by 14 percent in 2011/12 as compared to 13.3 percent in 2010/11. Such a growth rate of credit is estimated to be sufficient to achieve the targeted economic growth. Considering the budget estimate of total government expenditure and domestic debt mobilization, claims on government is projected to grow by 12.1 percent in 2011/12.
73. On the basis of likely positive impact of targeted economic growth, balance of payments surplus and current structure of interest rate on deposit mobilization, the total deposits of commercial banks is projected to grow by 13 percent (Rs. 87.0 billion) to Rs. 756 billion in 2011/12.

Instruments of Monetary Policy Operation

74. Open market operation will continue to be the main instrument of monetary policy operation, which will be conducted mainly on the basis of liquidity situation indicated by Liquidity Monitoring and Forecasting Framework and monetary policy objectives. Monetary management will be conducted through injection and mopping up of liquidity using instruments such as outright purchase auction, repo auction, outright sale auction and reverse repo auction. Necessary revision will be made in the existing provision of injecting liquidity twice a week through repo auction. The current practice of treating commercial banks as well as class 'B' and class 'C' financial institutions as the counter parties of monetary policy operation in monetary management will be continued. Similarly, existing provision on maximum period of 45 days for repo and reverse repo auction will be continued. In addition to treasury bills, development bonds will also be used as collateral for repo auction.
75. The liquidity with banks and financial institutions in excess of required cash reserve ratio will be taken as the operating target of monetary policy. For this, projection of excess liquidity with counter parties will be continued by using the Liquidity Monitoring and Forecasting Framework based on the balance sheet of NRB. In addition, the current practice of monitoring liquidity by collecting daily

16 Nepal Rastra Bank

information on deposits, lending, cash reserve and inter-bank interest rate will be continued.

76. In the context of higher inflation rate than expected and continued deficit in BOP, monetary easing might produce risks in both these aspects. However, it is equally important to prevent the economic contraction that may be generated due to the monetary contraction as it may adversely affect both inflation and BOP situation. In this background, cash reserve ratio (CRR) to be maintained by class 'A' commercial banks and class 'B' and 'C' licensed institutions accepting demand/call deposits has been reduced by 0.5 percentage points to 5 percent from 5.5 percent. The reduction in CRR will help in the achievement of targeted economic growth through the supply of additional resources to productive sector with lowered financial intermediation cost.
77. On the basis of consolidated balance sheet of mid-May 2011, the reduction in CRR is expected to inject additional liquidity of Rs. 4 billion in the banking system. This additional liquidity is believed to help in increasing investment in productive sector.
78. The existing provision of Statutory Liquidity Ratio (SLR), which is aimed at increasing the share of liquid assets in the portfolio of counterparties of monetary policy, has been continued.
79. The bank rate, which is viewed as an indicator of interest rate structure and monetary policy stance, is kept unchanged at 7 percent and general refinance rate is also maintained at 7 percent.
80. Short term "Refinancing Facility for Liquidity Management", introduced in 2010/11 to address liquidity problems of commercial banks and financial institutions and to maintain financial stability and public confidence over payment system will be gradually revised. Existing provision of lender of the last resort facility provided to banks and financial institutions for a maximum period of six months has been continued. New provision will be introduced to further widen the collateral base of this facility to other assets as well. The provision of determining interest rate on SLF by adding 3 percentage point on weighted average of 91-days treasury bills rate or prevailing bank rate, whichever is higher, has been continued. Other provisions on this facility have not been changed.
81. Special refinance rate applicable to credit for export industry, sick industry, small and cottage industry and foreign employment of specified section of people is maintained at 1.5 percent. While utilizing this facility, commercial banks and financial institutions cannot charge more than 4.5 percent interest from the client.
82. Refinance rate on export credit made available to the commercial banks in foreign currency will be determined by adding 25 basis points to the prevailing Libor Rate as earlier.

Micro Finance and Access to Finance

83. To enhance micro-finance services to backward region, class, gender and communities by consolidating financial services provided by micro-finance

institutions, a draft of Micro-finance Authority Act has already been submitted to the GoN for the establishment of Micro Finance Authority. The task of establishing Micro Finance Authority for regulation, inspection and supervision of micro-finance institutions will be pushed ahead with utmost priority. All necessary works will be put forward to establish an autonomous Micro-finance Development Fund to extend outreach of micro-finance institutions to the poor and deprived sector.

84. Despite institutional effort to extend financial services, access to financial services in Mid-western and Far-western hilly regions has been very poor. Therefore, to enhance access to financial services in these areas, a study will be conducted and its policy suggestions will be implemented. Considering the fact that low financial literacy is one of the factors hindering effectiveness of financial services, a national strategy will be formulated in this regard.
85. The NRB will provide interest free loan up to Rs. 1.5 million based on institution's capital strength for a specified period, if class 'D' financial institutions extend their financial services by opening a new branch in the nine specified districts with limited financial access.
86. With a view to increase access to financial services, there is a mandatory provision for deprived sector lending. The deprived sector lending requirement has been revised so that the commercial banks, development banks and finance companies must lend 3.5 percent, 3.0 percent and 2.5 percent of their total loans to the deprived sector respectively. The respective ratios were 3 percent, 2.5 percent and 2 percent earlier. Such ratio will be increased at an annual rate of 0.5 percentage point during the next three years in order to increase the contribution of financial institutions in the income and employment generation activities of the deprived sector. No change has been made on the existing provision that restricts banks and financial institutions to deposit the amount provided for the purpose of deprived sector lending into other banks and financial institutions to earn interest.
87. The ceiling on loans to deprived sector or micro-credit provided by class 'D' micro-finance development banks against group/individual guarantee with or without collateral has been maintained at Rs. 90 thousand and that for micro-enterprise at Rs. 200 thousand as earlier. However, while extending credit up to the specified ceiling of Rs. 200 thousands, the loan amount must not exceed one-third of total credit to be provided to the deprived sector. In addition, the ceiling of deprived sector loan provided by class 'A', 'B' and 'C' banks and financial institutions to group member/individual against group/individual guarantee and classified as a pass loan for last two years has also been maintained at Rs. 90 thousand and that for micro-enterprise has been maintained at Rs. 200 thousand as earlier.
88. The provision of treating loans up to Rs. 200 thousand as deprived sector credit provided by the banks and financial institutions without collateral to youths from deprived families for studying secondary and higher secondary level technical and vocational education has been continued. Moreover, an arrangement will be made to cover guarantee of such credit.

18 Nepal Rastra Bank

89. In order to enhance women empowerment through their increased participation in economic and professional activities, the existing provision of qualifying loan up to Rs. 300 thousand provided by banks and financial institutions for micro enterprises operated by women as deprived sector lending has been given continuity. NRB will provide refinance for such credit at general refinance rate.
90. A provision of including the credit up to Rs. 10 million provided by bank and financial institutions in hydropower project of up to 500 kw capacity with at least 50 percent investment participation by community user committee or private sector into the deprived sector lending has been given continuity. In addition to this, the provision of loans provided through consumer committee or cooperative for community irrigation in rural area and credit for buying tractor, thresher and other agricultural equipments will continue to be eligible under the deprived sector credit.
91. A provision will be introduced to include credit up to Rs. 10 million extended by banks and financial institutions to rural community hospitals meeting specified standards under the deprived sector lending.
92. Loans up to Rs. 150 thousand per household provided to farmers to establish cold storage in collective ownership for preserving food grains will be treated as the deprived sector credit. The provision of including loans up to Rs. 250 thousand per household for business such as animal husbandry, fishery, and bee-keeping remains unchanged.
93. With a view to encourage deprived sector lending, the provision that does not require additional 20 percent loan loss provision for the loans provided directly or indirectly to the deprived sector on group/individual/institutional guarantee has also been continued.
94. An arrangement will be made to grant license to class 'D' financial institutions to operate in areas with limited access to financial services.
95. There is a provision on branch expansion by class 'C' financial institutions that requires additional paid up capital of Rs. 20 million for Kathmandu Valley and Rs. 5 million outside Kathmandu valley. With a view to expand banking services in areas with limited access to financial services, this provision of additional capital requirement has been waived in 2011/12 also for those financial institutions extending branches in municipalities or village development committees having two or less banks and financial institutions or their branches.
96. NRB provides an interest free loan up to Rs. 5 million and Rs. 10 million to banks and financial institutions for opening a branch respectively in district headquarter and outside district headquarter of 22 remote districts specified by the GoN. This provision was introduced to enhance financial inclusion through expansion of financial institutions in areas where there was lack of access to finance. Until now, 6 commercial banks and 5 development banks have used Rs. 150 million under this facility. Necessary amendment will be made to discourage the possibility of taking undue advantages through the use of the definition of remote district. The existing provision that banks and financial institutions will be allowed to open a branch in Kathmandu Valley only after operation of one branch among the 30 specified

districts with limited presence of banks and financial institutions and one more branch anywhere outside Kathmandu valley has been given continuity. Finance companies willing to open branches under this provision are not required to have additional capital.

97. Existing provision of deposit guarantee for savings and fixed deposits of natural person of up to Rs. 200 thousand already implemented in class 'B', 'C' and 'D' financial institutions will be extended to commercial banks, and the coverage amount of deposit guarantee will also be gradually increased.
98. Preliminary works to conduct a rural credit survey covering the state of the presence of banks and financial institutions, institutional credit, informal financial transactions, rural financial access, credit and interest rate were carried out in 2010/11. The process of conducting the survey will be pushed forward in 2011/12.

Financial Sector Reform, Regulation and Supervision

99. The ongoing financial sector reform program will be continued in 2011/12. Under this program, the restructuring of Nepal Bank Limited and Rastriya Banijya Bank Limited, re-engineering of Nepal Rastra Bank and the capacity enhancement of financial sector will be implemented.
100. A new capital standard based on BASEL II designed to apply international supervisory norms renowned in banking sector has already been prepared and implemented in full fledge for class 'A' licensed financial institutions since 2008/09. The same capital standard has been implemented for national level class 'B' financial institutions on a parallel basis since 2010/11. The implementation of this capital standard will be made more effective in the days to come. Likewise, a directive relating to Internal Capital Adequacy Assessment Process (ICAAP) would be prepared and implemented for further strengthening of risk-based provisioning of capital in banking business. The existing provision of capital adequacy required to be maintained by banks and financial institutions has been given continuity.
101. Financial sector stability requires high quality of asset/credit of banks and financial institutions. In order to ensure the assets quality, the priority of supervision will be directed towards maintaining quality of credit. Focusing on this, the task of inspection and supervision will be effectively implemented in order to complete onsite supervision of all financial institutions in each fiscal year. Supervisory departments will be strengthened further for this purpose.
102. In the context of increased competition in the financial sector and rapid expansion of new financial instruments and services, 'Risk-based Supervision Guidelines', which is in the final stage of preparation, will be implemented in order to adopt the risk-based approach in supervision. To make it further effective, necessary corrections will be made in existing Inspection and Supervision Bylaw, 2002. Also, provisioning of human resource and departmental restructuring will be made for the enhancement of supervisory capability.
103. In order to enhance supervisory capability of NRB, the process of requesting for necessary assistance from international consultants has already been initiated. In

20 *Nepal Rastra Bank*

addition, in the context of need of effective information management system for effective supervision of banks and financial institutions, special attention will be paid in mechanization of information system for a quick, reliable and factual transmission of information between NRB and other licensed banks and financial institutions.

104. The existing onsite and offsite supervision mechanism will be reviewed and refined in order to make risk based supervision system more effective. With the objective of strengthening offsite supervisory capacity, the existing early warning system will be made more effective. In addition, a contingency plan will be prepared by developing a system that identifies potential risks and their management for taking steps immediately to address contingency problems that emerge in the financial system. Under this system, problematic bank resolution framework will be prepared by including specified step-by-step programs of crisis management.
105. In order to figure out the potential impact on banks' financial conditions that may emerge from the fluctuations in the economy, a sample stress test has been conducted. Necessary directive will be issued to banks to conduct stress test on their own based on the feedback received from the sample test. Likewise, institution-wise liquidity monitoring framework will be prepared and implemented in order to strengthen forward-looking analysis for liquidity management of banks and financial institutions.
106. The implementation and monitoring process of Prompt Corrective Action Bylaw, 2008, introduced in 2008/09, will be made effective in order to maintain public confidence towards the financial system through prompt rectification of weaknesses identified during the course of inspection and supervision.
107. While keeping unchanged the policy pertaining to the postponement of application to establish new commercial banks until another policy provision is announced, policy efforts will be directed towards the promotion of financial consolidation. Taking into consideration the fact of uneven access to financial services across the country, a selective licensing policy will be adopted to establish financial institutions in rural areas with minimum access to financial services.
108. There has been an increasing tendency of changing promoters and adjustment in ownership structure of share capital by banks and financial institutions that submitted application under existing licensing policy. A timely revision in existing policy provision will be made to overcome this problem so as to create an environment to promote banks and financial institutions by genuine investors.
109. A greater involvement of capable, experienced and professional investors in the operation of banks and financial institutions can enhance effectiveness of financial system. In order to increase strategic involvement rather than quantitative presence of the promoters, necessary rectification will be made in the appraisal system of promoters of newly established banks and financial institutions.
110. In order to ascertain financial stability and effective financial service by increasing qualitative strength rather than quantity of financial institutions, 'Merger and Acquisition of Banks and Financial Institutions Bylaw, 2011' has already been

implemented. Moreover, to encourage merger and acquisition among financial institutions, the GoN, through the Budget Speech of 2010/11, has made a provision to waive registration fee on the recommendation of this bank. Financial stability will be effectively strengthened through corporate governance, healthy competition and financial consolidation by encouraging bank and financial institutions for merger and acquisition based on mutual financial interest, dual involvement of promoters, and financial strength of banks and financial institutions.

111. To promote financial discipline, the system of monitoring pertaining to corporate governance and compliance of directives will be implemented more effectively. To improve this aspect, voluntary declaration records on loans taken from various banks and financial institutions by member of the board of directors and their family members in the names of their firms/companies or the firms/companies under their control will be updated.
112. Whether or not the banks and financial institutions are transparent and economizing on capital and stationery expenses will be indicated in the long-form audit report and further strengthened by incorporating the same in the report of the external auditor.
113. In the context of growing number of banks and financial institutions, the tendency of taking loans from more than one institution by a single customer is also increasing. The credit risk arising from multiple banking will be managed through effective implementation of self-declaration of multiple banking under the Know Your Customer (KYC) norm.
114. Under the financial sector capacity enhancement programme, Debt Recovery Tribunal and Credit Information Center Limited will be strengthened. To improve the non-performing assets of banks and financial institutions, establishment of an asset management company with private sector participation will be encouraged.
115. It will be difficult to maintain financial sector stability and strengthen the effectiveness of inspection and supervision of banks and financial institutions, if loan defaulters are released without the repayment of their dues. Therefore, necessary plan to take action against such defaulters will be prepared and implemented. Confiscation of passports and other actions against the defaulters taking more than Rs. 10 million from banks and financial institutions will be made more effective. With the coordination of the GoN, the borrowers not investing borrowed fund in specified sectors and registering dummy firm to borrow against it as well as not repaying the loan willfully will be brought to justice.
116. The existing refinance facility will be reviewed so as to increase credit flow to the hydroelectricity projects from banks and financial institutions.
117. Necessary steps will be carried out to control, limit and regulate personal overdraft loans extended by the banks and financial institutions.
118. To ensure sufficient investment in the productive sectors particularly in agriculture, power, tourism, and cottage and small industries, the banks and financial institutions providing credit equivalent to less or more than 10 percent of the

22 Nepal Rastra Bank

industry average in specified sectors are required to increase it to 20 percent of the industry average within the next three years. The implementation of action plan submitted by the banks and financial institutions in this regard will be effectively monitored.

119. To enhance efficiency in resource mobilization through the development of capital market, it is necessary to have an institutional set-up and adequate and diversified instruments. Taking into account this fact, commercial banks will be encouraged to operate mutual fund scheme in coordination with Security Exchange Board of Nepal.
120. The Secured Transaction Act, 2006 has been implemented for the fulfillment of responsibilities related to current and fixed assets. In this context, necessary assistance will be provided to the GoN to establish a separate office in line with the spirit of the Act.
121. The Currency Management Department will be modernized as per the spirit of a modern central bank. Accordingly, Currency Verification and Processing System (CPVS) and Shredding and Briquetting System (SBS) will be put in place to replace current system of punching and destroying soiled currency notes.
122. Replacement of soiled notes with fresh notes in circulation and clean note policy will be continued. To ensure smooth supply of Nepalese currency across the country, currency chest transactions will be modernized and expanded.
123. NRB has started to compile broad monetary survey by extending the coverage of the monetary survey to include the balance sheet of development banks and finance companies. The broad monetary survey will be published regularly within 2011/12 for public information. The extended survey is believed to enhance effective implementation of monetary policy and financial monitoring as it reflects actual monetary and financial situation.
124. An online unified data reporting system will be put in place to get timely and reliable data information from banks and financial institutions and to simplify data processing and preparation of report. This will also improve dissemination of financial data to the general public and other stakeholders in a timely manner.

Foreign Exchange Management

125. The trend of taking foreign loan for infrastructure development including hydropower has been increasing. However, foreign currency held by banks and financial institutions is being invested abroad in different instruments at nominal interest rate because of limited areas specified for utilization of foreign currency. On the contrary, a sizable amount of foreign currency is also paid as interest of foreign loan. Considering this fact, a policy provision will be introduced so that banks and financial institutions can extend credit denominated in foreign currency to hydroelectricity projects and can also invest in different foreign currency denominated instruments with the consent of NRB.
126. The ceiling of foreign exchange facility provided as passport facility to Nepalese citizens visiting third countries excluding India has been increased to USD 2,500

for each visit and USD 5,000 in each fiscal year from the existing ceilings of USD 2,000 and USD 4,000 respectively. Other provisions regarding passport facility have been kept unchanged.

127. Additional items will continuously be added in the list of goods that can be imported from India against the payment of convertible currency on the basis of rationality.
128. A new provision will be introduced to allow non-resident Nepalese (NRN) to open up bank account in convertible foreign currency.
129. Necessary amendments will be made in the existing policy/circular regarding opening and operation of foreign currency account by eligible individuals and organizations by clarifying issues such as types of account, ceiling and items for expenditure and deposit procedure.
130. Currently, NRB grants permission to open up the NOSTRO account by banks and financial institutions. However, individuals, organizations/institutions and companies are not allowed to open such account. These days, many Nepalese citizens need to stay abroad for longer period for business, employment and other purposes. Exporters need to open branch/correspondent office and showrooms abroad as their participation in different exhibitions and conferences has also been increasing. Considering these facts, a policy provision will be introduced to allow Nepalese individuals and organizations/institutions to open and operate bank account in foreign countries.
131. The existing provision requires the renewing of advance payment certificate issued to exporters by commercial banks in every six months for up to three years. This provision will be revised so that such certificate can be issued for one year initially and renewed by the concerned banks/financial institutions thereafter.
132. Due to the existing provision of unlimited period of the usance letter of credit, there has been an increasing tendency of taking foreign loan indirectly through the LC issued for business purpose. Necessary amendment will be made on LC transactions including the usance letter of credit to discourage such activities.
133. In the context of increasing tendency of Nepalese people going abroad and remitting foreign currency to family, relatives and friends in cash by Nepalese staying abroad and workers / helpers working in tourism service receiving tips from tourist, a provision will be introduced so that institutions licensed by NRB can exchange cash upto USD 1,000 or equivalent other foreign currencies at a time upon the declaration of sources of income with their identity card.
134. The business transactions between Nepal and Bhutan are generally settled in Indian currency while card transactions are settled with the USD exchange facility. As the international card companies including Visa and Master Card are settling the card transactions among Nepal, India and Bhutan in Indian currency, new provision will be introduced to allow the settlement of card transaction between Nepal and Bhutan in Indian currency.

Lastly,

135. The present monetary policy is being implemented at a time of continued BOP deficit, high inflation, liquidity crisis and high credit-deposit ratio in the banking sector, slowdown in real estate and share market activities, liquidity problem arising from excessive lending by some financial institutions and a sizable part of general people lacking access to formal financial services. This policy is expected to address above-mentioned challenges. Monetary policy also emphasizes on creation of favorable environment for high economic growth through employment generation, which is a must for sustainable poverty alleviation.
136. The implementation of this monetary policy is expected to help in improving the BOP imbalance, containing inflation, maintaining financial stability, increasing access of banking services to general people and facilitating in the achievement of targeted economic growth.
137. NRB thanks all stakeholders including various agencies of the GoN, financial institutions, professional and business associations, academicians and donor agencies for their cooperation in the formulation of this monetary policy. NRB also expects continued cooperation from all stakeholders in the implementation of the policy provisions and programs included in this monetary policy.

Appendix I
Progress Matrix of Policy Targets Outlined in Monetary Policy of 2010/11

SN	Point	Targets/Programs	Implementation Status
1	68	Attain a BOP surplus of about Rs. 9 billion to maintain foreign exchange reserve to cover at least six months import of goods and services.	BOP is estimated to have stood at a surplus of Rs. 1 billion by the end of the fiscal year on account of improvement in current account deficit and increased disbursement of foreign grants during later months. Existing foreign exchange reserve covers the import of more than seven months.
2	70	Maintain the annual average inflation rate at 7 percent.	Though monetary expansion was contained to a lower rate, the annual average inflation rate is estimated to have stood at 9.6 percent due to continuing high food prices and increase in fuel prices.
3	71	Manage necessary credit and monetary liquidity to facilitate economic growth target of 5.5 percent.	Though the pressure on monetary liquidity emerged from surplus in government budget, the liquidity situation was managed with gradual and necessary easing in liquidity shortage.
4	72	Growth of broad money supply, the intermediate target of monetary policy, to remain at 15 percent.	The growth of broad money supply is estimated to have stood at 8.1 percent due to a marginal increase in net foreign asset and deceleration in growth of domestic credit.
5	73	The domestic credit and the commercial banks' credit to private sector to increase by 15 percent and 15.5 percent respectively.	The domestic credit and commercial banks' credit to private sector is estimated to have increased by 11.4 percent and 13.1 percent respectively.
6	74	Deposit mobilization of commercial banks to grow by 15 percent.	The growth of deposit mobilization is estimated to have remained at 7.8 percent.

Appendix II
Progress Matrix of Policies and Program Pertaining to Financial Sector and Foreign Exchange
Outlined in Moneaty Policy of 2010/11

SN	Point	Objectives/Programs	Implementation Status
1	75	Liquidity will be managed by taking open market operation as the principal instrument of monetary policy operation.	Liquidity management has been carried out regularly through repo and reverse repo auctions.
2	77	The excess liquidity of banks and financial institutions over the cash reserve ratio will be continued as operating target of monetary policy. In addition, the liquidity monitoring by collecting data on deposit, credit and cash balance of commercial banks on daily basis will also be continued.	Open market operations were conducted by continuing treatment of excess liquidity as operating target of monetary policy. Daily monitoring of liquidity also continued accordingly.
3	78	Bank rate to be increased to 7 percent from 6.5 percent.	Implemented through a circular issued on 10 August 2010.
4	79	The existing provision of SLR will be revised so that commercial banks, development banks, finance companies and finance companies not authorized for operating current account deposits and class 'D' financial institutions collecting deposit from general people are required to maintained SLR at 15 percent, 11 percent, 10 percent, 6 percent and 4 percent respectively. In addition, class 'D' financial institutions that mobilize deposit from the general people are also required to maintain 2 percent CRR.	Implemented through a circular issued on 10 August 2010 and continuously monitored.
	80	The SLF rate will be determined by adding 3 percent point penal rate on the latest weighted average 91-days treasury bills rate or prevailing bank rate, whichever is higher.	Implemented through a circular issued on 10 August 2010.
6	81	The refinance rate will be reduced to 7 percent from 7.5 percent and banks and financial institutions cannot charge more than 10 percent to the borrowers on such loan.	Implemented through a circular issued on 10 August 2010 and refinance amounting to Rs. 5.38 billion was provided under this facility up to 4 July 2011.

SN	Point	Objectives/Programs	Implementation Status
7	82	To ensure adequate credit flow to productive sectors especially agriculture, energy, tourism, small and cottage industries, banks will be asked to submit a three-year action plan to double credit flow to these sectors and regular monitoring and necessary directives will be issued in this regard.	Most of the banks have submitted the action plan as per the circular issued on 6 October 2010.
8	84	The refinance rate on export, sick industry, small and cottage industries and foreign employment to specified group of people are unified to a single special refinance rate of 1.5 percent. While using this facility banks and financial institutions cannot charge more than 4.5 percent to their clients.	Implemented through a circular issued on 10 August 2010.
9	85	The existing provision of refinancing to sick industries will be continued.	Continued as per the existing provision.
10	86	To promote export of floriculture, the refinance facility will be provided to the cottage and small-scale industries producing and exporting such products.	Implemented through a circular issued on 10 August 2010.
11	87	Restructuring of Nepal Bank Limited and Rastriya Banijya Bank Limited, reengineering of NRB and capacity enhancement of financial sector will be continually implemented under the Financial Sector Reform Program.	The reform program has been given continuity.
12	88	A new capital standard based on BASEL-II has been prepared and implemented in full fledges for class "A" licensed banks. This standard will be applied to national level development banks on a parallel basis for the year 2010/11.	Implemented through a circular issued on 10 August 2010 and necessary exposure on new capital accord was also provided to employees' of development bank. Separate desk has been established for monitoring purpose.
13	89	Risk-based supervision technique will be applied to the banks in a gradual and planned way. Moreover, a risk management manual will be prepared and implemented in order to identify, measure and manage various risks inherent in the banking sector.	Risk management guideline has been implemented and the preparation of risk based supervision procedure is at the final stage after inter-departmental discussions.

28 Nepal Rastra Bank

SN	Point	Objectives/Programs	Implementation Status
14	90	The existing early warning system will be made more effective. With the objective of strengthening offsite supervisory capacity, the services of external experts will also be used for ensuring effective supervision through implementing the concept paper on branch audit prepared for supervision of big branches of banks.	EWS has been made more effective and necessary preparation for branch audit is ongoing to enhance the effectiveness of supervision.
15	91	An arrangement will be made so that the banks can conduct their stress-testing themselves. The task of preparing contingency plan will be completed to identify and manage sudden shocks that may arise in the financial system.	Sample testing has already been completed and the preparation of directive is in the final stage. Liquidity monitoring framework is implemented and a resolution framework is being prepared with the technical assistant of the World Bank. The preparation of the contingency plan is also ongoing.
16	92	The implementation and monitoring process of Prompt Corrective Action by-law, 2008 will be made further effective in order to maintain public confidence continually towards the financial system. In addition, to enhance the supervisory skill and capacity of the NRB, the existing structure of supervision departments and system of delegating authority and accountability will be reviewed to make it more clear and measurable.	The implementation of prompt corrective action has been made more effective by setting up separate unit for forward-looking analysis and bank resolution. To enhance the existing supervision capacity, structure and the system of delegating of authority and accountability of supervision departments have been defined.
17	93	A provision will be made to check and ensure transparency and economy in the capital and miscellaneous expenditures of banks and financial institutions through reporting mechanism of such expenditures in the log-form audit report by the external auditor. Necessary provisions will be introduced to make compensation (pay plus fringe benefits) of promoters, chief executive officers and other high-class officials of banks and financial institutions compatible and acceptable to the capacity of the financial system of the country and for their complete transparency.	Implemented through a circular issued on 26 November 2010 and monitoring is continued as per the circular. The long-firm audit report has been modified.

SN	Point	Objectives/Programs	Implementation Status
18	94	The multiple banking will be discouraged by effective monitoring of the provision of self-declaration on multiple banking under the Know Your Customer (KYC) norm.	Monitoring has been continued as per existing guideline on KYC.
19	95	The provision of providing clear, simple and understandable information and notification regarding interest on deposits and loans, penal interest, management fee, service charge and other charges will be made further effective. Moreover, a provision will be introduced so that banks and financial institutions will require to transparently state various terms, conditions and restrictions to be followed by concerned borrowers and the party giving collateral / security in a clear and easily understandable way.	The monitoring is ongoing as per the guideline issued on 24 December 2010.
20	96	Class "A" banks will be restricted to open any interest bearing accounts with domestic banks and financial institutions.	A circular was issued on 10 August 2010 and monitored accordingly.
21.	97	A provision will be introduced under which banks and financial institutions cannot extend credit above 40 percent of their total credit to any single sector (except the financial institutions licensed to provide credit to single sector of the economy) other than specified. However, the existing credit ceiling of less than 40 percent for specified sectors remains unchanged.	Circular was issued on 21 September 2010 and implemented accordingly.
22	98	The credit ceiling for land purchase and sale will be set at 10 percent of total credit for 2010/11. However, the institutions that have more than 10 percent credit flow on land purchase and sale will have to bring down such exposure to 10 percent of the total credit within two years.	Implemented through a circular issued on 21 September 2010 and necessary monitoring is ongoing.
23	99	A provision will be made to restrict pledging of more than 50 percent of their total share holding as collateral to get loan by promoters/ shareholders of promoter group of licensed banks and financial institutions holding more than 1 percent promoter share.	A circular was issued on 10 August 2010 and the monitoring is continued.

30 Nepal Rastra Bank

SN	Point	Objectives/Programs	Implementation Status
24	100	The ceiling on margin lending will be increased to 60 percent from the existing 50 percent.	Circular was issued on 10 August 2010.
25	101	Existing 90 days period of trust receipt loan has been increased to 120 days.	Implemented through a circular issued on 10 August 2010.
26	102	Strengthening of Debt Recovery Tribunal (DRT) and Credit Information Centre Limited (CICL) will be continued. Necessary arrangement will be made for the participation of Development Bankers Association in the CICL. A policy of encouraging the establishment of an asset management company in participation of private sector will be adopted.	Computers provided for automation and training was also provided for capacity enhancement. Procurement of computer software for strengthening CICL is in the process.
27	103	Necessary assistance will be provided to the GoN to establish a Secured Transaction Registry Office.	Necessary process is being continued through C ICL.
28	104	An action plan will be prepared and brought into effect regarding the actions to be taken to the willful defaulters. Seize of passport and other legal actions will be made more effective against those willful defaulters taking loans more than Rs. 10 million .	The draft of working procedure has been prepared and the action against willful defaulters is continued.
29	105	Application to establish new commercial bank will be postponed and the existing policy and procedure on licensing bank and financial institutions will be revised.	Application to establish new commercial bank has been postponed and the existing policy and procedure on incorporation of financial institutions is in the process of revision.
30	106	In addition to the capital adequacy requirement, a policy provision will be made for up-gradation of financial institutions based on commercial viability, institutional capacity, competitiveness, market conditions etc. Furthermore, the extension of geographical coverage and up-gradation from regional bank to national bank will be based on certain criteria.	Formulation of policy and criteria is in the process. Policy provision regarding extension of geographical coverage has already been introduced.

SN	Point	Objectives/Programs	Implementation Status
31	107	Banks and financial institutions will have to take permission of the NRB to open their branches.	A circular on requirement of approval of the NRB for opening branch was issued on 10 August 2010.
32	108	The NRB will introduce separate financial standards on capital base, investment, loan loss provisions and other regulatory measures to encourage the establishment and operation of financial institutions making long-term investment for infrastructure development.	Preparation of separate financial standards is in the process.
33	109	To encourage merger and acquisition, a provision will be made to provide certain exemptions and incentives from the monetary sector (single obligor limit, deprived sector lending requirement, loan loss provision, minimum capital requirement etc).	The merger and acquisition bylaw was issued on 22 April 2011.
34	110	In coordination with the Security Exchange Board of Nepal (SEBON), private sector banks and financial institutions will be encouraged to operate mutual fund business.	A circular has been issued on 23 March 2011 allowing commercial banks to operate mutual fund.
35	111	Printing of currency notes sufficient to meet three years demand will be maintained. Different measures will be adopted for public awareness about clean note policy.	Notes of different denomination have been printed as per the requirement. A documentary on clean note policy has been broadcasted through radio, television, and newspaper for public awareness. In addition, awareness workshops were conducted in Bhairahawa, Biratnagar, Birgunj and Pokhara.
36	112	For the purpose of simplifying supervision of IT based financial transactions, an IT manual will be prepared and used for the regulation of such transactions of bank and financial institutions. In order to reduce the time lag in information collection, data processing and dissemination of monetary statistic, an IT policy will be prepared and implemented in the NRB.	The process is pushed forward by forming a task force for conducting necessary studies and discussion for the formulation of IT manual and policy. A preliminary draft of IT policy was sent to different departments and offices for their comments and suggestions, and the preparation of final draft including appropriate comments and suggestion is in the final stage.

32 Nepal Rastra Bank

SN	Point	Objectives/Programs	Implementation Status
37	113	A provision will be introduced to provide foreign exchange facility and to allow opening of bank account abroad to exporters upto the limit of 5 percent of their export earnings under specified procedure and conditions, if they want to open their branch/correspondent office/showroom in foreign countries for promoting export of goods and services.	A circular has been issued on 10 August 2010 for the implementation of this provision.
38	114	The existing provisions of placing security deposit or bank guarantee of 5 percent of the total export value for exporting goods on cash against documents (CAD) and the export value amounting to USD 0.2 million in a single transaction under CAD will be reviewed and an arrangement will be made to reduce the security or bank guarantee requirement to 1 percent and increase the export value to USD 0.5 million.	A circular has been issued on August 10 2010 for the implementation of this provision.
39	115	The existing provisions of providing pre-shipment/post-shipment loan in foreign currency on the basis of letter of credit will be reviewed and the new arrangement will be made to provide such loan through other prevailing methods as well.	A circular has been issued on 10 August 2010 for the implementation of this provision.
40	116	The list of goods that can be imported from India through the payment of convertible foreign currency will be increased or decreased by studying the rationality and necessity of the provision.	There is a provision of adding or removing the goods from the list as per the demand of businessman and the recommendation from the Department of Industry and the GoN.
41	117	The provision of providing exchange facility of Indian currency on the basis of documents of necessity will be further simplified and made transparent.	A circular has been issued on 18 June 2010 for the implementation of this provision.
42	118	Finance companies licensed to carry out Indian currency transactions will also be allowed to open Nostro account in Indian bank upon their request on the basis of its rationality.	Permission is granted upon the demand through administrative decision.

SN	Point	Objectives/Programs	Implementation Status
43	119	The foreign exchange facility to the foreign employment agencies will be provided through a simplified mechanism for business promotion, payment of visa fee and commission. Necessary arrangement will be made for ensuring easy, cheap and safe inflow of the workers' remittance from foreign countries to Nepal and to utilize the same in productive sector by simplifying and enhancing transparency in the remittance transactions. Likewise, necessary arrangement will be made to promote the inflow of workers' remittance through banking channel from India.	A circular has been issued on 10 August 2010 for the implementation of this provision. The progress in this regard is positive after the discussion with Reserve Bank of India for promoting the inflow of workers' remittance through banking channel from India.
44	120	To make the moneychanger business more safe, transparent and simple, the existing moneychanger policy and transactions will be reformed considering their number, regional presence, and consumers' need.	Nepal Rastra Bank Moneychanger Bylaw, 2010 has been made effective since 26 August 2010.
45	121	An arrangement will be made to allow import of specified amount of gold by concerned businessmen upon the recommendation of Nepal Gold and Silver Dealers Association. Likewise, the existing arrangement of providing silver to the exporters of silver ornaments and handicrafts will also be revised.	In case of gold, "Gold Import and Distribution Procedure, 2010" has been prepared and issued as per the decisions and suggestions of the Ministry of Commerce and Supply, GoN. In case of silver, a circular has been issued for import of silver under open general license system.
46	122	With a view to make foreign exchange transactions more organized and systematic, cooperation with stakeholders; grievance hearing on foreign exchange related issues; and on-site and off-site inspection and supervision will be strengthened.	Annual work plan has been prepared and inspection and supervision have been conducted as per the work plan.
47	123	For the regulation and supervision of microfinance institutions, establishment of microfinance authority as a second tier institution (STI) will be put forward.	A draft of Micro Finance Authority Act has been prepared and forwarded to the Ministry of Finance.

34 Nepal Rastra Bank

SN	Point	Objectives/Programs	Implementation Status
48	124	All necessary works will be put forward to establish Rural Self Reliance Fund (RSRF) as a separate entity of Micro finance Development Fund. Bank and financial institutions will be encouraged to establish a separate desk in order to monitor growth, access and effectiveness of credit to micro, small and medium scale industries.	A draft act for the establishment of proposed Micro finance Development Fund has been prepared and forwarded to the Ministry of Finance.
49	125	Development banks and finance companies will be required to lend 2.5 percent and 2 percent of their total lending in deprived sector respectively. A provision will be made to restrict banks and financial institutions to deposit the specified amount of deprived sector lending into any other banks and financial institutions to earn interest.	A circular has been issued on 10 August 2010 for the implementation of this provision.
50	126	Policy provision regarding the credit extended to low cost housing, electricity, hospitals that fulfill the requirement of deprived sector will be reviewed and appropriate ceiling will be set.	A provision has already been there regarding low cost housing and hospitals. In case of electricity, a circular has been issued on 10 August 2010.
51	127	Credit up to Rs. 0.3 million to micro-enterprise run by women will be included in deprived sector lending and refinance facility from the NRB will be provided on such credit.	Executed through a circular issued on 10 August 2010.
52	128	A provision will be introduced to include the credit up to Rs. 10 million provided by banks and financial institutions to hydro-electricity project of up to 500 kw capacity with at least 50 percent investment participation by user community or private sector in deprived sector credit.	Executed through a circular issued on 10 August 2010.
53	129	Existing credit ceiling of Rs. 60 thousands and Rs. 150 thousands for deprived sector against group/personal guarantee to each group member/person and classified, as pass loan for last two years will be increased to Rs. 90 thousands and Rs. 200 thousands respectively. But, while extending credit up to Rs. 200 thousands, it must not exceed one third of total deprived sector credit instead of the provision of 25 percent effective earlier. This provision will be equally applicable to micro-finance institutions.	Executed through a circular issued on 10 August 2010.

SN	Point	Objectives/Programs	Implementation Status
54	130	Credit provided to community irrigation system operated through consumer committee or cooperatives and credit provided for purchase of tractor, thresor and other agricultural tools in rural areas will be counted as deprived sector credit.	Executed through a circular issued on 10 August 2010.
55	131	Credit up to Rs. 150 thousand extended to establishment of cold storage in collective ownership by farmers will be counted as deprived sector credit. Similarly, credit up to Rs. 250 thousand provided for activities like live stock farming, fishery and bee keeping will also be counted as deprived sector credit.	Executed through a circular issued on 10 August 2010.
56	132	Credit up to Rs. 200 thousand extended by banks and financial institutions without any collateral to the youth of deprived family for technical and vocational education equivalent to secondary and higher secondary level will be counted as deprived sector credit.	Executed through a circular issued on 10 August 2010.
57	133	A separate fund will be established from the penalty charged to banks and financial institutions for non-compliance of the deprived sector credit requirement and the resource collected in the fund will be utilized in programs aimed at extending financial access to rural areas.	The preparation of establishing a separate fund is at initial stage.
58	134	Re-financing facility at special refinance rate will be provided for the credit extended to foreign employment to <i>dalit</i> , <i>Janajatis</i> , marginalized and women as defended by the GoN to provide relief to such group of people and promote foreign employment.	Executed through a circular issued on 10 August 2010.
59	135	Necessary effort will be made to establish a separate hydro-electricity development fund/institution to ensure a certain portion of resources of banks and financial institutions for the development of small and medium hydro-electricity projects.	Initiative for the establishment of such fund/institution was not put forth because the GoN did not introduce such programme.

36 Nepal Rastra Bank

SN	Point	Objectives/Programs	Implementation Status
60	136	<p>Encouraging the establishment of class "D" financial institution, necessary provision will be introduced to grant license to class "C" financial institutions with geographical coverage of 1 to 3 districts and to class 'D' institution with geographical coverage of 3 to 10 districts in specified 30 districts having limited financial access.</p> <p>Prompt approval will be given to financial institutions, if they wish to extend geographical coverage to districts with inadequate access to banking service.</p>	<p>Executed through a circular issued on 10 August 2010.</p> <p>Necessary circular on this was issued on 21 February 2011.</p>
61	137	<p>To encourage class 'C' licensed institutions to open branches in the areas without adequate access to financial service, a provision will be introduced so that they will not required to add additional capital if they extend branches in the municipality or village development committee having only two banks and financial institutions or their branches.</p>	<p>Executed through a circular issued on 10 August 2010.</p>
62	138	<p>Interest free loan of Rs. 5 million and Rs. 10 million will be provided to open branch in headquarter and outside headquarter of 22 remote districts specified by the GoN respectively.</p>	<p>Executed through the circular issued on 10 August 2010 and Rs. 115 million was provided for this purpose.</p>
63	139	<p>A provision will be introduced to enable licensed banks and financial institutions for carrying out financial transactions by establishing limited banking service office or through branchless/electronic medium.</p>	<p>Circular was issued on 10 August 2010 and E-banking policy draft has been prepared.</p>
64	140	<p>Deposit insurance scheme applied to class "D" financial institutions for up to Rs. 0.20 million in saving and fixed deposits will be gradually extended to banks and other financial institutions.</p>	<p>A provision put in effect under which class "B", class "C" and class "D" financial institutions must insure deposits up to Rs. 0.20 million.</p>
65	141	<p>Preliminary preparation for conducting rural credit survey will be carried on.</p>	<p>Concept paper has been prepared.</p>

Appendix 3 Projection of Monetary Survey

(Rs. in million)

Monetary Aggregates	2007 Jul	2008 Jul	2009 Jul	2010 Jul	2011 Jul (e)	2012 Jul (proj)	Changes During the Fiscal Year							
							2008/09		2009/10		2010/11		2011/12	
							Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	131,909.5	171,455.5	224,562.3	213,036.5	216,057.3	221,057.3	44,758.4 ^{1/}	26.1	-3,630.5 ^{2/}	-1.6	1,007.5 ^{3/}	0.5	5,000.0	2.3
1.1. Foreign Assets	165,713.5	213,254.1	287,090.8	275,222.5	277,941.0	286,882.1	73,836.7	34.6	-11,868.4	-4.1	2,718.5	1.0	8,941.1	3.2
1.2. Foreign Currency Deposits	28,247.2	34,229.1	54,866.0	51,579.0	51,582.1	54,479.8	20,636.9	60.3	-3,287.0	-6.0	3.1	0.0	2,897.7	5.6
1.3. Other Foreign Liabilities	5,556.8	7,569.6	7,662.5	10,607.0	10,301.6	11,345.0	92.9	1.2	2,944.5	38.4	-305.4	-2.9	1,043.4	10.1
2. Net Domestic Assets	263,608.7	323,921.6	405,958.9	506,562.7	561,797.8	653,878.9	90,385.7 ^{1/}	27.9	92,708.4 ^{2/}	22.8	57,248.4 ^{3/}	11.3	92,081.1	16.4
2.1. Domestic Credit	360,558.1	437,269.8	555,675.5	650,982.4	725,408.1	824,787.0	118,405.8	27.1	95,306.8	17.2	74,425.7	11.4	99,378.9	13.7
a. Net Claims on Govt.	78,343.6	87,079.6	104,867.7	133,128.8	139,256.8	156,059.9	17,788.1	20.4	28,261.0	26.9	6,128.0	4.6	16,803.1	12.1
i. Claims on Govt.	81,466.1	91,026.0	104,867.7	133,128.8	139,256.8	156,059.9	13,841.7	15.2	28,261.0	26.9	6,128.0	4.6	16,803.1	12.1
ii. Govt. Deposits	3,122.5	3,946.4	0.0	0.0	0.0	0.0	-3,946.4	-100.0	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!
b. Claims on Govt. Enterprises	8,737.1	10,356.0	12,453.4	17,203.0	19,116.3	22,484.4	2,097.5	20.3	4,749.6	38.1	1,913.3	11.1	3,368.1	17.6
i. Financial	3,622.2	4,709.5	7,361.1	11,759.9	12,707.8	14,975.9	2,651.5	56.3	4,398.8	59.8	947.9	8.1	2,268.1	17.8
ii. Non-financial	5,114.9	5,646.5	5,092.4	5,443.1	6,408.5	7,508.5	-554.1	-9.8	350.8	6.9	965.4	17.7	1,100.0	17.2
c. Claims on Private Sector	273,477.4	339,834.2	438,354.4	500,650.6	567,035.0	646,242.7	98,520.2	29.0	62,296.2	14.2	66,384.4	13.3	79,207.7	14.0
2.2. Net Non-monetary Liabilities	96,949.4	113,348.2	149,716.7	144,419.7	163,610.3	170,908.1	28,020.1	1.7	2,598.4	1.7	17,177.3	11.9	7,297.8	4.5
3. Broad Money (M₂)	395,518.2	495,377.1	630,521.2	719,599.1	777,855.1	874,936.2	135,144.1	27.3	89,078.0	14.1	58,256.0	8.1	97,081.1	12.5
3.1. Money Supply (M₁)	126,887.9	154,343.9	196,459.4	218,159.0	231,891.1	255,074.3	42,115.5	27.3	21,699.6	11.0	13,732.1	6.3	23,183.2	10.0
a. Currency	83,553.3	100,175.2	125,758.5	142,114.5	150,135.1	162,018.3	25,583.3	25.5	16,356.1	13.0	8,020.6	5.6	11,883.2	7.9
b. Demand Deposits	43,334.4	54,168.7	70,700.8	76,044.8	81,756.0	93,056.0	16,532.1	30.5	5,344.0	7.6	5,711.2	7.5	11,300.0	13.8
3.2. Time Deposits	268,630.2	341,033.2	434,061.8	501,440.1	545,964.0	619,861.9	93,028.6	27.3	67,378.3	15.5	44,523.9	8.9	73,897.9	13.5
4. Broad Money Liquidity (M₃)	423,765.4	529,606.1	685,387.1	771,178.1	829,437.2	929,416.0	155,781.0	29.4	85,791.0	12.5	58,259.1	7.6	99,978.8	12.1

1/ Adjusting the exchange valuation gain of Rs 8348.41 million.

2/ Adjusting the exchange valuation loss of Rs 7895.37 million.

3/ Adjusting the exchange valuation gain of Rs 2013.3 million.

e = Estimate.

p = Projection.

Appendix 4
List of Goods Allowed to Import from India Against
the Payment of Convertible Foreign Currencies

S.N.	Harmonic Code Number	Goods
1	As per section 13.01.02	Extracts
2	As per section 21.06.90.40	Soft Drink Concentrate
3	As per section 27.10.19.11	Furnace Oil
4	As per section 27.13.20	Bitumen
5	As per section 28	All industrial chemicals mentioned in this section (except chemicals used for the production of medicine for human being)
6	As per section 28.03	Carbon Black
7	As per section 29.01.10	L.L.P. (Light Liquid Paraffin)
8	As per section 29.02.20	Benzene / Toluene
9	As per section 29.05.11	Methanol
10	As per section 29.05.16.00	2-Ethyl Hexanol
11	As per section 29.05.31	Ethylene Glycol
12	As per section 29.05.44.00	Sorbitol
13	As per section 29.15.00	Methylene Salicylate
14	As per section 29.15.21.00	Acetic Acid
15	As per section 29.15.32	Vinyl Acetate Monomer
16	As per section 29.16.12	Buty Acrylate Monomer / 2 Etyl Hexyls Acrylate
17	As per section 29.17.34	Dibutyl Phthalate
18	As per section 29.17.35	Phthalic Anhydride
19	As per section 29.17.36	Terephthalic Acid
20	As per section 29.22	Oxygen Function Amino-Compounds
21	As per section 29.24	Carboxamide-Function Compounds
22	As per section 29.33	Heterocyclic compound
23	As per section 29.34	Nucleic Acids
24	As per section 29.41	Antibiotics
25	As per section 32.15	Printing Ink
26	As per section 33.02.90	Flavour (raw material used in toothpaste Odoriferous Substances and Perfume
27	As per section 34.02.90.10	LABSA (raw material used in detergent)
28	As per section 38.17.10	Mixed Alkyl benzenes
29	As per section 38.23.11.00	Stearic Acid
30	As per section 38.23.19	Palm Stearin DFA / Palm Karmel DFA
31	As per section 10 and 20 of 39.01	Polyethylene
32	As per section 39.02.10	Polypropylene
33	As per section 39.03.19.00	Polysterence
34	As per section 39.05.30	Polyvinyl Alcohol
35	As per section 39.07.60.00	Plastic Pet Chips / Pet Resin
36	As per section 39.11.90	PVC Resin
37	As per section 39.20	Polethelyne
38	As per section 39.20.20	Polypropylene Films/Noodle Strapper
39	As per section 39.20.59	Printed Laminated Web

S.N.	Harmonic Code Number	Goods
40	As per section 39.20.59.00	Seasoning Wrapper
41	As per section 40.01	Natural Rubber
42	As per section 40.02	Synthetic Rubber
43	As per section 48.01.00.00	News Print Paper
44	As per section 48.02.00	Papers
45	As per section 48.06.00	Papers
46	As per section 48.10	Paper
47	As per section 50.04	Silk Yarn
48	As per section 50.05	Silk Yarn
49	As per section 51.06	arn of Carded wool
50	As per section 51.07	Yarn of Combed wool
51	As per section 51.08	Yarn of fine animal hair
52	As per section 52.01	Cotton
53	As per section 52.05.11 to 52.05.14 and 52.06.11 to 52.06.14	Cotton Yarn
54	As per section 54.02.42	Partially Oriented Polyester Yarn (except Partially oriented polyester yarn as per section 54.02.42 and Synthetic Filament Yarn as per section 54.02.49)
55	As per section 54.02.49	Synthetic Filament Yarn
56	As per section 54.03, 55.9 and 55.10	Artificial Yarn (except hosiery)
57	As per section 55.01, 55.02 ,55.03, 55.04, 55.06 and 55.07	Artificial fiber (human made)
58	As per section 55.03.20	Polyester fiber
59	As per section 55.04.10	Viscose Rayon / Viscose Staple Fiber
60	As per section 59.02	Tyre Cord Fabric
61	As per section 70.10.90.00	Carboys, Bottles, Plasks, Jar, Pots.
62	As per section 72.03.10.00	Sponge Iron
63	As per section 72.04.49	M. S. Scrap
64	As per section 72.06	Iron Ingots
65	As per section 72.07	Mild Steel Billet
66	As per section 27.00, 36.00, 37.00, 38.00, 39.00, 51.00 and 52.00 of section 72.08.51 and 72.08.52	Hot Roll Sheet in Coil and not in Coil
67	As per section 15.00, 16.00, 17.00 and 18.00 of section 72.09	Cold Roll Sheet in Coil
68	As per section 72.10.12	Tin Plate
69	As per section 72.11.14.00	Hot Rolled Sheet in Coil
70	As per section 72.11.19.00	Hot Rolled Sheet in Coil
71	As per section 72.13.91.10	M.S. Wire Rod in Coil
72	As per section 72.17.20, 72.17.30 and 72.17.90 of section 72	Bead Wire (copper coated)
73	As per section 72.18.99	Steel Byume
74	As per section 72.19	Steel Plate
75	As per section 72.26.11	Silicon Steel
76	As per section 74.04	Aluminum Copper/Brass Scraps Re-Melted Ingots (as per the notice of Ministry of Environment and Science and Technology)

40 *Nepal Rastra Bank*

S.N.	Harmonic Code Number	Goods
77	As per section 74.07.10.00	Copper Rods
78	As per section 74.08.11.00	Copper Wire
79	As per section 76.01	Aluminum Ingot Billet
80	As per section 76.02.00	Aluminum Waste and (as per the notice of Ministry of Environment and Science and Technology, as mentioned on August 14, 2007)
81	As per section 76.04 and 76.05	Aluminum Rod in Coil
82	As per section 76.12.10.00	Tubes
83	As per section 79.01.11.00	Zinc
84	As per section 79.01.20	Zinc Alloy
85	As per section 83.09.10.00	Metal Crown Corks
86	As per section 84	All Machinery Equipment (except parts)
87	As per section 85.01 and 85.02	Electric Motor, Generating Set
88	As per section 85.04.90	Amorphous Matalcores
89	As per section 85.07.90.00	PP Battery Container & Battery Separator
90	As per section 85.29.90	TV PictureTube
91	As per section 85.40.11	Spare Parts for TV Receiver
92	Others, section not specified	Fabrics imported as raw materials by industries exporting readymade garment (under the provision of spending foreign exchange up to 50 percent of their export earnings)
<u>List of goods added, effective from April 17, 2007</u>		
93	As per section 17.02.30	Dextrose Anhydrous I.P.
94	As per section 25.23.10.00	Clinker
95	As per section 27.10.19.16	M.T.O. (Mineral Turpentine Oil)
96	As per section 27.10.19.90	Petrosole
97	As per section 29.16	Unsaturated acyclin Monocarboxylic Acid
98	As per section 29.35	Sulphonamides: Sulphamethoxazole, Sulphafurazole, Sulphadiazine, Sulphadimidine, Sulphacetamide
99	As per section 29.35.11	Sulphamethoxazole
100	As per section 29.35.12	Sulphafurazole
101	As per section 29.35.13	Sulphadiazine
102	As per section 29.35.14	Sulphadimidine
103	As per section 29.35.15	Sulphacetamide Sulphamethoxy, Pyridarine, Sulphamethiazole, Sulphamoxole, Sulphamide
104	As per section 29.35.21	Sulphamethoxy, Pyridarine
105	As per section 29.35.22	Sulphamethiazole
106	As per section 29.35.23	Sulphamoxole
107	As per section 29.35.24	Sulphamide
108	As per section 29.42	Other Organic Compounds
109	As per section 32.12.90.00	Ziline, Light Solvent Neptha
110	As per section 33.02.10	Essence Flavor
111	As per section 96.02.00.00	Geltain Capsules
112	As per section 39.05.42.00	Penta Aerithritole
113	As per section 39.20	Polyester, Polythelyne, BOPP, Pvc, OPP, CPP sf Film
114	As per section 39.21.19	Printed Wrapper
115	As per section 39.23.90	Plastic Lolypop Stick

S.N.	Harmonic Code Number	Goods
116	As per section 48.23.90 (76.07.20)	Chewing Gum Wrapper
117	As per section 70.10.20	Stoppers, Lids and Other Closures
118	As per section 72.01.10.00	Pig Iron
119	As per section 72.11.23	CRCA Strips (76.20 MM)
120	As per section 76.07	Aluminum foils
121	As per section 79.01.12.00	Zinc
122	As per section 85.04.22.00	3000 KVA Transformer
<u>List of goods added, effective from November 13, 2007</u>		
123	As per section 78.01.10.00	Pure/Refined Lead
124	As per section 78.01.91.00	Antimony Lead Alloy
<u>List of goods added, effective from April 3, 2009</u>		
125	As per section 29.05.13.00	N. Butanol
126	As per section 29.05.14.00	ISO Butanol
127	As per section 72.16.22.00	Angle
128	As per section 72.16.40.00	Angle
129	As per section 72.16.50.00	Angle
130	As per section 72.06.91.00	Aluminium Circle
131	As per section 29.12.60.00	Parafarmaldehyde
132	As per section 29.33.61.00	Melamin
133	As per section 38.24.90.00	Alkyl Ester (Bio-Fuel)
134	As per section 15.20.00.00	Glycerol (Glycerin)
135		LP Gas (consumable energy)
<u>List of goods added, effective from 23 August 2009</u>		
136	As per section 7403.11.00	Cathodes and Section of Cathodes
137	As per section 7601.10.40	Aluminum Wire Rod
<u>List of goods added, effective from 3 February 2011</u>		
138	As per section 24.01	Unmanufactured Tobacco, Tobacco Refuse
139	As per section 24.03	Process Tobacco
140	As per section 2918.16.00	Calcium Gluconate
141	As per section 3505.10.00	White Dextrine
142	As per section 7403.21.00	Copper Zink Base Alloys (Brass)
143	As per section 7405.00.00	Master Alloys of Copper
144	As per section 7407.21.00	Of Copper Zink Base Alloys
145	As per section 7408.19.00	Copper wire of Refined Copper
146	As per section 7408.21.00	Zink Base Alloys (Brass)
147	As per section 7409.11.00	In Coils
148	As per section 7409.19.00	Of Refined Copper-Other
149	As per section 7409.29.00	Of Copper-Zinc Base Alloys (Brass)-Other
150	As per section 7409.39.00	Of Copper-Tin Base Alloys (Bronze)-Other
151	As per section 7409.40.00	Nickel Silver
152	As per section 7411.10.00	Copper Tubes and Pipes (Of Refined Copper)
153	As per section 7411.21.00	Copper Tubes and Pipes (Copper-Zinc Base Alloys)
154	As per section 7411.22.00	Copper Tubes and Pipes (Nickel Silver)
155	As per section 7606.91.00	Rectangular (Including Square)
156	As per section 7608.10.00	Aluminium Tubes and Pipes (Not Alloyed)
157	As per section 7608.20.00	Aluminium Tubes and Pipes (Alloys)

List of Statistical Tables

Table 1	Real Gross Domestic Product
Table 2	Nominal Gross Domestic Product
Table 3	Gross National Disposable Income (GNDI)
Table 4	National Urban Consumer Price Index
Table 5	Monetary Survey
Table 6	Outright Sale Auction
Table 7	Outright Purchase Auction
Table 8	Repo Auction
Table 9	Reverse Repo Auction
Table10 (A)	Foreign Exchange Intervention
Table10 (B)	Foreign Exchange Intervention (in US Dollar)
Table11	Standing Liquidity Facility (SLF)
Table12	Interbank Transaction Amount and Weighted Average Rate
Table13	Net Domestic Borrowing of the Government of Nepal
Table14	Structure of Interest Rates
Table15	Weighted Average Treasury Bills Rate (91-day)
Table16	Weighted Average Treasury Bills Rate (364-day)
Table17	Weighted Average Interbank Transaction Rate (Percent)
Table18	Government Budgetary Operation (On Annual Data Basis)
Table19	Government Budgetary Operation (On Cashed Basis)
Table20	Direction of Foreign Trade
Table21	Balance of Payments Situation
Table22	Gross Foreign Exchange Holding of the Banking Sector
Table23	Import from India Against US Dollar Payment
Table 24	Indian Currency Purchase

Table 1
Real Gross Domestic Product
(At 2000/01 Prices)

Sectors	Rs. in million							Percent Change				
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10 ^R	2010/11 ^P	2006/07	2007/08	2008/09	2009/10 ^R	2010/11 ^P
Agriculture	179,811.0	183,014.9	184,796.0	195,559.0	201,464.0	204,014.0	212,403.0	1.0	5.8	3.0	1.3	4.1
Agriculture and Forestry	177,304.0	180,259.7	181,958.0	192,514.0	1,982,570.0	2,006,820.0	2,088,450.0	0.9	5.8	929.8	1.2	4.1
Fishery	2,507.0	2,755.2	2,838.0	3,045.0	32,070.0	33,320.0	35,580.0	3.0	7.3	953.2	3.9	6.8
Non-Agriculture	298,822.0	316,524.8	330,330.6	349,743.4	364,226.0	383,862.0	395,707.0	4.1	5.9	4.1	5.4	3.1
Industry	79,925.0	83,498.8	86,792.0	88,305.0	87,095.0	89,987.0	91,241.0	3.9	1.7	-1.4	3.3	1.4
Mining and Quarrying	2,169.0	2,348.3	2,383.0	2,513.0	2,531.0	2,610.0	2,665.0	1.5	5.5	0.7	3.1	2.1
Manufacturing	38,136.0	38,898.3	39,891.0	39,545.0	38,443.0	38,909.0	39,481.0	2.6	-0.9	-2.8	1.2	1.5
Electricity, Gas and Water	11,117.0	11,562.2	13,065.0	13,204.0	12,750.0	13,434.0	12,894.0	13.0	1.1	-3.4	5.4	-4.0
Construction	28,503.0	30,690.0	31,453.0	33,043.0	33,371.0	35,034.0	36,201.0	2.5	5.1	1.0	5.0	3.3
Services	218,897.0	233,026.0	243,538.6	261,438.4	277,131.0	293,875.0	304,466.0	4.2	7.3	6.0	6.0	3.6
Wholesale and Retail Trade	65,694.0	68,099.0	64,292.2	66,962.2	70,481.0	75,183.0	75,007.0	-4.5	4.2	5.3	6.7	-0.2
Hotels and Restaurant	7,525.0	8,001.0	8,278.1	8,851.1	9,056.0	9,712.0	10,428.0	3.5	6.9	2.3	7.2	7.4
Transport, Storage and Communications	39,272.0	42,001.0	44,094.3	48,225.8	51,585.0	54,750.0	58,662.0	4.4	9.4	7.0	6.1	7.1
Financial Intermediation	15,957.0	19,843.0	22,103.0	24,142.3	24,632.0	25,332.0	26,317.0	11.4	9.2	2.0	2.8	3.9
Real Estate, Renting and Business	34,700.0	36,900.0	41,240.0	45,544.0	46,421.0	48,111.0	49,361.0	11.8	10.4	1.9	3.6	2.6
Public Administration and Defence	8,551.0	9,139.0	9,262.0	9,319.0	10,012.0	10,449.0	10,761.0	1.3	0.6	7.4	4.4	3.0
Education	27,606.0	28,640.0	30,738.0	32,716.0	36,233.0	38,863.0	39,988.0	6.2	6.4	10.8	7.3	2.9
Health and Social Work	6,109.0	6,470.0	6,888.0	7,474.0	8,191.0	8,542.0	9,044.0	6.7	8.5	9.6	4.3	5.9
Other Community, Social and Personal Service	13,483.0	13,933.0	16,643.0	18,204.0	20,520.0	22,933.0	24,898.0	11.8	9.4	12.7	11.8	8.6
Total GVA including FISIM	478,633.0	499,539.6	515,126.6	545,302.4	565,689.0	587,875.0	608,111.0	3.0	5.9	3.7	3.9	3.4
Financial intermediation indirectly measured	17,180.0	19,105.0	21,476.0	23,042.9	23,725.0	24,387.0	25,065.0	12.4	7.3	3.0	2.8	2.8
GDP at basic prices	461,453.0	480,434.6	493,650.6	522,259.6	541,964.0	563,488.0	583,046.0	2.6	5.8	3.8	4.0	3.5
Taxes less subsidies on products	34,574.0	34,051.0	38,387.6	42,256.9	47,455.0	52,769.0	54,685.0	11.8	10.1	12.3	11.2	3.6
GDP at producers price	496,027.0	514,485.6	532,038.2	564,516.5	589,419.0	616,257.0	637,731.0	3.2	6.1	4.4	4.6	3.5

R= Revised estimate.

P= Preliminary estimate.

Source: Central Bureau of Statistics.

Table 2
Nominal Gross Domestic Product
(At Current Market Prices)

Sectors	Rs. in million						2006/07	2007/08	2008/09	2009/10 ^R	2010/11 ^P	
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10 ^R						2010/11 ^P
Agriculture	199,368.0	211,704.4	226,822.5	247,191.0	309,553.0	383,094.0	449,676.0	7.1	9.0	25.2	23.8	17.4
Agriculture and Forestry	196,686.0	208,591.1	223,536.0	243,323.0	305,477.0	378,858.0	445,051.0	7.2	8.9	25.5	24.0	17.5
Fishery	2,682.0	3,113.4	3,286.5	3,868.0	4,076.0	4,236.0	4,625.0	5.6	17.7	5.4	3.9	9.2
Non-Agriculture	367,211.0	418,625.7	470,541.3	532,246.0	629,119.0	712,943.0	811,534.0	12.4	13.1	18.2	13.3	13.8
Industry	97,059.0	105,097.7	115,529.3	130,913.0	148,681.0	163,880.0	183,835.0	9.9	13.3	13.6	10.2	12.2
Mining and Quarrying	2,748.0	3,133.6	3,416.8	4,375.0	5,084.0	5,782.0	6,575.0	9.0	28.0	16.2	13.7	13.7
Manufacturing	44,885.0	47,840.3	52,172.2	57,185.0	65,447.0	70,490.0	77,258.0	9.1	9.6	14.4	7.7	9.6
Electricity, Gas and Water	12,782.0	13,171.9	14,841.3	15,219.0	14,629.0	16,526.0	14,846.0	12.7	2.5	-3.9	13.0	-10.2
Construction	36,644.0	40,952.0	45,099.0	54,134.0	63,521.0	71,082.0	85,156.0	10.1	20.0	17.3	11.9	19.8
Services	270,152.0	313,528.0	355,012.0	401,333.0	480,438.0	549,063.0	627,699.0	13.2	13.0	19.7	14.3	14.3
Wholesale and Retail Trade	79,839.0	90,214.5	92,648.0	105,306.0	124,121.0	146,218.0	174,616.0	2.7	13.7	17.9	17.8	19.4
Hotels and Restaurant	8,895.0	9,398.0	10,043.0	11,503.0	13,943.0	17,466.0	21,932.0	6.9	14.5	21.2	25.3	25.6
Transport, Storage and Communications	51,336.0	61,249.5	69,555.0	76,818.0	92,618.0	95,239.0	102,816.0	13.6	10.4	20.6	2.8	8.0
Financial Intermediation	17,342.0	21,979.0	28,467.0	33,539.0	39,100.0	46,141.0	55,288.0	29.5	17.8	16.6	18.0	19.8
Real Estate, Renting and Business	49,242.0	60,042.0	70,791.0	73,630.0	81,625.0	91,319.0	103,096.0	17.9	4.0	10.9	11.9	12.9
Public Administration and Defence	9,548.0	10,967.0	12,227.0	14,352.0	18,556.0	21,693.0	24,572.0	11.5	17.4	29.3	16.9	13.3
Education	31,671.0	34,996.0	40,939.0	48,722.0	62,642.0	74,348.0	80,993.0	17.0	19.0	28.6	18.7	8.9
Health and Social Work	7,017.0	7,842.0	8,568.0	10,963.0	13,744.0	15,147.0	16,431.0	9.3	28.0	25.4	10.2	8.5
Other Community, Social and Personal Service	15,262.0	16,840.0	21,774.0	26,500.0	34,089.0	41,492.0	47,955.0	29.3	21.7	28.6	21.7	15.6
Total GVA including FISIM	566,579.0	630,330.1	697,364.0	779,442.0	938,671.0	1,096,037.0	1,261,210.0	10.6	11.8	20.4	16.8	15.1
Financial intermediation indirectly measured	18,094.0	19,212.0	21,505.0	24,185.0	29,362.0	35,156.0	42,094.0	11.9	12.5	21.4	19.7	19.7
GDP at basic prices	548,485.0	611,118.1	675,859.0	755,257.0	909,309.0	1,060,881.0	1,219,116.0	10.6	11.7	20.4	16.7	14.9
Taxes less subsidies on products	40,927.0	42,966.0	51,968.0	60,401.0	78,744.0	110,112.0	126,651.0	21.0	16.2	30.4	39.8	15.0
GDP at producers price	589,412.0	654,084.1	727,827.0	815,658.0	988,053.0	1,170,993.0	1,345,767.0	11.3	12.1	21.1	18.5	14.9

R= Revised estimate.

P= Preliminary estimate.

Source: Central Bureau of Statistics.

Table 3
Gross National Disposable Income (GNDI)
(At Current Market Prices)

Sectors	Rs. in million											
	2006/07	2007/08	2008/09	2009/10 ^R	2010/11 ^P	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10 ^R	2010/11 ^P
Consumption	656374.4	735,469.9	895,042.0	1,085,292.0	1,257,179.3	10.1	14.2	10.3	12.1	21.7	21.3	15.8
Government consumption	66948.7	80,663.0	106,527.0	124,268.0	136,860.0	13.1	8.3	17.9	20.5	32.1	16.7	10.1
Private consumption	576910.7	641,085.5	772,762.3	942,979.0	1,099,656.6	9.6	14.9	9.3	11.1	20.5	22.0	16.6
Non-profit institutions	12515.0	13,721.4	15,752.7	18,045.0	20,662.7	16.5	15.0	16.8	9.6	14.8	14.6	14.5
Gross Capital Formation	208778.5	247,272.0	312,809.7	410,725.3	406,919.5	18.4	12.7	18.9	18.4	26.5	31.3	-0.9
Gross fixed capital formation	153336.9	178,445.5	211,038.8	236,894.0	242,931.1	7.7	15.3	13.1	16.4	18.3	12.3	2.5
<i>Public</i>	<i>24645.0</i>	<i>32,992.6</i>	<i>44,277.8</i>	<i>53,023.0</i>	<i>51,443.0</i>	<i>15.1</i>	<i>1.7</i>	<i>40.8</i>	<i>33.9</i>	<i>34.2</i>	<i>19.8</i>	<i>-3.0</i>
<i>Private consumption</i>	<i>128691.9</i>	<i>145,452.9</i>	<i>166,761.0</i>	<i>183,871.0</i>	<i>191,488.1</i>	<i>6.5</i>	<i>17.6</i>	<i>9.0</i>	<i>13.0</i>	<i>14.6</i>	<i>10.3</i>	<i>4.1</i>
Change in stock	55441.7	68,826.5	101,770.9	173,831.3	163,988.4	70.6	4.5	38.3	24.1	47.9	70.8	-5.7
Total Domestic Demand	865153.0	982,741.9	1,207,851.7	1,496,017.3	1,664,098.8	11.9	13.8	12.2	13.6	22.9	23.9	11.2
Export of goods and services	93567.3	104,207.2	122,736.9	114,608.6	116,885.0	(4.0)	2.3	6.4	11.4	17.8	-6.6	2.0
Imports of goods and services	230893.3	271,290.9	342,535.8	438,721.3	434,168.0	9.9	17.9	12.7	17.5	26.3	28.1	-1.0
<i>Net export of goods and services</i>	<i>-137326.0</i>	<i>(167,083.7)</i>	<i>(219,798.9)</i>	<i>(324,112.7)</i>	<i>(317,283.0)</i>	<i>28.0</i>	<i>33.1</i>	<i>17.5</i>	<i>21.7</i>	<i>31.6</i>	<i>47.5</i>	<i>-2.1</i>
Gross Domestic Product	727827.0	815,658.2	988,052.8	1,171,904.6	1,346,815.8	9.8	11.0	11.3	12.1	21.1	18.6	14.9
Net Factor Income	7431.8	7,946.8	11,749.5	9,117.4	9,151.1	(197.2)	202.8	50.0	6.9	47.9	-22.4	0.4
Gross National Income	735258.8	823,605.0	999,802.3	1,181,022.0	1,355,966.9	10.5	11.5	11.6	12.0	21.4	18.1	14.8
Net Transfer	128992.0	158,381.5	210,550.0	282,647.7	310,004.9	15.1	29.1	2.3	22.8	32.9	34.2	9.7
Gross National Disposable Income (GNDI)	864250.8	981,986.5	1,210,352.3	1,463,669.7	1,665,971.8	11.1	14.0	10.1	13.6	23.3	20.9	13.8

R= Revised estimate.

P= Preliminary estimate.

Source: Central Bureau of Statistics.

Table 4
National Urban Consumer Price Index
(Base Year 1995/1996 = 100)

Mid-Month	2006/07		2007/08		2008/09		2009/10		2010/11 ^P	
	Index	% Change	Index	% Change	Index	% Change	Index	% Change		
August	183.1	7.3	194.7	6.3	123.5	11.9	136.0	10.1	148.9	9.5
September	184.8	6.6	197.8	7.0	125.9	12.5	137.4	9.2	149.2	8.6
October	186.9	7.5	198.7	6.3	127.2	13.3	138.1	8.6	150.2	8.9
November	186.9	7.1	198.7	6.3	127.4	13.7	139.0	9.1	150.7	8.4
December	185.6	7.3	196.1	5.7	125.5	13.4	138.5	10.3	151.6	9.6
January	183.6	7.6	194.2	5.8	124.7	13.8	138.1	10.7	153.6	11.3
February	184.5	8.0	196.3	6.4	125.2	13.2	139.0	11.0	153.0	10.2
March	185.1	6.2	198.4	7.2	126.1	12.8	138.6	10.0	153.3	10.7
April	185.9	5.6	202.4	8.9	127.2	11.6	139.6	9.8	154.4	10.6
May	187.3	4.6	204.6	9.2	129.8	12.4	141.3	8.9	154.5	9.5
June	187.6	4.5	208.3	11.0	131.6	12.0	142.4	8.2	154.8	8.8
July	189.8	5.1	212.7	12.1	132.7	11.1	144.7	9.0		
Annual Average	185.9	6.4	200.2	7.7	127.2	12.6	139.4	9.6	152.8**	9.6**

P= Provisional

*= Estimate

Table 5
Monetary Survey
(Based on Ten Months Data)

(Rs. in Million)

Monetary Aggregates	2007 Jul	2008 May	2008 July	2009 May	2009 July	2010 April	2010 July	2011 May ^E	Changes during the eleven months			
									2009/10		2010/11	
									Amount	Percent	Amount	Percent
1. Foreign Assets, Net	131,909.5	157,866.6	171,455.5	223,509.9	224,562.3	197,130.5	213,036.5	203,068.4	-14,034.2 ^{1/}	-6.2	-11,670.4 ^{2/}	-5.5
1.1. Foreign Assets	165,713.5	197,649.7	213,254.1	284,083.5	287,090.8	252,166.5	275,222.5	265,891.7	-34,924.3	-12.2	-9,330.8	-3.4
1.2. Foreign Currency Deposits	28,247.2	32,131.3	34,229.1	52,277.5	54,866.0	48,182.0	51,579.0	52,484.6	-6,683.9	-12.2	905.6	1.8
1.3. Other Foreign Liabilities	5,556.8	7,651.8	7,569.6	8,296.1	7,662.5	6,854.0	10,607.0	10,338.7	-808.6	-10.6	-268.3	-2.5
2. Net Domestic Assets	263,608.7	314,129.7	323,921.6	405,958.9	405,958.9	490,249.9	506,562.7	542,990.1	-49,686.2 ^{1/}	-12.2	38,130.1 ^{2/}	7.5
2.1. Domestic Credit	360,558.1	420,304.7	437,269.8	555,675.5	555,675.5	618,100.6	650,982.4	701,129.3	62,425.1	11.2	50,146.9	7.7
a. Net Claims on Govt.	78,343.6	75,267.3	87,079.6	104,867.7	104,867.7	96,686.5	133,128.8	124,838.2	-8,181.2	-7.8	-8,290.5	-6.2
i. Claims on Govt.	81,466.1	88,257.9	91,026.0	104,867.7	104,867.7	100,612.8	133,128.8	124,838.2	-4,255.0	-4.1	-8,290.5	-6.2
ii. Govt. Deposits	3,122.5	12,990.6	3,946.4	0.0	0.0	3,926.2	0.0	0.0	3,926.2		0.0	
b. Claims on Non-financial Govt. Ent.	5,114.9	4,763.6	5,646.5	5,092.4	5,092.4	4,626.5	5,443.1	5,099.2	-465.9	-9.1	-343.9	-6.3
c. Claims on Financial Institutions	3,622.2	13,589.8	4,709.5	7,361.1	7,361.1	6,692.6	11,759.9	13,588.6	-668.4	-9.1	1,828.7	15.6
i. Government	1,713.0	2,036.2	1,670.5	1,376.1	1,376.1	1,581.9	2,515.4	2,897.3	205.8	15.0	381.9	15.2
ii. Non-government	1,909.2	11,553.6	3,039.1	5,985.0	5,985.0	5,110.7	9,244.5	10,691.3	-874.3	-14.6	1,446.9	15.7
d. Claims on Private Sector	273,477.4	326,684.0	339,834.2	438,354.4	438,354.4	510,094.9	500,650.6	557,603.2	71,740.6	16.4	56,952.7	11.4
2.2. Net Non-monetary Liabilities	96,949.4	106,175.0	113,348.2	149,716.7	149,716.7	127,850.7	144,419.7	158,139.2	112,111.2 ^{1/}	74.9	12,016.8 ^{2/}	8.3
3. Broad Money (M₂)	395,518.2	471,996.3	495,377.1	629,468.7	630,521.2	687,380.4	719,599.1	746,058.5	56,859.2	9.0	26,459.4	3.7
3.1. Money Supply (M ₁)	126,887.7	146,825.7	154,344.0	178,605.8	196,459.3	209,458.0	218,159.4	215,414.7	12,998.7	6.6	-2,744.6	-1.3
a. Currency	83,553.3	98,443.4	100,175.2	123,392.6	125,758.5	138,042.8	142,114.5	143,275.6	12,284.4	9.8	1,161.0	0.8
b. Demand Deposits	43,334.4	48,382.3	54,168.7	55,213.2	70,700.8	71,415.2	76,044.8	72,139.2	714.3	1.0	-3,905.7	-5.1
3.2. Time Deposits	268,630.5	325,170.6	341,033.2	450,862.9	434,061.8	477,922.4	501,440.1	530,643.8	43,860.6	10.1	29,203.7	5.8
4. Broad Money Liquidity (M₃)	423,765.4	504,127.5	529,606.2	681,746.2	685,387.1	735,562.4	771,178.1	798,543.1	50,175.3	7.3	27,365.0	3.5

1/ Adjusting the exchange valuation gain of Rs. 3806.5 million.

2/ Adjusting the exchange valuation loss of Rs 9889.6 million.

E = Estimates.

Table 6*
Outright Sale Auction

(Rs. in million)

Mid-Month	2006/07		2007/08		2008/09		2009/10		2010/11	
	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)
August	1,000.0	2.51	-	-	3,500.0	4.94	7,440.0	2.17	-	-
September	1,250.0	3.06	-	-	-	-	-	-	-	-
October	1,020.0	3.38	-	-	-	-	-	-	2,000.0	-
November	-	-	500.0	3.44	2,000.0	5.20	-	-	-	-
December	2,620.0	1.59	740.0	4.33	1,960.0	4.95	-	-	-	-
January	-	-	-	-	-	-	-	-	-	-
February	-	-	-	-	-	-	-	-	-	-
March	2,000.0	2.94	2,460.0	4.87	-	-	-	-	-	-
April	1,010.0	2.54	770.0	4.05	-	-	-	-	-	-
May	1,300.0	3.37	2,000.0	5.38	-	-	-	-	-	-
June	6,050.0	2.80	3,430.0	5.98	-	-	-	-	-	-
July	2,150.0	4.51	4,950.0	5.65	-	-	-	-	-	-
Total	18,400.0	-	14,850.0	4.81	7,460.0	-	7,440.0	-	2,000.0	-

Table 7*
Outright Purchase Auction

(Rs. in million)

Mid-Month	2006/07		2007/08		2008/09		2009/10		2010/11	
	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)	Amount	Wtd. Int. Rate (%)
August	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-
January	-	-	-	-	-	-	33,817.3	45.1	-	-
February	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	33,817.3	-	-	-

Wtd. Int. Rate = Weighted Interest Rate.

* The system of outright sale/purchase auction of treasury bills as a monetary instrument introduced since 2004/05. The outright sale/purchase auction takes place at the initiative of NRB.

Table 8*
Repo Auction

(Rs. in million)

Mid-Month	2006/07	2007/08	2008/09	2009/10	2010/11
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	1,000.0	3,000.0
November	-	-	-	2,000.0	2,000.0
December	-	-	-	13,000.0	-
January	-	2,000.0	-	23,982.0	13,000.0
February	-	5,000.0	4,000.0	18,953.0	10,000.0
March	-	2,000.0	5,000.0	15,250.3	13,804.6
April	-	-	-	20,929.0	15,187.4
May	2,000.0	-	-	12,000.0	18,217.4
June	-	-	2,000.0	11,996.5	7,194.3
July	-	-	-	12,566.0	9,982.4
Total	2,000.0	9,000.0	11,000.0	131,676.8	92,386.1

Table 9*
Reverse Repo Auction

(Rs. in million)

Mid-Month	2006/07	2007/08	2008/09	2009/10	2010/11
August	2,590.0	-	2,000.0	-	12,000.0
September	1,500.0	1,000.0	3,520.0	1,000.0	7,000.0
October	1,500.0	4,570.0	-	-	-
November	6,150.0	-	-	-	-
December	750.0	-	3,500.0	-	-
January	1,070.0	-	4,240.0	-	-
February	-	-	-	-	-
March	500.0	-	-	-	-
April	-	1,000.0	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	280.0	-	-	-	-
Total	14,340.0	6,570.0	13,260.0	1,000.0	19,000.0

* The system of repo and reverse repo auction of treasury bills as a monetary instrument introduced since 2004/05. Repo and reverse repo auction takes place at the initiative of NRB.

Table 10 (A)
Foreign Exchange Intervention*

(Rs. in million)

Mid-Month	2006/07			2007/08			2008/09			2009/10			2010/11		
	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection
August	6548.66	0.00	6548.66	2250.71	0.00	2250.71	5574.13	183.84	5390.29	5766.14	0.00	5766.14	12823.19	0.00	12823.19
September	4746.41	0.00	4746.41	4792.01	400.38	4391.63	7770.00	974.74	6795.26	9851.09	0.00	9851.09	11110.19	0.00	11110.19
October	5593.18	0.00	5593.18	7387.13	0.00	7387.13	18467.03	0.00	18467.03	4561.76	0.00	4561.76	13842.00	0.00	13842.00
November	5134.50	0.00	5134.50	6602.39	0.00	6602.39	11548.76	0.00	11548.76	6372.05	0.00	6372.05	19304.08	0.00	19304.08
December	6876.10	0.00	6876.10	9124.41	0.00	9124.41	17492.02	0.00	17492.02	7210.12	0.00	7210.12	13241.12	363.03	12878.09
January	5420.58	0.00	5420.58	5915.13	0.00	5915.13	13494.70	0.00	13494.70	4258.92	446.76	3812.16	14668.00	0.00	14668.00
February	3363.40	511.49	2851.92	7033.12	548.94	6484.18	12134.07	0.00	12134.07	8642.31	0.00	8642.31	13870.00	0.00	13870.00
March	7260.27	0.00	7260.27	12834.02	0.00	12834.02	11919.78	0.00	11919.78	8950.89	0.00	8950.89	14411.04	0.00	14411.04
April	3531.87	0.00	3531.87	10993.26	0.00	10993.26	10794.48	0.00	10794.48	13701.53	0.00	13701.53	11399.27	0.00	11399.27
May	4500.14	0.00	4500.14	10622.39	0.00	10622.39	13464.80	0.00	13464.80	15581.09	0.00	15581.09	19306.00	0.00	19306.00
June	5395.53	0.00	5395.53	12503.12	0.00	12503.12	9098.50	377.70	8720.80	16544.96	0.00	16544.96	17023.99	0.00	17023.99
July	6596.01	0.00	6596.01	13516.69	215.42	13301.27	12276.90	0.00	12276.90	17665.92	0.00	17665.92	13662.25	0.00	13662.25
Total	64966.65	511.49	64455.16	103574.38	1164.74	102409.64	144035.17	1536.28	142498.89	119106.76	446.76	118660.00	174661.12	363.03	174298.09

Table 10(B)
Foreign Exchange Intervention (In US Dollar)*

(US\$ in million)

Mid-Month	2006/07			2007/08			2008/09			2009/10			2010/11		
	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection	Purchase	Sale	Net Injection
August	87.5	0.0	87.5	34.6	0.0	34.6	81.8	2.7	79.1	74.8	0.0	74.8	172.0	0.0	172.0
September	63.9	0.0	63.9	72.9	6.0	66.9	109.6	13.8	95.9	126.6	0.0	126.6	149.0	0.0	149.0
October	76.3	0.0	76.3	115.9	0.0	115.9	245.2	0.0	245.2	59.8	0.0	59.8	193.9	0.0	193.9
November	71.1	0.0	71.1	104.1	0.0	104.1	149.5	0.0	149.5	85.3	0.0	85.3	270.9	0.0	270.9
December	95.9	0.0	95.9	143.4	0.0	143.4	219.5	0.0	219.5	97.0	0.0	97.0	182.9	5.0	177.9
January	76.0	0.0	76.0	93.3	0.0	93.3	174.5	0.0	174.5	57.4	6.0	51.4	202.3	0.0	202.3
February	47.6	7.2	40.4	111.1	8.6	102.5	155.2	0.0	155.2	116.7	0.0	116.7	190.4	0.0	190.4
March	102.5	0.0	102.5	199.6	0.0	199.6	147.7	0.0	147.7	121.7	0.0	121.7	199.1	0.0	199.1
April	50.9	0.0	50.9	170.3	0.0	170.3	132.6	0.0	132.6	190.2	0.0	190.2	159.6	0.0	159.6
May	67.5	0.0	67.5	164.3	0.0	164.3	168.9	0.0	168.9	218.9	0.0	218.9	271.3	0.0	271.3
June	82.8	0.0	82.8	183.5	0.0	183.5	119.5	5.0	114.5	222.3	0.0	222.3	236.9	0.0	236.9
July	101.3	0.0	101.3	196.4	3.1	193.3	159.1	0.0	159.1	237.1	0.0	237.1	191.3	0.0	191.3
Total	923.0	7.2	915.8	1589.2	17.7	1571.5	1862.9	21.5	1841.5	1607.6	6.0	1601.6	2419.4	5.0	2414.5

* The purchase and sale of foreign exchange takes place at the request (initiative) of commercial banks.

Table 11
Standing Liquidity Facility (SLF)*

(Rs. in million)

Month	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
August	585.0	400.0	0.0	0.0	18150.0	0.0	2950.0
September	189.0	550.0	370.0	4080.0	3720.0	350.0	0.0
October	3367.3	220.0	1575.0	9665.0	11155.0	3700.0	17892.4
November	15836.8	0.0	2101.5	13135.0	2500.0	13234.0	30968.0
December	2362.5	0.0	1074.7	9310.0	0.0	28178.9	29865.3
January	200.0	753.5	3070.0	10780.0	6010.0	19784.4	40038.3
February	6224.8	200.0	0.0	25532.0	12260.0	18527.2	14924.9
March	11402.0	160.0	300.0	0.0	29437.5	1394.3	19473.1
April	4027.9	950.0	8630.0	3850.0	2150.0	6617.5	15559.9
May	1040.0	4800.0	13821.0	21250.0	11220.0	67.1	15101.1
June	600.0	0.0	350.0	4500.0	11180.0	2.9	18952.0
July	3472.1	1850.0	15687.0	1730.0	0.0	4080.0	10949.1
Total	49307.3	9883.5	46979.2	103832.0	107782.5	95936.3	216674.0

* Introduced as a safety valve for domestic payments system since 2004/05. This fully collateralised lending facility takes place at the initiative of commercial banks.

Table 12
Interbank Transaction Amount and Weighted Average Rate

(Rs. in million)

Month	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
August	4870.0	4309.0	20554.2	13397.0	35455.0	22432.0	9527.0	26345.5
September	13805.0	13165.0	24670.5	18830.0	31353.0	21897.0	29763.0	22856.0
October	12575.0	12145.0	12021.0	15855.0	35062.0	23934.0	26239.0	24944.0
November	14759.0	9056.0	10369.0	14880.0	21472.0	36880.0	30559.5	45845.0
December	7900.0	11018.0	15533.0	14180.0	20418.0	21661.0	22845.0	45152.9
January	13460.0	11030.0	11255.5	17395.0	24379.0	19955.0	31964.0	36533.4
February	8080.0	12710.0	14541.0	8962.0	12236.0	27293.0	24596.0	23749.7
March	2800.0	9500.0	20075.0	7713.0	10443.0	18938.6	13045.0	27273.1
April	5860.0	18162.0	15654.0	7295.0	12583.9	27518.0	26999.0	18992.7
May	9070.0	13050.0	7970.0	20300.0	21570.0	27686.0	16177.0	25360.0
June	5650.0	18334.3	10245.0	17397.0	17413.0	23702.0	14110.0	47529.0
July	14359.0	20358.5	12862.0	13980.0	15934.2	21522.0	23022.0	52982.5
Total	113188.0	152837.8	175750.2	170184.0	258319.1	293418.6	268846.5	397563.8

Table 13
Net Domestic Borrowing of the Government of Nepal

Rs in million

		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11 ^P
A	Gross Borrowings	7052.8	9026.4	11849.9	17892.3	20496.4	18417.1	29914.0	33680.0
	Treasury Bills	3700.0	5471.2	10834.2	12051.6	12500.0	9000.0	19930.0	14996.6
	Development Bonds	2000.0	3000.0	750.0	5500.0	6070.0	7750.0	9041.0	8000.0
	National Saving Certificates	900.0	216.9	0.0	0.0	0.0	0.0	0.0	10680.0
	Citizen Saving Bonds +	247.8	250.0	250.0	340.2	1926.4	1667.1	943.0	3.4
	Special Bonds	205.0	88.3	15.7	0.5	0.0	0.0	0.0	0.0
B	Payments	5414.9	6135.5	7360.0	9614.3	8561.4	8782.5	7928.0	6047.1
	Treasury Bills	2431.0	1264.5	1870.0	1647.5	1912.3	7518.0	4401.0	5535.4
	Development Bonds	510.0	550.0	2790.0	4282.1	3511.9	6.9	3000.0	0.0
	National Saving Certificates	1500.0	2670.0	2700.0	2359.8	400.0	900.0	217.0	0.0
	Citizen Saving Bonds	0.0	0.0	0.0	628.1	303.0	247.8	250.0	500.0
	Special Bonds	973.9	1651.0	0.0	696.8	2434.1	109.8	60.0	11.7
C	Net Domestic Borrowings (NDB) (A-B)	1637.8	2891.0	4489.9	8278.0	11935.0	9634.6	21986.0	27632.8
	Treasury Bills	1269.0	4206.7	8964.2	10404.1	10587.7	1482.0	15529.0	9461.2
	Development Bonds	1490.0	2450.0	-2040.0	1217.9	2558.1	7743.1	6041.0	8000.0
	National Saving Certificates	-600.0	-2453.1	-2700.0	-2359.8	-400.0	-900.0	-217.0	10680.0
	Citizen Saving Bonds	247.8	250.0	250.0	-287.9	1623.4	1419.3	693.0	-496.6
	Special Bonds	-768.9	-1562.7	15.7	-696.3	-2434.1	-109.8	-60.0	-11.7
D	Overdraft *	-753.0	2623.0	1071.0	-3122.5	3946.4	8835.8	7875.7	10999.8
E	NDB net off Overdraft borrowings (C+D)	884.8	5514.0	5560.9	5155.5	9830.6	18470.4	29861.8	38632.6
F	GDP (at producers price)	536749.0	589412.0	654084.0	727827.0	815658.0	988053.0	1171905.0	1346816.0
G	NDB/GDP in %	0.31	0.49	0.69	1.14	1.46	0.98	1.90	2.10
H	NDB net off Overdraft /GDP in %	0.16	0.94	0.85	0.71	1.21	1.87	2.50	2.90

+ Includes RS. 4 million of foreign employment bond issued in July 2010

* The negative sign indicates the surplus of the government in NRB

P Provisional

Table 14
Structure of Interest Rates
(Percent per Annum)

Year Mid-month	2006 Jul	2007 Jul	2008 Jul	2008 Oct	2009 Jan	2009 Apr	2010 Jul	2010 Oct	2011 Jan	2011 Apr
A. Policy Rates										
CRR	5.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Bank Rate	6.3	6.3	6.5	6.5	6.5	6.5	6.5	7.0	7.0	7.0
Refinance Rates Against Loans to:										
Sick Industries	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Rural Development Banks (RDBs)	3.5	3.5	3.5	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Export Credit in Domestic Currency	3.5	2.5	2.0	3.5	3.5	3.5	3.5	1.5	1.5	1.5
Export Credit in Foreign Currency	3.3	3.3	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.5
SLF Penal Rate [#]	1.5	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
B. Government Securities										
T-bills* (28 days)	2.13	5.16	4.9	2.0	9.7	-	8.7	4.6	8.8	9.7
T-bills* (91 days)	2.77	5.13	6.8	2.7	8.7	7.3	8.1	5.6	8.2	9.1
T-bills* (182 days)	3.51	5.16	5.9	0.0	7.8	6.9	8.3	5.6	9.0	8.8
T-bills* (364 days)	4.00	6.47	6.6	0.0	7.4	7.6	7.3	6.4	8.6	8.8
Development Bonds	3.0-6.75	5.0-8.0	5.0-9.0	5.0-9.0	5.0-9.0	5.0-9.0	5.0-9.0	5.0-9.0	5.0-9.0	5.0-9.5
National/Citizen SCs	6.0-8.5	6.0-7.75	6.0-8.0	6.0-10.0	6.0-10.0	6.0-10	6.0-9.5	6.0-9.5	6.0-9.5	6.0-9.75
C. Interbank Rate										
	3.0	3.6	3.7	5.1	12.8	7.8	6.6	5.9	10.6	9.5
D. Commercial Banks										
1. Deposit Rates										
Savings Deposits	2.0-5.0	2.0-6.5	2.0-7.5	2.0-7.5	2.0-7.25	2.0-12.0	2.0-12.0	2.0-12.0	2.0-12.0	2.0-12.0
Time Deposits										
1 Month	1.5-3.5	1.5-3.75	1.5-5.25	1.50-5.75	1.5-7.25	1.5-7.25	1.75-8.0	1.75-8.0	1.75-8.0	1.75-8.0
3 Months	1.50-4.0	1.50-6.75	1.50-6.0	1.50-6.5	1.5-7.25	1.5-9.5	1.75-9.5	1.75-9.5	1.75-9.5	1.75-9.5
6 Months	1.75-4.5	1.75-6.75	1.75-7.0	1.75-7.0	1.75-8.75	2.75-10.0	2.75-10.0	2.75-10.5	2.75-10.5	2.75-10.5
1 Year	2.25-5.0	2.5-6.0	2.5-9.0	2.5-9.0	2.5-11.0	3.5-11.5	4.75-11.5	4.75-11.5	4.75-11.5	4.75-11.5
2 Years and Above	2.5-5.5	2.75-6.75	2.75-9.5	2.75-9.5	2.75-11.5	4.0-13.0	5.0-13.0	5.0-12.0	5.0-12.5	5.0-12.5
2 Lending Rates										
Industry	8.0-13.5	7.0-13.0	8.0-13.5	7.0-13.5	7.0-13.5	8.0-13.5	8.0-13.5	8.0-13.5	8.0-13.5	8.0-13.5
Agriculture	9.5-13	9.5-12.0	9.5-12.0	9.5-13.0	9.5-13.0	9.5-13.0	9.5-13.0	9.5-13.0	9.5-13.0	9.5-13.0
Export Bills	5.0-11.5	5.0-11.5	6.5.0-11.0	6.5-12.5	4.0-18.0	4.0-18.0	4.0-18.0	4.0-18.0	4.0-15.5	4.0-15.5
Commercial Loans	8.0-14.0	8.0-13.5	8.0-14.0	8.0-14.0	8.0-14.0	8.0-14.0	8.0-14.0	8.0-14.0	8.0-14.0	8.0-14.0
Overdrafts	6.0-14.5	6.5-13.5	6.50-13.5	6.5-14.5	6.5-18.0	7.0-18.0	7.0-18.0	7.0-18.0	7.0-18.0	7.0-18.0
CPI Inflation (annual average)										
	6.4	7.7	13.0				9.6 [@]			

[#] The SLF rate is determined at the penal rate added to the weighted average discount rate of 91-day Treasury Bills of the preceding week or repo rate of last 30 days, whichever is

* Weighted average discount rate

LIBOR =London Interbank Offered Rate

Table 15
Weighted Average Treasury Bills Rate (91-Days)

(Percent)

FY	FY in B.S.	Mid-Month												Annual Average
		Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
1991/92	2048/49	8.43	8.78	8.84	8.70	8.82	8.93	9.33	9.56	9.60	9.64	9.59	9.64	9.24
1992/93	2049/50	10.17	10.45	12.17	11.68	12.03	12.36	12.57	12.43	11.30	9.56	11.28	11.92	11.34
1993/94	2050/51	8.49	5.94	7.24	8.74	6.05	3.93	7.57	7.56	6.38	4.93	5.31	6.01	6.50
1994/95	2051/52	6.36	6.26	6.54	7.02	6.91	6.99	7.38	7.97	8.12	7.94	7.89	8.33	7.35
1995/96	2052/53	8.34	8.61	8.78	9.14	9.69	11.83	12.68	12.21	10.93	12.70	12.88	12.66	10.93
1996/97	2053/54	12.18	11.75	11.43	11.63	11.51	11.47	11.62	10.99	9.77	8.51	6.03	5.62	10.22
1997/98	2054/55	4.87	3.36	3.81	3.36	2.63	2.71	3.90	4.00	4.17	3.44	3.24	2.87	3.52
1998/99	2055/56	1.61	0.90	0.85	2.88	3.24	3.29	1.61	1.21	2.16	3.09	3.35	3.32	2.33
1999/00	2056/57	3.40	2.90	3.41	4.09	3.99	4.44	5.16	5.60	5.46	5.73	5.46	5.36	4.66
2000/01	2057/58	5.43	5.22	4.87	5.24	5.30	5.26	5.17	4.55	3.87	4.67	4.94	4.95	4.96
2001/02	2058/59	4.78	3.78	4.66	4.96	4.95	4.85	5.19	5.39	5.05	4.86	4.52	3.78	4.71
2002/03	2059/60	3.42	3.49	3.60	4.03	3.75	4.10	4.01	3.91	4.06	2.91	1.67	2.98	3.48
2003/04	2060/61	4.03	3.66	3.70	3.68	3.85	3.95	3.94	3.81	1.70	0.70	0.82	1.47	2.93
2004/05	2061/62	0.62	0.63	1.34	1.97	2.40	2.08	2.38	2.94	3.11	3.70	3.82	3.94	2.46
2005/06	2062/63	2.26	3.38	3.10	2.69	2.20	2.46	2.20	2.65	2.89	3.63	3.31	3.25	2.84
2006/07	2063/64	2.99	2.78	2.54	2.11	1.98	2.67	2.60	2.36	1.85	2.43	2.17	2.77	2.44
2007/08	2064/65	4.25	2.14	2.35	3.03	3.59	3.86	5.79	5.54	4.07	5.32	5.41	5.13	4.21
2008/09	2065/66	5.17	3.73	6.08	5.55	4.72	4.32	6.64	6.83	5.98	6.72	6.00	6.80	5.83
2009/10	2066/67	1.77	2.41	2.73	4.67	6.35	8.74	9.01	7.79	7.35	7.41	6.77	8.13	6.50
2010/11	2067/68	3.81	3.77	5.63	7.73	6.82	8.21	7.78	8.09	9.06	9.00	8.34	8.52	7.41

Table 16
Weighted Average Treasury Bills Rate (364-day)

(Percent)

FY	FY in B.S.	Mid-Month												Annual Average
		Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
1996/97	2053/54	-	-	-	-	-	11.96	-	-	10.53	-	8.98	-	10.34
1997/98	2054/55	-	-	-	-	-	6.30	-	-	7.25	-	6.99	-	6.86
1998/99	2055/56	-	-	-	-	-	-	-	-	4.91	5.42	5.31	-	5.13
1999/00	2056/57	-	-	-	-	5.67	5.57	6.08	7.28	6.14	-	-	-	6.16
2000/01	2057/58	-	-	-	-	5.73	5.44	5.46	5.11	4.92	5.27	5.52	5.62	5.26
2001/02	2058/59	-	-	-	-	5.51	5.15	5.66	5.56	5.14	5.04	4.99	4.43	5.20
2002/03	2059/60	-	-	-	-	4.08	4.46	4.22	4.94	5.13	4.63	3.31	4.93	4.71
2003/04	2060/61	5.31	5.18	5.30	5.15	5.12	4.95	4.70	4.04	3.02	2.65	2.57	3.81	4.15
2004/05	2061/62	-	-	3.53	-	3.06	2.49	2.78	3.54	3.98	4.84	4.87	4.79	4.32
2005/06	2062/63	-	-	3.87	3.93	3.09	3.42	3.50	3.80	4.31	4.20	3.74	4.04	3.95
2006/07	2063/64	-	-	3.78	3.33	3.04	3.14	3.21	3.01	3.09	3.55	3.19	4.00	3.50
2007/08	2064/65	-	3.04	3.04	3.28	3.40	4.67	6.45	5.95	4.82	5.30	5.66	6.47	5.49
2008/09	2065/66	-	3.56	5.57	5.65	4.96	5.20	6.84	6.19	5.96	6.53	6.59	6.55	6.06
2009/10	2066/67	-	3.39	-	6.04	5.43	7.39	8.11	0.00	7.60	-	6.96	7.28	7.85
2010/11	2067/68	-	5.41	6.38	7.65	7.19	8.61	-	-	8.81	0.00	8.61	8.61	8.35

Table 17
Weighted Average Interbank Transaction Rate (Percent)

Month/Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
August	4.15	1.02	2.47	2.07	4.10	5.15	1.41	2.46
September	2.67	0.39	3.87	1.83	2.18	2.33	2.00	3.24
October	3.60	0.83	3.18	2.11	3.35	5.16	5.10	5.89
November	4.21	2.24	2.36	1.20	3.73	5.34	9.22	9.79
December	4.63	3.54	0.96	1.34	4.73	2.38	9.93	8.59
January	4.68	3.49	1.22	3.03	4.93	3.37	12.83	10.58
February	4.82	3.95	2.48	2.01	7.55	8.32	11.64	8.45
March	3.67	4.33	2.84	1.39	5.07	6.38	8.85	10.18
April	0.83	4.50	1.97	1.69	2.69	5.06	7.81	9.54
May	1.01	4.28	3.52	3.35	6.48	7.07	7.13	10.43
June	0.99	4.11	1.77	2.72	4.65	5.02	5.52	10.23
July	0.71	4.71	2.13	3.03	3.61	3.66	6.57	8.22
Annual Average	3.03	3.39	2.47	2.26	4.20	5.07	7.74	8.44

Table 18 (A)
Government Budgetary Operation
(On Annual Data Basis)

Rs. in million

	2010 July	2011 July ^R	2012 July ^E	Percentage Change			
				2010/11		2011/12	
				Amount	Percent	Amount	Percent
Total Expenditure	227107.4	269642.7	339219.7	42535.3	18.7	69577.0	25.8
Recurrent	186597.6	219160.2	266612.7	32562.7	17.5	47452.5	21.7
Capital	40509.8	50482.43	72607	9972.6	24.6	22124.6	43.8
Revenues	216537.9	253244.6	311906.8	36706.7	17.0	58662.2	23.2
Tax	159785.4	181254.6	209203	21469.2	13.4	27948.4	15.4
Non-tax	18206.5	22662.6	32571	4456.1	24.5	9908.4	43.7
Grants	38546	49327.4	70132.8	10781.4	28.0	20805.4	42.2
Net Financial Management	-10509.65	-14343.5	-27312.7	-3833.9	36.5	-12969.2	90.4
Share Investment, Net	4716.2	4884.8	6930	168.6	3.6	2045.2	41.9
Loan Investment, Net	7479.25	11268.5	12518.4	3789.3	50.7	1249.9	11.1
Domestic Loan	9433.2	13700.6	18447.3	4267.4	45.2	4746.7	34.6
Loan Recovery	1953.95	2432.1	5928.9	478.2	24.5	3496.8	143.8
Domestic Loan, Net	-22224.7	-27675.9	-30766.6	-5451.2	24.5	-3090.7	11.2
Domestic Loan	29914	33680	37410	3766.0	12.6	3730.0	11.1
Domestic Loan Recovery	7689.3	6004.1	6643.4	-1685.2	-21.9	639.3	10.6
Net External Debt, Net	-480.4	-2820.9	-15994.5	-2340.5	487.2	-13173.6	467.0
External Debt	11223.4	14859.1	29654	3635.7	32.4	14794.9	99.6
External Debt Repayment	10743	12038.2	13659.5	1295.2	12.1	1621.3	13.5
Budget Surplus/Deficit(-)	-41197.203	-50593.7	-67064	-9396.5	22.8	-16470.3	32.6
Change in Cash Stock, Surplus(-)/Deficit(+)	5.98	2054.6	0.0				

^R Revised

^E Estimated

Source: Budget Speech of GON, 2011/12

Table 18 (B)
Government Budgetary Operation ¹
(On Cash Basis)
(Based on First Eleven Month)

Rs. in million

	2008/09	2009/10	2010/11 ^E	Changes			
				2009/10		2010/11	
				Amount	Percent	Amount	Percent
Sanctioned Expenditure	163441.5	208547.4	232311.1	45105.9	27.6	23763.7	11.4
Recurrent	103000.5	127671.2	145136.6	24670.7	24.0	17465.4	13.7
Capital	39602.4	53859.3	62816.6	14256.9	36.0	8957.3	16.6
a.Domestic Resources & Loans	34165.7	44283.1	49835.4	10117.4	29.6	5552.3	12.5
b.Foreign Grants	5436.7	9576.2	12981.2	4139.5	76.1	3405.0	35.6
Principal Repayment	15248.8	16837.6	17800.0	1588.8	10.4	962.4	5.7
Others (Freeze Account)	5589.8	10179.3	6557.9	4589.5	82.1	-3621.4	-35.6
Unspent Government Balance	17270.1	19902.4	20128.2	2632.3	15.2	225.8	1.1
Recurrent	10186.2	11357.5	11753.8	1171.3	11.5	396.3	3.5
Capital	6683.9	7280.0	7074.7	596.1	8.9	-205.3	-2.8
Principal Repayment	400.0	1264.9	1299.7	864.9	216.2	34.8	2.8
Actual Expenditure	146171.4	188645.0	212182.9	42473.6	29.1	23537.9	12.5
Recurrent	92814.3	116313.7	133382.8	23499.4	25.3	17069.1	14.7
Capital	32918.5	46579.3	55741.9	13660.8	41.5	9162.6	19.7
Principal Repayment	14848.8	15572.7	16500.3	723.9	4.9	927.6	6.0
Others (Freeze Account)	5589.8	10179.3	6557.9	4589.5	82.1	-3621.4	-35.6
Resources	147836.4	181954.6	203763.7	34118.2	23.1	21809.1	12.0
Revenue	121234.6	153586.1	175860.9	32351.5	26.7	22274.8	14.5
Foreign Grants	20713.8	21802.4	23769.7	1088.6	5.3	1967.3	9.0
Non-Budgetary Receipts,net	-548.9	4272.2	-540.1	4821.1	-878.3	-4812.3	-112.6
Others #	31.1	147.9	93.9	116.8	375.6	-54.0	-36.5
V.A.T.	965.3	-4.0	982.5	-969.3	-100.4	986.5	-24662.5
Local Authority Accounts	5440.5	2150.0	3596.8	-3290.5	-60.5	1446.8	67.3
Deficit (-) Surplus (+)	1665.0	-6690.4	-8419.2	-8355.4	-501.8	-1728.8	25.8
Sources of Financing	-1665.0	6690.4	8419.2	8355.4	-501.8	1728.8	25.8
Internal Loans	-5160.5	2863.8	4029.6	8024.3	-155.5	1165.8	40.7
a. Treasury Bills	8700.0	12669.3	19000.0	3969.3	45.6	6330.7	50.0
b. Development Bonds	6000.0	7680.0	7000.0	1680.0	28.0	-680.0	-8.9
c. National Saving Certificate	2000.0	4050.0	8000.0	2050.0	102.5	3950.0	97.5
d. Civil Saving Certificate	0.0	0.0	4000.0	0.0	0.0	4000.0	0.0
e. Overdraft (+)	700.0	939.3	0.0	239.3	34.2	-939.3	-100.0
f. Others @	-13492.7	-9424.5	-14302.5	4068.2	-30.2	-4878.0	51.8
Foreign Loans	-367.8	-381.0	-667.9	-13.2	3.6	-286.9	75.3
Others including interest income/payment(-)	3495.5	3826.6	4389.6	331.1	9.5	563.0	14.7

- 1 Based on the record of Nepal Rastra Bank
R Revised
E Estimated
Change in outstanding amount disbursed to VDC/DDC remaining unspent.

Table 19
Outstanding Domestic Debt of the Government of Nepal

(Rs. in million)

No.	Name of Bonds/Ownership	2010/11														Change Jul. 09 - Jul. 08
		2010		2010/11												
1	Treasury Bills	Mid-Jul	Mid-Aug	Mid-Sep	Mid-Oct	Mid-Nov	Mid-Dec	Mid-Jan	Mid-Feb	Mid-Mar	Mid-Apr	Mid-May	Mid-Jun	Mid-Jul ^P	120340.7	18297.0
	a. Banking Sector	98586.9	98518.5	97814.9	96942.8	97046.9	98047.9	99161.3	93713.9	93770.2	92697.9	104062.0	106156.5	114640.0		16053.1
	<i>i. Nepal Rastra Bank</i>	30477.4	29303.4	29501.4	27154.9	29064.9	28866.9	32971.5	28543.6	27678.6	26028.1	34253.9	34108.9	28178.9		-2298.5
	<i>ii. Commercial Banks</i>	68109.5	69215.1	68313.5	69787.9	67982.0	69181.0	66189.8	65170.3	66091.6	66669.8	69808.1	72047.6	86461.1		18351.6
	b. Non-Banking Sector	3456.8	3525.2	4228.9	5101.0	4996.9	5495.9	4382.4	4554.4	4498.1	5570.4	5292.1	6447.6	5700.7		2243.9
2	Development Bonds	35519.4	35519.4	35519.4	35519.4	35519.4	35519.4	38519.4	38519.4	38519.4	38519.4	38519.4	43519.4	43519.4		8000.0
	a. Banking Sector	15037.7	15038.8	16047.1	15048.5	15048.5	15050.1	16720.5	16737.0	16737.8	16737.8	16737.8	19670.3	19670.3		4632.6
	<i>i. Nepal Rastra Bank</i>	309.1	310.1	318.4	319.8	319.8	321.4	326.8	343.3	344.2	344.2	345.2	348.2	348.2		39.1
	<i>ii. Commercial Banks</i>	14728.68	14728.70	14728.68	14728.68	14728.68	14728.68	16393.68	16393.68	16393.68	16393.68	16392.68	19322.18	19322.18		4593.5
	b. Non-Banking Sector	20481.68	20480.60	20472.30	20470.90	20470.90	20469.30	21798.90	21782.40	21781.58	21781.58	21781.58	23849.08	23849.08		3367.4
3	National/Citizen Savings Certificates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4000.00	4000.00	4000.00	4000.00	4000.00	4000.00		10680.00
	a. Banking Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
	<i>i. Nepal Rastra Bank</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
	<i>ii. Commercial Banks</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
	b. Non-Banking Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4000.00	4000.00	4000.00	4000.00	4000.00	10680.00		10680.0
4	Citizen Savings Certificates	5126.89	5126.90	5126.89	5126.89	5126.89	5126.89	5126.89	5126.89	5126.89	4626.89	4626.89	4626.89	4622.89		-504.0
	a. Banking Sector	2634.97	2700.90	2743.72	2823.85	2861.10	2885.93	3022.99	3174.70	3216.53	2861.96	2886.33	2917.86	2937.61		302.6
	<i>i. Nepal Rastra Bank</i>	2634.97	2700.90	2743.72	2823.85	2861.10	2885.93	3022.99	3174.70	3216.53	2861.96	2886.33	2917.86	2937.61		302.6
	b. Non-Banking Sector *	2491.92	2426.00	2383.17	2303.04	2265.80	2240.97	2103.90	1952.20	1910.37	1764.93	1740.56	1709.03	1685.29		-806.6
	(Of which foreign employment bond)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	7.40		3.0
5	Special Bonds	169.70	163.20	163.16	163.16	163.16	163.16	162.17	162.17	162.17	162.17	162.17	158.03	158.03		-12.0
	a. Banking Sector	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60		0.0
	<i>ii. Commercial Banks</i>	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60	157.60		0.0
	b. Non-Banking Sector	12.10	5.60	5.56	5.56	5.56	5.56	4.57	4.57	4.57	4.57	4.57	0.43	0.43		-11.7
	(Of which duty drawback)	12.10	5.60	5.60	5.60	5.60	5.60	4.60	4.60	0.00	0.00	0.00	0.00	0.00		-12.1
6	Short Term Loan & Advances +	16711.50	9815.30	6119.60	17943.70	9033.30	-1412.00	-12238.90	-6556.30	-232.80	-948.40	995.00	-6426.80	12514.80		-4196.7
	Nepal Rastra Bank	16711.50	9815.30	6119.60	17943.70	9033.30	-1412.00	-12238.90	-6556.30	-232.80	-948.40	995.00	-6426.80	12514.80		-4196.7
7	Grand Total	159571.22	152668.50	148972.78	160796.88	151886.48	142941.18	135113.29	139520.45	145843.95	144628.35	157657.55	158481.61	191835.81		32264.6
	a. Banking Sector	133128.73	126231.10	121882.90	132916.43	124147.37	114729.51	106823.52	107226.89	113649.34	111506.87	124838.74	122475.47	149920.37		16791.6
	<i>i. Nepal Rastra Bank</i>	50132.95	42129.70	38683.17	48242.31	41279.15	30662.28	24082.44	25505.31	31006.47	28285.80	38480.36	30948.09	43979.49		-6153.5
	<i>ii. Commercial Banks</i>	82995.78	84101.40	83199.73	84674.13	82868.23	84067.23	82741.08	81721.58	82642.88	83221.08	86358.38	91527.38	105940.88		22945.1
	b. Non-Banking Sector	26442.50	26437.40	27089.88	27880.45	27739.11	28211.67	28289.78	32293.57	32194.61	33121.48	32818.81	36006.14	41915.44		15472.9
	Domestic Debt except Short Term Loan & Advances	142859.72	142853.20	142853.18	142853.18	142853.18	144353.18	147352.19	146076.75	146076.75	145576.75	156662.55	164908.41	179321.01		36461.3

* Includes RS. 4 million of foreign employment bond issued in July 2010

+ The negative sign indicates the surplus of the government in NRB

P Provisional

Source : Nepal Rastra Bank.

Table 20
Direction of Foreign Trade*
(Based on Eleven Months Data)

(Rs. in million)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Percent change	
	Annual	Annual	Annual	Annual	Annual	Annual	2009/10	2010/11
Total Exports	60234.1	60795.80	59266.50	61401.90	55068.60	58135.20	-10.3	5.6
To India	40714.7	41874.80	38555.70	37902.30	36081.80	38952.70	-4.8	8.0
To Other Countries	19519.4	18921.00	20710.80	23499.60	18986.80	19182.50	-19.2	1.0
Total Imports	173780.3	191708.80	221937.70	253597.60	339085.10	358404.80	33.7	5.7
From India	107143.1	117740.40	142376.50	144370.40	195227.10	239831.90	35.2	22.8
From Other Countries	66637.2	73968.40	79561.20	109227.20	143858.00	118572.90	31.7	-17.6
Total Trade Balance	-113546.2	-130913.00	-162671.20	-192195.70	-284016.50	-300269.60	47.8	5.7
With India	-66428.4	-75865.60	-103820.80	-106468.10	-159145.30	-200879.20	49.5	26.2
With Other Countries	-47117.8	-55047.40	-58850.40	-85727.60	-124871.20	-99390.40	45.7	-20.4
Total Foreign Trade	234014.4	252504.60	281204.20	314999.50	394153.70	416540.00	25.1	5.7
With India	147857.8	159615.20	180932.20	182272.70	231308.90	278784.60	26.9	20.5
With Other Countries	86156.6	92889.40	100272.00	132726.80	162844.80	137755.40	22.7	-15.4
Some ratios in relation to the foreign trade								
1. Export / Import Ratio	39.6	39.3	26.7	24.2	16.2	16.2		
India	38.0	35.6	27.1	26.3	18.5	16.2		
Other Countries	29.3	25.6	26.0	21.5	13.2	16.2		
2. Share in Total Export								
India	67.6	68.9	65.1	61.7	65.5	67.0		
Other Countries	32.4	31.1	34.9	38.3	34.5	33.0		
3. Share in Total Import								
India	61.7	61.4	64.2	56.9	57.6	66.9		
Other Countries	38.3	38.6	35.8	43.1	42.4	33.1		
4. Share in Trade Balance								
India	58.5	58.0	63.8	55.4	56.0	66.9		
Other Countries	41.5	42.0	36.2	44.6	44.0	33.1		
5. Share in Total Trade								
India	63.2	63.2	64.3	57.9	58.7	66.9		
Other Countries	36.8	36.8	35.7	42.1	41.3	33.1		
6. Share of Export and Import in Total Trade								
Export	25.7	24.1	21.1	19.5	14.0	14.0		
Import	74.3	75.9	78.9	80.5	86.0	86.0		

* = On customs data basis.

R = Revised

E = Estimates

Table 21
Balance of Payments Situation

(Rs in million)

Particulars	2007/08		2008/09		2009/10 ^R		2010/11 ^E		Percent Change During Ten months	
	10 months	Annual	10 months	Annual	10 months	Annual	10 months	2009/10	2010/11	
A. Current Account	6603.9	23679.6	36253.0	40456.9	-26909.5	-30009.7	-10472.7	-174.2	-61.1	
Goods: Exports f.o.b.	49634.9	61971.1	59011.6	69906.8	51836.4	63177.5	56156.9	-12.2	8.3	
Oil	0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	49634.9	61971.1	59011.6	69906.8	51836.4	63177.5	56156.9	-12.2	8.3	
Goods: Imports f.o.b.	-179226.5	-217962.8	-224167.9	-279227.8	-299894.4	-366692.5	-315145.8	33.8	5.1	
Oil	-33335.7	-40815.7	-34095.1	-41356.7	-39732.9	-51607.2	-59532.7	16.5	49.8	
Other	-145890.8	-177147.1	-190072.8	-237871.1	-260161.5	-315085.3	-255613.1	36.9	-1.7	
Balance on Goods	-129591.6	-155991.7	-165156.3	-209321.0	-248058.0	-303515.0	-258988.9	50.2	4.4	
Services: Net	-9785.7	-11092.0	-8817.7	-11458.4	-15067.6	-18259.8	-7848.8	70.9	-47.9	
Services: credit	33974.6	42236.1	44981.3	52830.1	43136.9	51120.5	43755.5	-4.1	1.4	
Travel	15314.3	18653.1	23134.3	27959.8	24758.6	28138.6	21080.8	7.0	-14.9	
Government n.i.e.	10719.2	13301.8	11560.0	12734.4	5190.8	6635.6	4918.1	-55.1	-5.3	
Other	7941.1	10281.2	10287.0	12135.9	13187.5	16346.3	17756.6	28.2	34.6	
Services: debit	-43760.3	-53328.1	-53799.0	-64288.5	-58204.5	-69380.3	-51604.3	8.2	-11.3	
Transportation	-18069.8	-22675.9	-19216.5	-22116.2	-19429.3	-22964.6	-14897.6	1.1	-23.3	
Travel	-17088.6	-20862.0	-25864.5	-31396.3	-27483.8	-32288.2	-23888.9	6.3	-13.1	
O/W Education	-6259.7	-7373.0	-9974.8	-12126.0	-10726.7	-12342.6	-6190.8	7.5	-42.3	
Government services:debit	-523.3	-635.7	-783.8	-980.4	-1467.6	-1874.5	-995.2	87.2	-32.2	
Others	-8078.6	-9154.5	-7934.2	-9795.6	-9823.8	-12253.0	-11822.6	23.8	20.3	
Balance on Goods and Services	-139377.3	-167083.7	-173974.0	-220779.4	-263125.6	-321774.8	-266837.7	51.2	1.4	
Income: Net	6476.7	7946.8	9846.1	11749.5	6736.6	9117.4	5862.3	-31.6	-13.0	
Income: credit	11024.6	13447.7	14074.2	16506.6	11566.5	14917.9	13769.9	-17.8	19.0	
Income: debit	-4547.9	-5500.9	-4228.1	-4757.1	-4829.9	-5800.5	-7907.6	14.2	63.7	
Balance on Goods, Services and Income	-132900.6	-159136.9	-164127.9	-209029.9	-256389.0	-312657.4	-260975.4	56.2	1.8	
Transfers: Net	139504.5	182816.5	200380.9	249486.8	229479.5	282647.7	250502.7	14.5	9.2	
Current transfers: credit	141683.6	185462.9	205597.3	257461.3	233878.3	287770.6	253207.4	13.8	8.3	
Grants	15358.1	20993.2	19722.6	26796.2	22234.0	26673.6	20990.6	12.7	-5.6	
Workers' remittances	108772.3	142682.7	169175.1	209698.5	186443.4	231725.3	206655.8	10.2	10.8	
Pensions	15116	18789.9	14116.0	17755.4	22606.3	25850.7	23439.7	60.1	3.7	
Other (Indian Excise Refund)	2437.2	2997.1	2583.6	3211.2	2594.6	3521.0	2121.3	0.4	-18.2	
Current transfers: debit	-2179.1	-2646.4	-5216.4	-7974.5	-4398.8	-5122.9	-2704.7	-15.7	-38.5	
B Capital Account (Capital Transfer)	7276	7912.5	5687.7	6231.0	10912.6	12578.3	10732.0	91.9	-1.7	
Total, Groups A plus B	13879.9	31592.1	41940.7	46687.9	-15996.9	-17431.4	259.3	-138.1	-101.6	
C Financial Account (Excluding Group E)	10265.7	11032.6	24361.0	21201.7	-6548.8	5898.2	478.0	-126.9	-107.3	
Direct investment in Nepal	334.9	293.9	1514.0	1829.2	2414.6	2852.0	5743.3	59.5	137.9	
Portfolio Investment	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other investment: assets	-8002.3	(11,396.10)	-8989.5	-17675.1	-13402.6	-18253.9	-19536.3	49.1	45.8	
Trade credits	-744	853.2	-2119.7	-3024.2	-1656.6	-1009.0	-4493.3	-21.8	171.2	
Other	-7258.3	-12249.3	-6869.8	-14650.9	-11746.0	-17244.9	-15043.0	71.0	28.1	
Other investment: liabilities	17933.1	22134.8	31836.5	37047.6	4439.2	21300.1	14271.0	-86.1	221.5	
Trade credits	10584.1	12483.6	15720.6	19554.6	8350.6	21968.9	14153.6	-46.9	69.5	
Loans	2891.6	3391.5	-2294.9	-2899.0	-3550.1	-3933.5	-1222.1	54.7	-65.6	
General Government	2919.1	3455.9	-2243.5	-2832.4	-3522.6	-3901.5	-1209.7	57.0	-65.7	
Drawings	8904.7	11325.5	6052.4	7287.9	5359.4	6841.6	8005.3	-11.5	49.4	
Repayments	-5985.6	-7869.6	-8295.9	-10120.3	-8882.0	-10743.1	-9215.0	7.1	3.7	
Other sectors	-27.5	-64.4	-51.4	-66.6	-27.5	-32.0	-12.4	-46.5	-54.9	
Currency and deposits	4457.4	6259.7	18410.8	20392.0	-6606.4	-2979.7	857.4	-135.9	-113.0	
Nepal Rastra Bank	-6.1	-5.6	-3.4	-3.4	-0.1	44.8	-44.4	-97.1	44300.0	
Deposit money banks	4463.5	6265.3	18414.2	20395.4	-6606.3	-3024.5	901.8	-135.9	-113.7	
Other liabilities	0	0.0	0.0	0.0	6245.1	6244.4	482.1	0.0	-92.3	
Total, Group A through C	24145.6	42,624.70	66301.7	67889.6	-22545.7	-11533.2	737.3	-134.0	-103.3	
D. Miscellaneous Items, Net	195.9	-6690.3	-4830.4	-2739.2	1905.2	4923.0	-11550.3	-139.4	-706.3	
Total, Group A through D	24341.5	35934.4	61471.3	65150.4	-20640.5	-6610.2	-10813.0	-133.6	-47.6	
E. Reserves and Related Items	-24341.5	-35934.4	-61471.3	-65150.4	20640.5	6610.2	10813.0	-133.6	-47.6	
Reserve assets	-25409.2	-37002.0	-61471.3	-65069.7	20814.1	3311.4	11135.5	-133.9	-46.5	
Nepal Rastra Bank	-20025.7	-29636.8	-44871.9	-45751.3	19274.0	4398.2	5264.3	-143.0	-72.7	
Deposit money banks	-5383.5	-7365.2	-16599.4	-19318.4	1540.1	-1086.8	5871.2	-109.3	281.2	
Use of IMF's Credit and Loans	1067.7	1067.6	0.0	-80.7	-173.6	3298.8	-322.5	0.0	85.8	
Changes in reserve, net (- increase)	-19884.1	-29674.7	-43060.5	-44758.4	14034.1	3630.5	11670.4	-132.6	-16.8	

R Revised
E Estimate

Table 22
Gross Foreign Exchange Holding of the Banking Sector

(Rs in million)

Particulars									Percent Change	
	2007	2008	2008	2009	2009	2010	2010	2011	Mid-Jul To Mid-May	
	Mid-Jul.	Mid-May	Mid-Jul.	Mid-May	Mid-Jul	Mid-May	Mid-Jul	Mid-May ^E	2009/10	2010/11
Nepal Rastra Bank	129626.4	156069.1	169683.6	223782.5	224190.3	185290.6	205371.3	201329.9	-17.4	-2.0
Convertible	123755.3	146225.7	142848.8	197897.7	201756.0	151784.7	165992.7	169460.1	-24.8	2.1
Inconvertible	5871.1	9843.4	26834.8	25884.8	22434.3	33505.9	39378.6	31869.8	49.4	-19.1
Commercial Bank	35499.6	40959.9	42939.9	59650.4	62345.2	60908.7	63535.8	57680.6	-2.3	-9.2
Convertible	31681.0	38692.7	38827.1	56173.6	58750.3	54498.9	58222.2	54177.4	-7.2	-6.9
Inconvertible	3818.6	2267.2	4112.8	3476.8	3594.9	6409.8	5313.6	3503.2	78.3	-34.1
Total Reserve	165126.0	197029.0	212623.5	283432.9	286535.5	246199.3	268907.1	259010.5	-14.1	-3.7
Convertible	155436.3	184918.4	181675.9	254071.3	260506.3	206283.6	224214.9	223637.5	-20.8	-0.3
Share in total (in percent)	941.3	938.5	854.4	896.4	909.2	837.9	833.8	863.4	0.0	0.0
Inconvertible	9689.7	12110.6	30947.6	29361.6	26029.2	39915.7	44692.2	35373.0	53.3	-20.9
Share in total (in percent)	58.7	61.5	145.6	103.6	90.8	162.1	166.2	136.6	0.0	0.0
Import Capacity (Equivalent Months)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Merchandise	101.8	105.9	115.0	124.0	123.1	81.2	87.0	82.2	0.0	0.0
Merchandise and Services	84.3	85.9	92.7	100.6	100.4	68.2	73.6	70.6	0.0	0.0
1. Gross Foreign Exchange Reserve	165126.0	197029.0	212623.5	283432.9	286535.5	246199.3	268907.1	259010.5	-14.1	-3.7
2. Gold, SDR, IMF Gold Tranche	587.5	620.6	630.6	650.6	555.3	5967.1	6315.3	6881.3	974.5	9.0
3. Gross Foreign Assets(1+2)	165713.5	197649.6	213254.1	284083.5	287090.8	252166.4	275222.5	265891.8	-12.2	-3.4
4. Foreign Liabilities	33804.0	39783.0	41798.7	60573.6	62528.5	55036.0	62186.0	62823.3	-12.0	1.0
5. Net Foreign Assets(3-4)	131909.5	157866.6	171455.4	223509.9	224562.3	197130.4	213036.5	203068.5	-12.2	-4.7
6. Change in NFA (before adj. ex. val.)*	7529.7	-25957.1	-39545.9	-52054.5	-53106.9	27431.9	11525.8	9968.0	-	-
7. Exchange Valuation (- loss)	-13434.0	6072.7	9871.4	8993.9	8348.4	-13397.7	-7895.4	1702.4	-	-
8. Change in NFA (- increase) (6+7)**	-5904.2	-19884.5	-29674.5	-43060.6	-44758.5	14034.2	3630.4	11670.4	-	-
Period end buying rate (Rs/US\$):	648.50	670.00	685.00	791.50	780.50	718.10	744.40	714.60	-	-

E Estimated.

* Change in NFA is derived by taking mid-July as the base and minus (-) sign indicates an increase.

** After adjusting exchange valuation gain/loss.

Sources: Nepal Rastra Bank and Commercial Banks; Estimated.

Table 23
Import from India
Against US Dollar Payment

(Rs. in million)

Mid-Month	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
August	726.1	980.1	957.5	2133.8	3417.4	3939.5	2628.6
September	1117.4	977.6	1208.0	1655.2	2820.1	4235.2	4914.0
October	1316.8	907.9	865.7	2411.6	1543.5	4145.5	4589.3
November	1186.5	1103.2	1188.3	2065.7	1571.4	3894.8	2064.9
December	1205.8	1583.7	1661.4	2859.9	2301.6	4767.4	3785.0
January	1394.9	1156.2	1644.0	3805.5	2016.8	4917.8	4026.8
February	1154.4	603.8	717.0	2962.1	2007.5	5107.5	5404.1
March	1107.8	603.0	1428.5	1963.1	2480.1	3755.8	4548.2
April	1567.2	1398.6	2052.9	3442.1	3768.2	4382.1	4505.9
May	1830.8	916.4	2714.8	3420.2	3495.0	3427.2	3263.9
June	1825.2	1181.5	1711.2	2205.7	3452.1	3016.2	4066.7
July	1900.2	1394.0	1571.8	3091.4	4253.1	2113.9	-
Total	16333.1	12805.9	17720.9	32016.4	33126.8	47702.9	43797.6

Table 24
Indian Currency Purchase

(Rs. in million)

Mid-Month	2005/06		2006/07		2007/08		2008/09	
	IC Purchase	US\$ Sale	IC Purchase	US\$ Sale	IC Purchase	US\$ Sale	IC Purchase	US\$ Sale
August	2611.3	60.0	2334.6	50.0	3641.6	90.0	5969.6	140.0
September	2191.9	50.0	2786.5	60.0	3675.4	90.0	2644.1	60.0
October	2652.1	50.0	3205.3	70.0	5542.7	140.0	3257.1	70.0
November	1810.7	40.0	3602.2	80.0	3932.4	100.0	10657.1	220.0
December	2290.1	50.0	2689.3	60.0	5531.6	140.0	6950.8	140.0
January	1348.2	40.0	3112.0	70.0	3943.5	100.0	4381.8	90.0
February	2213.6	50.0	1326.7	30.0	5125.8	130.0	6352.3	130.0
March	3106.1	70.0	3093.8	70.0	4799.9	120.0	7561.7	150.0
April	3124.5	70.0	3457.6	80.0	5624.8	140.0	5621.9	110.0
May	453.0	10.0	4950.6	120.0	6474.8	160.0	6495.8	130.0
June	2742.2	60.0	5293.3	130.0	7678.4	180.0	5298.2	110.0
July	2305.0	50.0	4475.9	110.0	14631.6	340.0	8210.4	170.0
Total	26848.6	600.0	40327.7	930.0	70602.5	1730.0	73400.6	1520.0