

Unofficial Translation

Monetary Policy for 2016/17



Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu

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Monetary Policy for 2016/17

Delivered by Governor Dr. Chiranjibi Nepal
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Central Office
Baluwatar, Kathmandu
www.nrb.org.np

ACRONYMS

| | | |
|------------------|---|--|
| BFI | = | Banks and Financial Institutions |
| BOP | = | Balance of Payments |
| CBS | = | Central Bureau of Statistics |
| CCB ₁ | = | Capital Conservation Buffer |
| CCB ₂ | = | Countercyclical Capital Buffer |
| CCD | = | Credit to Capital Deposit |
| CIB | = | Credit Information Bureau |
| CPI | = | Consumer Price Index |
| CRR | = | Cash Reserve Ratio |
| CSD | = | Central Securities Depository |
| FSDS | = | Financial Sector Development Strategy |
| GDP | = | Gross Domestic Product |
| GoN | = | Government of Nepal |
| IMF | = | International Monetary Fund |
| IC | = | Indian Currency |
| INR | = | Indian Rupee |
| IRC | = | Interest Rate Corridor |
| LC | = | Letter of Credit |
| LMFF | = | Liquidity Monitoring and Forecasting Framework |
| LOLR | = | Lender of Last Resort |
| LTV | = | Loan to Value |
| M1 | = | Narrow Money Supply |
| M2 | = | Broad Money Supply |
| MFI | = | Microfinance Institutions |
| NEPSE | = | Nepal Stock Exchange |
| NFRS | = | Nepal Financial Reporting Standard |
| NPL | = | Non Performing Loan |
| NRB | = | Nepal Rastra Bank |
| OMOs | = | Open Market Operations |
| OMTOC | = | Open Market Transaction Operation Committee |
| PCA | = | Prompt Corrective Action |
| RTGS | = | Real Time Gross Settlement System |
| SLF | = | Standing Liquidity Facility |
| SLR | = | Statutory Liquidity Ratio |
| SME | = | Small and Medium Enterprises |
| UMP | = | Unconventional Monetary Policy |
| USD | = | US Dollar |
| y-o-y | = | year on year |

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Monetary Policy for 2016/17

Background

1. Economic activity remained subdued in 2015/16. However, macroeconomic stability was intact. Government capital spending and the private sector activities were sluggish owing to disturbances in the southern border along with supply disruptions. Additionally, the agriculture sector did not expand as expected on account of unfavorable weather. Consequently, a lower economic growth is expected in 2015/16.
2. The border disturbance did not allow Nepal to take advantage of lower price of petroleum and metal products in international market along with that of low inflation in neighboring countries. This resulted in inflation higher than targeted.
3. Banking sector witnessed an excess liquidity from the beginning of the review year. It was mainly due to a lower than expected lending growth in the first half of the fiscal year. However, the excess liquidity has been managed through open market operations (OMOs). Real estate transactions mildly expanded, and the share market showed bullish trend.
4. The current monetary policy is formulated considering both domestic and external developments. The external outlook takes into account the economic growth of India and China, low level of world economic growth, weakness in the financial sector and corporate private sector of emerging economies, immigration issues in the Europe mainly from the Middle East and Africa and the UK's decision to exit from the Euro through referendum. The domestic outlook considers the fiscal stance, the need for speedy post-earthquake reconstruction and the decelerating remittance growth.
5. The monetary policy for 2016/17, formulated following the mandate of the Nepal Rastra Bank (NRB) Act, 2002, includes the review of monetary policy in the preceding year as well as the rationale and analysis of the proposed programs. This is the fifteenth monetary policy in sequence since 2002/03.
6. The policy duly considers suggestions from various associations of banks and financial institutions (BFIs), federations of industries and commerce as well as other stakeholders.

World Economic Outlook

7. International Monetary Fund (IMF) projects the world economy to grow by 3.2 percent in 2016 and 3.5 percent in 2017. Advanced economies are projected to expand by 1.9 percent in 2016.
8. Emerging and developing economies are projected to grow by 4.1 percent in 2016 and 4.6 percent in 2017. The projected growth of India and China for 2016 is 7.5 percent and 6.5 percent respectively.
9. Inflation in emerging and developing economies is projected to remain at 4.5 percent in 2016. This is because of the lower price of commodities including petroleum products and metal. Inflation in India and China is projected to remain at 5.3 percent and 1.8 percent respectively in 2016.
10. Central banks in developed countries adopted the unconventional monetary policy (UMP) stance in the aftermath of the global financial crisis of 2008. However, US Federal Reserve

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has started to normalize its stance. The Federal Reserve, which kept interest rate at a lower bound, increased target range for Fed Fund rate by 0.25 percentage points in December 2015 after the improvement in job market. This has resulted in a depreciation of the Nepalese currency against the US dollar.

11. Central banks in Japan and Switzerland have adopted negative interest rate policy and the European Central Bank has continued its policy of keeping interest rate at lower bound. In recent years, India and China have also moved towards the dovish stance of monetary policy.

Review of Economic Situation

12. In 2015/16, gross domestic product (GDP) at producer's price is estimated to grow at 0.6 percent, significantly lower than the targeted growth of 6 percent. The growth of agricultural sector is estimated to be 1.3 percent due to the unfavorable weather. Similarly, the growth of non-agriculture sector is estimated to remain at 0.6 percent. This is because of the effect of earthquake and supply disruptions along with the disturbances in border points. In 2014/15, GDP growth was 2.7 percent.
13. The analysis of national income, consumption, savings and investment has shown the mixed trend. In 2015/16, the share of consumption in GDP is 94.7 percent. As a result, the ratio of domestic savings to GDP remains 5.3 percent. National savings is substantial at 42.9 percent of GDP due to the expansion of remittance inflows. The ratio of gross fixed capital formation to GDP is estimated to be 25 percent. The level of investment has remained low relative to substantial availability of domestic financial resources for the last few years. This has led to a substantial surplus in current account.
14. The projected annual average inflation for 2015/16 was 8.5 percent. In eleven months of the current fiscal year, average consumer price inflation rose to 9.9 percent due to supply disruptions and border disturbance. Such inflation was at 7.2 percent in the previous year. On y-o-y basis, CPI inflation surged up to 11.1 percent in June 2016. The prices of food and beverages group increased by 11.9 percent and the non-food and services group by 10.5 percent in the review period.
15. Government of Nepal (GoN) had announced total budget of Rs. 819 billion for 2015/16. Of total expenditure, the estimates of capital spending and current spending were Rs. 209 billion and Rs. 484 billion respectively. Capital spending stood at 33.2 percent of annual estimates and current spending at 65.1 percent as of 8 July 2016. Revenue collection by the Government stood at Rs. 434.27 billion as on 8 July 2016, which is 91.4 percent of the annual target of Rs. 475 billion. The cash balance of the Government amounted to Rs. 197.11 billion as a result of low expenditure compared to resource mobilization.
16. The Government domestic borrowing amounted to Rs. 87.77 billion in 2015/16 and the principal repayment was Rs. 50.40 billion. As a result, net domestic borrowing amounted to Rs. 37.37 billion in 2015/16. Total outstanding domestic debt of the Government reached Rs. 234.15 billion by the end of 2015/16.
17. Balance of payments (BOP) surplus reached Rs. 171.15 billion in mid-June 2016. The contraction in imports resulted in such a substantial surplus in BOP. As a result of such high BOP surplus, foreign exchange reserves reached Rs. 1021.74 billion in mid-June 2016. This remains substantially higher than the target of 8 months import capacity of goods and services set in the monetary policy for 2015/16. On the basis of the imports trend during

eleven months of the review year, the existing level of reserves is sufficient for financing merchandise imports of 16.8 months, and merchandise and services imports of 14.3 months.

18. The growth of remittance inflow, which remains the major source of BOP surplus, has been decelerating. In eleven months of 2015/16, remittance inflow in USD terms grew by 1.7 percent. The decline in numbers of individuals going abroad for employment is likely to affect the remittances going forward. Given the role of remittance inflow in maintaining overall macroeconomic stability, a deceleration in its growth might pose challenge to the economy.
19. Nepalese currency vis-à-vis the USD depreciated by 5.6 percent on 13 July 2016 from the level of mid-July 2015. It had depreciated by 5.3 percent in the corresponding period of the previous year. The exchange rate per USD stood at Rs. 107.13 on 13 July 2016 compared to Rs. 101.14 in mid-July 2015.

Review of Monetary and Financial Situation

Monetary Situation

20. Monetary policy for 2015/16 had projected the broad money supply (M1) growth at 18 percent. The growth of M2 on y-o-y basis was slightly higher at 19 percent in mid-June 2016. This was on the back of a significant rise in the net foreign assets (NFA) of the monetary sector.
21. Domestic credit was projected to grow by 23.4 percent in 2015/16. On y-o-y basis, domestic credit expanded by 14.4 percent in mid-June 2016. The growth of domestic credit remained below the target due to substantial cash balance in government vault.
22. On y-o-y basis, the credit to the private sector expanded by 20.3 percent in mid-June 2016 slightly higher than the projected growth of 20 percent. Private sector credit accelerated moderately after the end of the border disruption. On y-o-y basis, deposits at BFIs increased by 18.5 percent in mid-June 2016.

Liquidity Management and Interest Rate

23. The excess reserve of BFIs is taken as an operating target of monetary policy for the last few years. OMO, compulsory cash reserve ratio (CRR), bank rate and deposit auction are the instruments used by this bank in conducting monetary policy operations.
24. OMOs conducted by this bank have multiple objective of managing liquidity, steering interest rate, and signaling the stance of monetary policy.
25. The NRB mopped up Rs. 588.59 billion liquidity through OMOs as of 13 July 2016. Of this, Rs. 297.5 billion liquidity was drained through deposit collection auction, Rs. 235.95 billion through reverse repo, Rs. 46.04 billion through NRB bond and Rs. 9.10 billion through outright sale auction on a cumulative basis.
26. Exchange rate stability and liquidity management are the major objectives of foreign exchange market intervention in Nepal. In achieving these objectives, this bank injected net liquidity of Rs. 450.54 billion through the net purchase of USD 4.26 billion from the foreign exchange market over a period of mid-July 2015 to 8 July 2016. Indian Currency (IC) equivalent to Rs. 376.03 billion was purchased through the sale of USD 3.40 billion and Euro 135 million in the review period.

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27. In eleven months of 2015/16, the inter bank transactions of commercial banks stood at Rs. 862.17 billion and such transactions of other financial institutions was Rs. 94.79 billion. The BFIs used standing liquidity facility (SLF) amounting to Rs. 8.55 billion in the review period.
28. The weighted average interest rate on 91 days treasury bill and inter-bank rate of commercial banks stood at 0.12 percent and 0.36 percent respectively in mid-June 2016. The coupon rate of NRB bond remained 0.98 percent. Likewise, the weighted average interest rate on 90 days deposit auction was 0.39 percent in mid-March 2016.
29. The NEPSE index, the indicator of the Nepalese share market, reached 1690.4 points on 13 July 2016 from 961.2 points in mid-July 2015. The NEPSE index surged mainly due to the issuance of bonus and right share by BFIs aimed at increasing the paid up capital, commencement of the paperless trading of shares (DEMAT system) from mid-January 2016 and the rise in confidence of investors with an expectation of the end of political transition.

Financial Concessions and Regulatory Relief

30. Policy to extend concessional housing loan to earthquake victims was introduced immediately after the earthquake on 25 April 2015. Under this provision, a loan up to Rs. 2.5 million to inside Kathmandu valley residents and up to Rs. 1.5 million to outside valley residents at a 2 percent concessional interest for reconstruction of houses is to be granted by the BFIs. This was further extended to include loans up to Rs. 3 hundred thousand per client by micro-finance institutions (MFIs) against group guarantee. BFIs can get refinance of such loans at a zero percent interest from this bank. Under this scheme, a sum of Rs. 59 million has been extended as of 23 June 2016.
31. The NRB introduced regulatory relief measures in order to boost the credit disbursement from the BFIs and bring dynamism in economic activity in the aftermath of the disastrous earthquake and border disturbance. Such regulatory reliefs include the relaxation of loan loss provisioning, rescheduling or restructuring of loan for up to one year, additional time for accounting interest income, one year grace period for loans extended to industry, trade, education, health, tourism and energy related projects, and the extension of trust receipt (import) loan period from 120 days to 180 days, among others.
32. The GoN established the "Economic Rehabilitation Fund (Establishment and Operation), 2015" to minimize the effect of earthquake and border obstruction related supply disturbances on agriculture, tourism, industry and business, and bring dynamism in economy. The GoN has already earmarked Rs. 5 billion in this fund and 44 BFIs have expressed commitment to deposit Rs. 29.59 billion as of mid-June 2016.
33. The Economic Rehabilitation Fund of Rs. 100 billion, to be operated under this bank, will provide interest subsidy at 4 percent up to the credit of Rs. 100 million and 2 percent for more than Rs. 100 million for the loan extended in the specified sectors during the first six months of 2015/16. Likewise, BFIs can extend loan to earthquake victims at a maximum of 5 percent interest for specified business. The refinance facility can be availed from the Fund at 1.5 percent. Such facility will be provided for the entire amount of loan up to Rs. 50 million and, above that limit, the refinance facility will be provided only up to 20 percent of the excess of such credit amount.

Implementation Status of the Financial Programs

34. Despite the economy facing unprecedented situations in 2015/16, financial sector remained stable. There has been improvement in deposit mobilization, financial deepening, access and literacy. In order to enhance the stability and consolidate the financial sector, the regulatory provisions such as legal reform, capital increase of BFIs and Basel III are being implemented.
35. Private sector credit is increasing as a result of the policies introduced by this bank. The ratio of private sector credit to GDP was 33.4 percent in 2004/05 and 53.5 percent in 2009/10. This ratio reached 64.8 percent in 2014/15. Likewise, this bank's policy of focusing on credit disbursement to the productive sector has resulted in a higher credit growth to agriculture, energy, and tourism, among others.
36. The total number of BFIs stood at 182 including 29 commercial banks ("A" Class), 68 development banks ("B" Class), 44 finance companies ("C" Class) and 41 microfinance institutions ("D" Class) as of mid-June 2016. The number of such BFIs was 195 in the corresponding period of the previous year.
37. The total number of branches stood at 4,219 including 1,851 branches of commercial banks, 848 of development banks, 190 of finance companies and 1,330 of MFIs as of mid-June 2016. On average, population served by per branch of BFIs was 6,647 in mid-June 2016. Such population was 7,232 in mid-June 2015.
38. The number of deposit and loan accounts reached 16.6 million and 1.95 million respectively in mid-June 2016. The number of ATM machines was 1,859 in mid-June 2016.
39. The weighted average interest rate spread between deposit and lending of commercial banks was 5.04 percent in the eleventh month of 2015/16. Likewise, the average base rate, implemented with an objective of making interest rate fixation more transparent, was 6.27 percent in the review month. The weighted average interest rate spread and the average base rate of commercial banks were 4.79 percent and 7.69 percent respectively a year ago.
40. The "Manual for Interest Subsidy on Commercial Agriculture Credit to Youths, 2014", was introduced to provide interest subsidy on loans for the specified agricultural businesses. A total of 2342 farmers obtained loan of Rs. 1.99 billion as of mid-April 2016 from BFIs. Under this provision, Rs. 41.9 million interest subsidy was provided. The GoN budget for 2016/17 has lowered the interest on such loan from 6 percent to 5 percent.
41. The coverage of the productive sector loan was expanded by including the loans granted to the organized institutions operating public city transport services in the major cities namely Biratnagar, Janakpur, Birgunj, Pokhara, Bhairahawa, Nepalgunj, Dhangadhi and the Kathmandu Valley. As of mid-May 2016, total credit of Rs. 2.45 billion has been disbursed under this provision.
42. There is a policy provision for commercial banks to disburse 20 percent of their total credit in the specified productive sector such as agriculture, energy, tourism, and small and cottage industries. Such credit of commercial banks out of their total loans and advances stood at 16.8 percent in mid-June 2016. This was 15.7 percent in mid-July 2015.
43. General refinance of Rs. 6.22 billion and export refinance of Rs. 1.30 billion was provided in eleven months of 2015/16.

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44. As per the provision of insuring bank deposits up to Rs. 2 hundred thousand, total deposits of Rs. 318.36 billion of 150 BFIs is guaranteed as of mid-June 2016. Similarly, credit of Rs. 2.41 billion has been guaranteed under micro and deprived sector credit guarantee program and Rs. 520 million under small and medium businesses. Thus, the total credit guaranteed amounts to Rs. 2.93 billion as of mid-June 2016.
45. BFIs' non-performing loan (NPL) has declined. In mid-June 2016, the NPL ratio of BFIs decreased to 2.75 percent from 3.4 percent in mid-June 2015. Likewise, credit to capital and deposit ratio increased to 76.3 percent in mid-June 2016 from 74.2 percent a year ago.
46. After the introduction of the "Bank and Financial Institutions Merger By-law, 2011", 96 BFIs have merged with each other resulting in the formation of 35 BFIs as of mid-June 2016. Likewise, 2 finance companies were acquired by a commercial bank and 1 development bank was acquired by another development bank.
47. The paid up capital of BFIs reached Rs. 162.26 billion in mid-June 2016. Such paid-up capital of BFIs was Rs. 141.60 billion in mid-July 2015. As announced in the monetary policy statement for 2015/16, BFIs were required to increase paid up capital. Consequently, they have been increasing paid up capital through the issuance of bonus shares, right shares, further public issue of shares along with merger and acquisition.

Monetary Policy Framework for 2016/17

Monetary Policy Stance

48. The stance of this policy is made compatible with domestic and international economic outlook, and objectives as well as priorities of the GoN budget for 2016/17.
49. It is expected that the implementation of the government programs for 2016/17 will facilitate to attain the targeted economic growth. The monetary policy stance also aims at maintaining macroeconomic stability.
50. The monetary policy aims at averting any inflationary pressure arising from the demand side on account of the implementation of the reconstruction-led government budget. For this, monetary aggregates will be kept at the desired level.
51. The monetary policy aims at keeping the short-term interest rate at the desired level in order to rein in the volatility in financial market.
52. While designing monetary policy stance, attention is given towards minimizing the risk on external sector stability, emanating from the decelerating remittance growth and possible import rise.
53. The monetary policy stance is designed to channelize financial resources towards productive sectors such as agriculture, energy, tourism, cottage and small industries as well as to the deprived sector. Thus, the policy is cautious on potential risk on financial stability that may arise from the expansion of credit to real estate and stock market.
54. The monetary policy also aims at widening the financial inclusion through literacy and access.

Economic and Monetary Targets

55. Since price stability remains the primary objective of monetary policy, the consumer price inflation will be contained at 7.5 percent as announced in the GoN budget for 2016/17. While using monetary instruments to contain inflation at the desired level; inflation in other countries, global commodity prices, exchange rate and supply chain management will be monitored and analyzed. The target for inflation is expected to be achieved on the assumption that the buffer stock of sensitive commodities will be maintained, import of such commodities will be increased and necessary action will be taken against those involved in black-marketing and hoarding. This will help dampen the inflationary pressure from the supply side.
56. The foreign exchange reserves will be maintained to cover imports of goods and services for at least 8 months through monetary and external sector management. The foreign aid and inflow of workers remittance will be monitored continuously to maintain such target. If needed, monetary instruments will be used.
57. Necessary liquidity will be provided to facilitate the targeted economic growth of 6.5 percent as stated in the budget speech of the GoN,.
58. The existing currency peg as a nominal anchor of monetary policy will be continued. The monetary management will be done on the basis of the outlook for economic growth, price situation and external sector.
59. Growth in M2, which is an intermediate target of monetary policy, will be limited to 17 percent. Given the situation of liquidity overhang, the broad money growth is targeted at a lower rate than it would have been on the basis of economic growth, inflation and income elasticity. It is expected that this amount of money growth will assist in achieving growth target and maintaining overall economic stability.
60. The target for domestic credit growth is at 25 percent. This is in tune with the GoN budget for 2016/17.
61. Private sector credit, an important component of domestic credit, is projected to increase by 20 percent.

Operating Target and Instrument of Monetary Policy

62. The system of taking commercial bank, development bank and finance companies as counter-parties as well as the reserve kept by these institutions in excess of the required reserve in this bank as an operating target will be continued. The interest rate corridor will be introduced and implemented gradually. This will help to stabilize the short term interest rates and modernize the monetary management.
63. Monetary management will be focused on attaining the economic and monetary goals outlined in this policy statement.
64. In the process of implementing the interest rate corridor (IRC), two weeks' repo rate will be taken as a policy rate. Open Market Transactions Operations Committee (OMTOC) will determine repo rate by adding 200 basis points to the weighted average interbank rate, prevailing in the market prior to two working days. At such a pre-determined rate, the repo tender will be announced for the counterparties to participate in. The counterparties will have

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to quote the amount they intend to borrow. If necessary, auction allotment will be made on pro-rata basis.

65. Arrangement will be made to mop up excess liquidity through two-week deposit auction. The OMTOC will fix deposit collection rate by subtracting 10 basis points from the weighted average interbank rate, prevailing in the market prior to two working days. If needed, auction allotment will be made on pro-rata basis.
66. The OMTOC will call for deposit collection auction in consistent with the monetary policy objectives as well as liquidity determined by the Liquidity Monitoring and Forecasting Framework (LMFF).
67. SLF rate will act as an upper bound and the interest rate on two week deposit collection auction rate will act as a lower bound of the corridor. Similar to the existing provision, SLF will remain as a window for collateralized liquidity facility up to 5 days. Interbank rate and two weeks repo rate will remain within the IRC.
68. The newly introduced IRC system will be improved gradually on the basis of the experience, whether the targeted interbank rate remains at lower or upper bound of the corridor.
69. The collateral based OMO instruments such as outright sale, purchase, repo, reverse repo as mentioned in the Open Market Operation Bylaws, 2014 will be used for liquidity management as and when needed.
70. Conducting deposit auction at variable interest rates and issuing NRB Bond at single interest rate is continued as stated in the Open Market Operation Bylaws, 2014.
71. The Cash Reserve Ratio (CRR) remains unchanged. Likewise, the arrangement to calculate CRR by taking the deposits of BFIs at this bank is continued.
72. The maintenance period for CRR is increased from the existing provision of one week to two weeks. An arrangement to maintain 70 percent of such reserves on daily basis is introduced. Likewise, a provision will be made to compute the CRR on the basis of average weekly domestic currency deposit of exactly two weeks ago.
73. NRB has been using LMFF in order to measure and forecast excess liquidity of the banking sector. LMFF will be revised as per the need.
74. Statutory Liquidity Ratio (SLR) to be maintained by BFIs remains unchanged.
75. The bank rate, applied for the purpose of lender of last resort (LOLR) facility and discount of securities, has been kept unchanged at 7 percent.
76. The provision for extending loan to earthquake victims at 2 percent interest to rebuild homes has been continued. Such loan extended by the BFIs will be refinanced by this bank at zero percent interest.
77. The general refinance rate has been kept unchanged at 4 percent in order to contribute to overall economic growth by channeling credit flows to commercial farming such as fruit including banana and vegetable farming, livestock, fishery, hydropower and other specified productive sector. In addition, special refinance facility equivalent to the amount of the exports will be provided at 1 percent interest for Ostrich farming, cardamom farming and beekeeping.

78. The special refinance rate has been kept unchanged at 1 percent in order to promote exports and support sick industries, cottage and small industries, foreign employment, Dalits, indigenous people, women, person with disabilities, disadvantaged and minority communities who run small businesses. A concessional refinance to encourage exports in foreign currency has also been kept unchanged at the existing rate of 0.25 percent point added to the LIBOR.
79. A provision which requires commercial banks to allocate 20 percent of total credit to the specified productive sector is continued. Under this, the minimum lending that banks are required to extend to agriculture and hydropower has been increased from 12 percent to 15 percent by mid-July 2017. Likewise, in the provision requiring development banks and finance companies to lend 15 percent and 10 percent respectively to the specified productive sector is continued.
80. In case the minimum amount of credit is not extended to the specified productive sector as per the current provision, the penalty at the bank rate will be charged on the shortfall of such amount of credit from July 2017.
81. Refinance facility will be provided to establish luxury hotels in areas with tourism development potential. Pathivara, Maipokhari, Halesi, Lamtang, Swargadwari, Upper Mustang, Gadhimai, Janakpurdham, Rara and Khaptad are indentified as such potential areas.
82. The provision of special refinance to BFIs at 1 percent interest to encourage agriculture and small business based income generating activities in poverty stricken areas is continued. These include Bajura, Kalikot, Bajhang, Humla, Darchula, Jumla, Doti, Achham, Mugu and Baitadi as well as 114 Village Development Committees and 4 Municipalities located in the southern border of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari.
83. As mentioned in the GoN budget for 2016/17, necessary revision will be made to the "Manual on Interest Subsidies on Commercial Agriculture Credit to the Youths, 2014". The revision will introduce 5 percent interest subsidy on the loans extended to the youth and small business for the specified commercial agriculture, in addition to simplifying the lending procedure.
84. Monitoring the small and medium enterprises (SME) desk at BFIs will be made effective. This will ease the credit availability to the missing middle, those not in the targeted group of the BFIs and financially stronger than the deprived people.
85. The budget speech of the GoN for 2016/17 proposes to establish a challenge fund with an objective of providing seed capital to young entrepreneurs. BFIs will be encouraged to provide additional financial resource to youth receiving such facility from the challenge fund. Such lending of the BFIs will be counted as productive and deprived sector lending.
86. The ratio of loan to be extended by the commercial banks to the deprived sector has been kept unchanged at 5 percent. Under such ratio, the commercial banks are required to invest minimum 2 percent of the loan directly. In addition, existing deprived sector lending ratio for the development bank and finance company has been kept unchanged.
87. A provision will be made to include project loan up to Rs. one million provided by BFIs against the collateral of commercial agriculture project under deprived sector lending.

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88. Monetary Policy Formulation Manual, 2016 has been introduced. This will make the monetary policy formulation and implementation more systematic and effective. As per the provision of this Manual, there will be a quarterly review of the monetary policy.

Macprudential Regulation

89. NRB has also been implementing macroprudential measures along with the monetary policy. This is to facilitate maintaining financial stability and attaining higher economic growth through channeling credit to the productive sector and maintaining price stability.
90. Under the prudential regulation, commercial banks should maintain minimum common equity tier 1 capital ratio of 4.5 percent from mid-July 2016, based on Basel III requirement.
91. In order to enhance the risk absorption capacity of banks by strengthening the capital base, a provision will be made to maintain capital conservation buffer (CCB₁) equal to 2.5 percent of total risk weighted assets. Instruments under common equity tier 1 capital will be used for such calculation. BFIs failing to maintain such buffer will be allowed to distribute profit only after allocating for capital conservation buffer (CCB₁).
92. To minimize the adverse impact of pro-cyclicality and fluctuations in macroeconomic variables on financial sector, a provision has been made for banks to maintain an additional counter cyclical buffer (CCB₂) up to maximum 2.5 percentage point of total risk weighted assets by mid-July 2017.
93. BASEL II will be fully implemented in national level development banks. This will be introduced in parallel run in national level finance companies.
94. Liquidity monitoring framework based on BASEL III will be implemented in commercial banks. Prompt corrective action (PCA) will be taken on its basis as well.
95. In addition to CCB₁, PCA, and CCB₂, given an arrangement of dynamic provisioning under loan loss provisions, the watch list as a loan loss provisioning will be further strengthened and made risk based. This will help BFIs to prepare in advance for the possible credit risk.
96. The provision for BFIs to maintain credit to capital-deposit (CCD) ratio at 80 percent remains unchanged.
97. Commercial banks will be required to maintain the leverage ratio of 4 percent on a quarterly basis beginning mid-July 2016. The ratio will be reviewed based on the BASEL committee guideline beginning mid-July 2018.
98. The existing limit for commercial banks to accept institutional deposit up to 60 percent of total deposit is lowered to 50 percent. Likewise, the borrowing limit for banks and financial institutions is reduced from one-third to one-fourth of their total deposits. The provision allowing development banks and finance companies to collect financial resources up to 20 times and 15 times respectively of their core capital is kept unchanged.
99. The 25 percent sectoral credit limit, of the total outstanding loan, on real estate introduced to minimize the credit risk remains unchanged.
100. The provision allowing the BFIs to extend loan including non-fund based facilities to a single borrower, firm, company or group of related borrowers up to 25 percent of the core capital is kept unchanged.

101. The provision of single obligor limit of 30 percent of the core capital for extending loan to the productive industries remains unchanged.
102. The maximum credit limit up to 50 percent of core capital for the construction projects relating to hydropower, electricity transmission lines and cable car is kept unchanged.
103. The existing credit limit up to 40 percent of total outstanding loan to a single sector is kept unchanged.
104. BFIs are allowed to extend loan against the collateral of shares only up to 50 percent of the average closing price for the last 180 days or the prevailing market value, whichever is less.
105. The provision allowing BFIs to extend credit against the collateral of shares only up to the amount of core capital is kept unchanged. However, a new provision is introduced requiring BFIs not to lend more than 20 percent of their core capital against the share collateral of an individual listed company.
106. The provision restricting BFIs' promoters holding more than 1 percent shares to borrow, by pledging more than 50 percent shares as collateral, remains unchanged.
107. Loan against the collateral of the promoter share will be extended only up to 50 percent of the calculated value. The share value for such purpose will be calculated by taking the 50 percent of the average closing price for the last 180 days or the prevailing market value of ordinary shares, whichever is less.
108. The maximum loan-to-value (LTV) ratio for real estate loan is lowered to 50 percent from the existing 60 percent. Such ratio in the case of residential housing loan is lowered to 60 percent from the existing 66 percent.
109. The limit for converting loans borrowed from multiple banks to consortium financing is increased to Rs. 1 billion from the existing Rs. 500 million.

Financial Sector Program for 2016/17

Financial Sector Reform

110. Nepal initiated the first generation financial sector reform in 1985. The first generation reform introduced in 1980s commenced the opening up of the sector for private investment and let the market decide the interest rate and portfolio allocation. The primary objective of the reform at that time was to create a competitive environment in the financial sector.
111. The second stage financial sector reform introduced at the beginning of the last decade prioritized NRB reengineering, structural reform of the state-owned banks and capacity building of the financial sector.
112. The second generation reform is credited for legal reform, financial structure development, macro prudential regulation, capital hike, and merger and acquisition. The major thrust of the second generation reform remains improving corporate governance and strengthening financial sector consolidation.
113. The financial sector needs to develop essential foundation for further reform since the second generation reform is in the final stage. Preserving the reforms so far undertaken, the third generation reform should work on restructuring the financial sector in tune with the changing structure of the economy.

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114. The programs specified in the Financial Sector Development Strategy (FSDS), after its approval, will be implemented in a sequential manner.
115. Informant institutions including the BFIs will be required to send the anti-money laundering related details and reports electronically by developing necessary software.
116. Risk based supervision in the area of anti-money laundering will be implemented gradually on the basis of the national risk evaluation report. This will enhance regulation, monitoring and supervision and help combat terrorism financing.

Regulation and Supervision

117. Financial sector policies and programs are designed to make the sector more competitive, inclusive and strong. The goal, on one hand, is to ensure the benefits of financial development equitably to all sections of the society and encourage self-regulation and market monitoring, on the other.
118. BFIs are exempted from taking prior approval of this bank to open branches outside Metropolitan and Sub-metropolitan areas and center of municipalities. In addition, BFIs are not required to take prior approval of this bank to relocate bank branches in another area of the same district severely affected by earthquake except the Kathmandu valley. However, BFIs need to inform this bank on such developments.
119. In order to enhance the financial access of common people living in rural and remote areas, the compulsory provision for opening bank branches will be made in the districts with low access to finance identified through e-mapping.
120. Reestablishment of branches of banks displaced during conflict period will be made more effective. In this process, private banks will also be encouraged to open branches in such areas.
121. The establishment of infrastructure development bank jointly with the participation of private sector will be initiated.
122. In order to enhance corporate governance and quality of risk management in the entire banking system, "Directors Education Program" will be conducted. This will increase awareness of directors of BFIs by incorporating international best practices such as transparency, disclosure, conflict of interest and compliance, among others.
123. The guideline to implement the "Nepal Financial Reporting Standard (NFRS)" has already been issued to commercial banks. As per the guideline, the draft relating to the financial statements to be developed by commercial banks has also been prepared. New guidelines will be issued by identifying the areas for improvement in the process of implementing the NFRS. An arrangement will be made to implement the NFRS in other banks and financial institutions as well.
124. Necessary arrangements will be made to distribute social security allowance through banks and implement the campaign for opening bank account for all Nepali citizens.
125. BFIs will be required to allocate at least 1 percent of their profit to activities relating to corporate social responsibility. Likewise, BFIs will need to allocate at least 3 percent of total staff spending on capacity building.

126. The existing minimum limit above which the transactions have to be done through cheque has been reduced from Rs. 5 million to Rs. 3 million.
127. Necessary revision will be made on "Public Debt Guideline, 2003". In addition, new software will be introduced for the simplification in payment system through dematerialization of government securities.
128. In order to modernize and manage the existing payment system, the study will be conducted in cooperation with partner institutions on the Real Time Gross Settlement System (RTGS), Central Securities Depository (CSD) and National Payment Switch/Gateway, among others.

Micro Finance and Financial Literacy

129. MFIs will be required to take the membership of the Credit Information Bureau (CIB) of Nepal. This will make the credit information system more effective and manage multiple banking transactions at MFIs.
130. An arrangement will be made for the MFIs to maintain maximum of 7 percent spread in excess to their cost of fund while charging interest on loans.
131. Necessary policy provision will be made based on study regarding federal structure and e-mapping. This will consider the factors such as access to finance, up-gradation, merger/acquisition and operation of MFIs. Until the formulation of such policy, a moratorium is imposed on establishing MFIs. However, districts with low financial access namely Manang, Jumla, Dolpa, Kalikot, Mugu, Jajarkot, Bajhang, Bajura and Darchula are exempted from this.
132. A provision has been made for the national level MFIs providing wholesale lending to maintain minimum paid up capital of Rs. 600 million by mid-July 2018.
133. The micro credit limit has been revised as follows:
 - a. Increase in limit of micro credit to the deprived or low income individuals against group guarantee for operating micro business from Rs. 1 hundred thousand to Rs. 3 hundred thousand and such limit is increased from Rs. 3 hundred thousand to Rs. 5 hundred thousand for group members classified as good borrowers for the last two years.
 - b. Increase in credit limit for Solar system and/or Biogas under renewable energy technology from Rs. 60 thousands to Rs. 2 hundred thousand per family.
 - c. Increase in credit limit against collateral to deprived and low income people for operating micro business from Rs. 3 hundred thousand to Rs. 5 hundred thousand, and such limit increased from Rs. 5 hundred thousand to Rs. 7 hundred thousand for group members classified under good category for the last two years.
 - d. Increase in credit limit against acceptable collateral from Rs. 7 hundred thousand to Rs. 1 million for individuals, affiliated or not in groups, in village development committees where BFIs are not present.
 - e. Increase in credit limit from Rs. 60 thousand to Rs. 3 hundred thousand for the deprived and low income people not associated with any group.
134. Separate policy provision will be made regarding the PCA against MFIs not being able to maintain the specified capital fund.

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135. Necessary measures will be undertaken to encourage the use of financial services by common people, protect the right of customers and enhance the financial inclusion after the approval of the national financial literacy policy by the GoN.

Foreign Exchange Management

136. A policy will be formulated to encourage inward remittance through banking system from countries such as Korea, Israel and Australia, among others.
137. The provision of making payment for imports from third country (except India) through draft/TT will be increased from a maximum amount of USD 40,000 to USD 50,000 each time.
138. The existing limit to purchase software from India in convertible currency will be increased from USD 10,000 to USD 15,000.
139. A provision will be made to mandatorily update the recording of foreign direct investment at this bank.
140. An arrangement will be made to obtain information from the licensed individuals/institutions electronically. This will facilitate those submitting transaction records to this bank.
141. A provision has been made for institutions involving in remittance business to gradually maintain the following level of minimum paid up capital.
- i. Rs. 250 million for companies issuing remittance card.
 - ii. Rs. 100 million from existing Rs. 50 million for remittance firm, company or institution acting as a principal company.
 - iii. Rs. 20 million from existing Rs. 10 million for remittance firm, company or institution acting as an agent of foreign principal company.
142. Minimum paid up capital for institutions involving in money changer business has been increased as follows.
- i. Rs. 5 hundred thousand for money changers involving in purchase/sale of Indian currency kept unchanged.
 - ii. Rs. 1.5 million from the existing level of Rs. 1.0 million for the money changer purchasing convertible foreign currency.
 - iii. Rs. 2.0 million from existing level of Rs. 1.5 million for those involved in the transactions of Indian currency as well as convertible foreign currency.
143. A provision will be made to allow Nepalese citizens having convertible currency account to pay up to USD 15,000 per annum for the purchase of goods and services from their foreign currency account.
144. In the context of growing use of the card, a study will be conducted regarding the provision for allowing exchange facility to money changers through Point of Sale (POS) to foreign tourists who bring and use such cards to get exchange in Nepalese Rupee.
145. Considering the demand for convertible currency, a provision will be made to quote both buying and selling rate of those currency for which only selling rate is specified in the existing provision.

146. Foreign citizens working in Nepal with labor permit will be allowed to send their quoted remuneration directly in convertible currency to third countries through BFIs after submitting necessary documents.
147. Awareness campaign will be launched to promote the sale of foreign employment savings bond. Such campaign will be conducted in countries where a large number of Nepalese are in employment. The awareness campaign will be conducted in coordination with the concerned bodies of the GoN, the offices of the sales agent located abroad and remittance companies.
148. Other existing provisions relating to the foreign exchange are kept unchanged.

Finally,

149. The economy is expected to take momentum in the days to come as signaled by the recent revival in economic activities. However, there still remains a challenge to balance monetary management in order to avoid the price pressure expected to arise from the implementation of the reconstruction-led GoN budget. Similarly, there is a need to conduct monetary management cautiously in order to minimize the potential risk in financial and external sector that may arise from the fluctuation in the remittance inflow.
150. This policy for 2016/17 is brought out in line with economic targets set in the GoN budget. In the context of the improvement observed in bank lending, it is expected that the implementation of this policy will be helpful in maintaining macroeconomic stability and achieving the growth target.
151. The NRB would like to thank all the concerned stakeholders including the GoN and its various agencies, BFIs, professional associations of industrial and trade sectors, donor agencies, academicians and media for their cooperation in formulating this policy. The NRB expects continued cooperation from all the stakeholders in implementing policy programs as envisioned in the monetary policy statement.

Appendix 1

Progress Matrix of Targets Outlined in Monetary Policy for 2015/16

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|--|
| 1. | 52 | Containing annual average CPI inflation rate to 8.5 percent in 2015/16. | Average inflation rate stood at 9.9 percent during 11 months of 2015/16. |
| 2. | 52 | Maintaining foreign exchange reserve sufficient to cover import of goods and services for at least 8 months. | The foreign exchange reserve stood at Rs. 1021.74 billion in mid-June 2016. Such reserve is estimated to cover import of goods and services for about 14 months by the end of 2015/16. |
| 3. | 52 | Managing necessary liquidity to support the economic growth of 6 percent as mentioned in the budget for 2015/16. | On y-o-y basis, total domestic credit increased 14.4 percent in June 2016. |
| 4. | 53 | The growth rate of broad money will be contained within 18 percent. | On y-o-y basis, broad money increased 19 percent in June 2016. |
| 5. | 54 | Private sector credit is projected to grow by 20 percent in 2015/16. | On y-o-y basis, private sector credit grew 20.3 percent in June 2016. |
| 6. | 58 | The bank rate, the policy rate for the purpose of the lender of last resort as well as for the discount of securities, will be reduced by 1 percentage point to 7 percent. | Circular issued on 6 August 2015. |

Appendix 2
Progress Matrix of Policies and Programs Pertaining to Financial Sector, Microfinance
and Foreign Exchange Outlined in Monetary Policy for 2015/16

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|--|
| 1. | 59 | Emphasis to be given on effective implementation of earthquake victim loan to construct houses, up to Rs. 2.5 million to inside Kathmandu valley residents and up to Rs. 1.5 million to outside valley residents to be provided at a 2 percent interest rate by the BFIs and refinance facility to the BFIs extending such loan at zero percent interest from this bank. | "Manual for Refinancing to Earthquake Affected Households for Residential House Reconstruction, 2015" was revised in order to provide refinance facility at zero percent interest rate even to MFIs for the loan extended to earthquake affected households for residential house reconstruction up to Rs. 3 hundred thousand against group guarantee. Under this provision, refinance facility of Rs. 59 million has been utilized by 23 June 2016. |
| 2. | 60 | Special emphasis to be given to make credit supply including demand side more effective in order to expand the use of general refinance, special refinance and export refinance provided by this bank. | General refinance of Rs. 6.22 billion and export refinance of Rs. 1.3 billion has been utilized by 14 June 2016. In order to promote the demand side, Financial Sector Coordination Committee, chaired by director of the outside valley offices of this bank, has been formed at the regional level including the members from banks and financial institutions, federation of industry and commerce, agricultural development office, seed company, agricultural input company, irrigation office, and representatives from industry, tourism, energy and insurance, among others. |
| 3. | 61 | With a view to encouraging BFIs to extend loans to agriculture and small business based income generating activities in poverty stricken areas of the country, a provision of special refinance facility at 1 percent interest to be made. Areas include the districts with high poverty incidence, namely, Bajura, Kalikot, Bajhang, Humla, Darchula, Jumla, Doti, Achham, Mugu and Baitadi. This facility also covers 114 Village Development Committees and 4 Municipalities of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari located in the southern border with relatively higher intensity of poverty. | Circular issued on 18 August 2015. Financial Sector Coordination Committee established at outside valley offices of this bank made active. |

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| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|---|--|
| 4. | 62 | The regular, fine-tuning, and structural OMOs will be conducted as per the nature of the liquidity to make OMO more active and effective. And, the deposit auction for a period of three-months introduced in the last year to be continued. | Given the liquidity situation, the regular and fine-tuning OMOs for mopping-up liquidity upheld. Three months' deposit auction conducted to mop-up structural liquidity. |
| 5. | 63 | If the BFIs invest in bonds issued by international financial institutions in the Nepalese currency, such bonds to be put under the list of eligible assets for open market operations and SLF borrowing. In addition, these securities to be made eligible for maintaining the SLR. | Circular issued on 18 August 2015. |
| 6. | 64 | Since the prevailing excess liquidity in recent period seems to be of medium-term nature, the Nepal Rastra Bank can issue bond if the government bonds held by this bank become insufficient to mop up the high volume of liquidity. | Nepal Rastra Bank Bond of Rs. 46.04 billion with one year maturity issued. This include Rs. 10.00 billion on 29 May 2016, Rs. 10.00 billion on 26 June 2016, Rs. 10.00 billion on 6 July 2016, Rs. 7.21 billion on 10 July 2016, Rs. 8.83 billion on 13 July 2016. |
| 7. | 65 | As the excess liquidity of the banking sector is used as an operating target of the monetary policy, the existing LMFF to be revised to make liquidity measurement and forecasting more realistic. | The LMFF has incorporated the trend, seasonality and liquidity required for daily transactions. This is to make liquidity monitoring and forecasting more realistic. |
| 8. | 66 | Financial Sector Development Strategy (FSDS), after its approval, will be implemented sequentially for maintaining financial stability, expanding financial access and inclusion, enhancing competition and promoting corporate governance. | Draft of the Strategy has been submitted to Ministry of Finance, GoN. |
| 9. | 67 | The existing licensing policy for opening bank and financial institutions to be reviewed as per the need after the study of the existing policy. | The licensing policy will be reviewed, if necessary, after the completion of ongoing e-mapping for the location of branches of bank and financial institutions. |
| 10. | 68 | A special policy provision to be made in order to provide the license for the establishment of a national level infrastructure bank to work on the infrastructure development sector. In addition to other provisions specified by this bank, the infrastructure bank can be established entirely with domestic investment or jointly with foreign investors, and the minimum paid up capital of such bank will be of Rs. 20 billion. | A task force has been formed to make special policy arrangement. Bank and Financial Institutions Act (BAFIA) is under revision in the parliament and additional arrangement in this matter will be made after the amendment in the Act. |

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|--|
| 11. | 69 | BFIs to be required to increase the minimum paid up capital in order to promote the financial stability and mobilize the resources needed for the long-term development. | Circular issued on 6 August 2015. Bank and financial institutions have submitted their capital plan to increase paid-up capital through merger/acquisition, and issuing bonus shares, right shares and further public offerings. |
| 12. | 70 | BFIs will not require the prior approval of this bank to open branches in certain areas of the country. These areas include 114 Village Development Committees and 4 municipalities of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari districts adjoining the southern border having relatively high severity of poverty; 10 previously specified districts with higher level of poverty in the hilly region; and districts severely affected by the earthquake, except Kathmandu valley. | Circular issued on 18 August 2015. |
| 13. | 71 | A provision to be made to expand the coverage of productive sector loan by including the loans granted to the organized institutions operating public city transport services in the major cities namely Biratnagar, Janakpur, Birgunj, Pokhara, Bhairahawa, Nepalgunj, Dhangadhi and the Kathmandu Valley. | Circular issued on 18 August 2015. A loan amounting to Rs. 2.45 billion, to be counted under productive sector lending, disbursed to this sector as of mid-May 2016. |
| 14. | 72 | In order to assist the campaign of opening 'at least one bank account for each household' announced in the government's budget and the provision of cash transfer by the state through the bank account, the mapping of the financial access situation will be carried out. The establishment of the microfinance institutions, the branch expansion of the existing institutions, the branchless banking and the mobile banking services will be encouraged in the geographical region with low financial access. | Under implementation. |
| 15. | 73 | As announced in the government's budget speech, Economic Rehabilitation Fund to be operated by this bank in order to provide refinance facility and interest subsidy to the earthquake affected residential homes, agricultural occupation, and tourism, among others. | Circular issued on 24 January 2016 in line with the Economic Rehabilitation Fund (Establishment and Operation) Manual, 2015 approved by the GoN on 5 January 2016. |

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| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|---|
| 16. | 74 | The provision of subsidized loan to the agriculture sector introduced in the budget of 2014/15 will be continued and the lending process of such loan will be further simplified in order to enhance the access of small and medium farmers. | Agriculture Credit Monitoring and Coordination Committee has recommended Ministry of Finance to revise the manual in order to provide interest subsidy to the loan up to Rs. 1 million provided against group guarantee and include the farming of tea, coffee, turmeric and olive as well. Rs. 1.99 billion loan disbursed and Rs 41.9 million interest subsidies provided as of mid-April 2016. |
| 17. | 75 | In order to encourage the commercial farming and livestock, small and medium sized enterprises as well as the income generating activities in the earthquake affected areas, a provision to be made whereby the BFIs on the basis of repayment capacity of borrowers can extend loan up to Rs. 1 million against the collateral of arable land that is not linked to roads | Circular issued on 6 August 2015. |
| 18. | 76 | A provision to be made for the BFIs which require to allocate a certain percent of their profit for corporate social responsibilities as well as to engage more actively in their human resource development. | Preliminary discussion conducted regarding the issuance of directives after study on the international practices of the corporate responsibilities and human resource development. |
| 19. | 77 | Initiatives will be taken to review the existing charges to be paid by the BFIs while guaranteeing the deposit in order to increase the existing limit of deposit guarantee of small depositors. | Necessary consultation with the GoN in the process. |
| 20. | 78 | Establishment of the RTGS system to be pushed ahead with the objectives of rendering effective service to the customers and making BFIs' liquidity management easier. | An agreement with the UKaid Sakchyam for technical support has been made in December 2015 to establish RTGS. |
| 21. | 79 | Institutions and mechanisms operating payment and settlement services but not under the regulatory and supervisory purview of this bank to be licensed by implementing the Payment and Settlement Bylaw 2015. | Draft of the payment and settlement licensing policy approved by the board of directors of this bank is in the process of implementation. |
| 22. | 79 | Provision for continuous regulation and supervision to be made of the instruments and services issued by the institutions/mechanisms operating payment and settlement services. | Observation, supervision and monitoring of the institutions will be put into action after the approval of Licensing and Oversight Policy. |

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|---|
| 23. | 80 | Formulation and implementation of Contingency Management Framework will be made mandatory for BFIs to support the business continuity process in the times of the natural disaster and similar other events. | Circular issued on 15 November 2015. |
| 24. | 81 | As the NFRS Migration Guidelines to BFIs has already been issued in line with the plan of implementing NFRS gradually in BFIs; the required financial statements and the draft of new directive to be finalized and implemented accordingly. | Draft under progress. |
| 25. | 82 | The provisions relating to the capital fund will be implemented in commercial banks in accordance with the schedule of gradually implementing provisions relating to BASEL-III. | Capital Adequacy Framework, 2015 based on provisions of BASEL-III was in parallel run in commercial banks since December 2015 and Circular has been issued on 4 January 2016 to make full-fledged implementation from mid July 2016. |
| 26. | 83 | PCA will be implemented on the basis of liquidity in commercial banks in addition to issuing necessary directive to implement BASEL-III based on liquidity monitoring system. | Draft is under discussion. |
| 27. | 84 | The Early Warning System (EWS) aimed at making bank supervision forward looking, strengthening off-site supervision, and identifying risks in a timely manner will be made more effective. | (a) Commercial banks monitored regularly. (b) Daily liquidity in development banks monitored regularly. Stress test implemented in national level development banks and an arrangement made to implement it in other banks as well. (c) Stress Test implemented in national level finance companies at departmental level. In addition, daily liquidity of finance companies monitored. |
| 28. | 85 | Loan project including the borrowers of consortium loan above certain amount will be compulsorily credit rated to minimize the credit risk. | In the context that only one credit rating agency is currently in operation and another agency is in the process of getting license, the discussion has been done to issue circular only after the operation of such new agency. |
| 29. | 85 | Multi-bank borrowing above certain amount will be compulsorily converted into consortium loan. | Circular issued on 15 November 2015. As per the circular, an arrangement has been made to convert loan from multiple banks above Rs. 500 million into consortium loan by mid-July 2016. |
| 30. | 86 | The deprived sector lending requirement for BFIs will be increased by 0.5 percentage point. As per the provision, the | Circular issued on 6 August 2015. Commercial banks, development banks and finance companies have disbursed 5.46 |

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| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|---|---|
| | | commercial banks to be required to disburse 5 percent, development banks 4.5 percent and finance companies 4.0 percent of their total loan in the deprived sector. | percent, 6.35 percent and 4.3 percent respectively of their total loan to the deprived sector as of mid-April 2016. |
| 31. | 86 | The deprived sector lending will be redefined by including the commercial agriculture lending. | Circular issued on 15 November 2015. |
| 32. | 87 | The existing 'Magnetic Strip Card' along with debit, credit and prepaid cards will be replaced by the 'Chip Based Card' by mid-October 2015 to ensure security to customers on the usage of banking services by minimizing the operational risk. | Circular issued on 18 August 2015. |
| 33. | 88 | Banks will be defined as the 'Systematically Important Banks (SIBs)' on the basis of their effect on the overall financial system and additional standards will be set to regulate and supervise such banks. | Setting standards for defining 'Systematically Important Banks (SIBs)' is in progress. |
| 34. | 89 | Provision of credit information dissemination by the BFIs to the Credit Information Bureau of Nepal will be made more effective. | Information has been disseminated regularly. |
| 35. | 90 | The goAML Software installed to strengthen the information mechanism relating to financial information will be made accessible to the 'Informant Institutions'. | The goAML software has been installed and Financial Information Unit (FIU) and some Informant Institutions have been involved in customization in order to use the software. Likewise, the task of purchasing necessary hardware is in the process for operating goAML software |
| 36. | 91 | In order to avoid the duplication of micro-finance services, new microfinance institutions will be licensed only in the financial service deficient areas and they will be permitted to expand their branches only in the areas where presence of such institutions is low. | Necessary measures will be taken after the completion of the e-Mapping. |
| 37. | 92 | Group members who have been using deprived sector lending from the MFIs for the last two years and categorized as good borrowers will be entitled to borrow up to Rs. 300,000 up from the existing limit of Rs. 200,000. | Circular issued on 6 August 2015. |
| 38. | 92 | The limit of collateral based micro enterprise credit will be increased from Rs. 500,000 to Rs. 700,000 | Circular issued on 6 August 2015. |

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|---|
| 39. | 93 | Provision will be made for MFIs to establish a separate fund by allocating a certain percent of their profit for the group welfare of the borrowers and institutional development. | Circular issued on 10 November 2015. |
| 40. | 94 | The paid up capital of the Micro Finance Institutions (MFIs) will be increased. | Under discussion. |
| 41. | 94 | A provision will be made for MFIs under which the MFIs require to maintain a certain spread between their cost of fund and lending rates. | Necessary study is being conducted. |
| 42. | 94 | MFIs will be encouraged to go for merger and acquisition. | Under discussion. |
| 43. | 95 | A draft of the Act for the establishment of a strong institution regulating and supervising the increasing number of saving and credit cooperatives and micro credit institutions will be submitted to the government, as announced in the budget speech of the government | Draft Act prepared. |
| 44. | 96 | Considering the difficult time after earthquake, the deadline for converting financial non-government institutions licensed by this bank into to "D" class MFIs has been extended until mid-January 2016 | Circular issued on 6 August 2015. |
| 45. | 97 | National financial literacy policy will be formulated and implemented to promote the use of financial services, protect the customer's right using financial services and widen the financial inclusion. | The policy has been submitted to the GoN for approval. |
| 46. | 98 | Necessary coordination will be made with the Government of Nepal and other stakeholders to gradually include the content of financial literacy in informal education, vocational training and school level curriculum. | Necessary co-ordination is being done with the Ministry of Education, GoN. |
| 47. | 99 | The process of transferring remittance from India will be made simple and easier by solving the existing difficulties. | A proposal has been sent to the Reserve Bank of India for the formation of 'Joint Technical Committee'. |
| 48. | 100 | In order to broaden the area and scope of the foreign exchange investment, the diversification and expansion of such investment will be made after studying the possibilities of the foreign exchange investment in SAARC countries. | Study under progress. |

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| S.N. | Point No. | Objectives/Programs | Implementation Status |
|------|-----------|--|---|
| 49. | 101 | The high level mechanism formed recently under the initiation of this bank for controlling the illegal transactions of foreign exchange and silver/gold will be mobilized effectively. | Under continuous implementation. |
| 50. | 102 | In order to make the gold/silver imports and distribution effective, necessary revisions will be made on the existing policy provisions after conducting a study. | A report prepared by the sub-committee, formed to revise Gold Import and Distribution Guidelines 2011, is under discussion. |
| 51. | 103 | To provide timely revisions in the capital account convertibility in the context of the increasing integration of the national economy into the global financial market; additional measures relating to capital account convertibility will be undertaken after amendment in the Foreign Exchange Regulation Act and the Act Restricting Investment Abroad. | A draft of the Act has been submitted to the Ministry of Finance, GoN. |
| 52. | 104 | The foreign investors desiring to operate business fully under their own investment will be allowed to bring the registration fee and other reasonable preliminary expenses through banking channel. This amount will be counted as investment along with other investment inflow after the completion of the firm registration at the Company Registrar's Office. | Circular issued on 14 August 2015. |
| 53. | 105 | The provision of making payment for imports from third country (except India) through draft/TT will be increased from a maximum amount of USD 35,000 to USD 40,000 each time. | Circular issued on 3 August 2015. |
| 54. | 106 | Indian tourist travelling to Mansarobar Kailash through Nepalese tour operators will be given exchange facilities of convertible foreign currencies. The tour operator can request up to USD 500 for such exchange facilities to make payment in Tibet by incorporating the VAT invoice of certain expenses made by the tourists in the Nepalese hotel and the proof of the transfer of Indian currency through the banking channel. | Circular issued on 23 August 2015. |
| 55. | 107 | INR exchange facility required for a week will be provided to commercial banks based on their monthly transactions to maintain the stock of Indian currency for making payment of commercial and card transactions. | Circular issued on 3 August 2015. |

| S.N. | Point No. | Objectives/Programs | Implementation Status |
|-------------|------------------|--|---|
| 56. | 108 | The list of products that can be imported from India by making the payment at the convertible foreign currency will be updated by including additional commodities in consultation with the stakeholders. | Discussion going on with stakeholders. |
| 57. | 109 | The purchase/sale of the USD and the market intervention process by this bank will be automated. | Automation completed. Market intervention through both processes in parallel run. |
| 58. | 110 | In case of the absence of the regulatory agencies or unavailability of recommendations from such agencies, provision of taking prior approval from this bank will be made for the foreign exchange facility if the Nepalese companies take consulting services of more than USD 50,000 in a year from foreign companies. | Circular issued on 12 August 2015. |
| 59. | 111 | The existing provision of providing license of foreign exchange transactions to the hotels and travel-tour operators located in the remote areas will be further simplified. | Necessary revisions have been made to Nepal Rastra Bank Foreign Exchange Transaction Licensing and Supervision bylaws 2011. |
| 60. | 112 | The limit of the exchange facility in INR to the Indian transport companies, which transport goods from India to Nepal or from Nepal to India and third countries, will be increased to INR 75,000 from the existing INR 50,000. | Circular issued on 3 August 2015. |

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Appendix-3
Projection of Monetary Survey

(Rs. in million)

| Monetary Aggregates | 2014 Jul | 2015 Jul | 2016 Jul ^P | 2017 Jul ^{Proj} | Annual Change | | | | | |
|---|-------------|-------------|--------------------------|-----------------------------|------------------------|---------|------------------------|---------|----------|---------|
| | | | | | 2014/15 | | 2015/16 | | 2016/17 | |
| | | | | | Amount | Percent | Amount | Percent | Amount | Percent |
| 1. Foreign Assets, Net | 599219.7 | 747287.3 | 940588.7 | 991588.7 | 145035.9 ^{1/} | 24.2 | 172000.0 ^{2/} | 23.0 | 51000.0 | 5.4 |
| 1.1 Foreign Assets | 686759.0 | 847679.0 | 1055061.4 | 1122652.9 | 160920.0 | 23.4 | 207382.4 | 24.5 | 67591.5 | 6.4 |
| 1.2 Foreign Liabilities | 87539.3 | 100391.6 | 114472.6 | 131064.2 | 12852.3 | 14.7 | 14081.0 | 14.0 | 16591.6 | 14.5 |
| a. Deposits | 80052.7 | 94395.6 | 109000.6 | 125554.2 | 14342.9 | 17.9 | 14605.0 | 15.5 | 16553.6 | 15.2 |
| b. Other | 7486.6 | 5996.0 | 5472.0 | 5510.0 | -1490.6 | -19.9 | -524.0 | -8.7 | 38.0 | 0.7 |
| 2. Net Domestic Assets | 966747.4 | 1130514.1 | 1293995.1 | 1622874.3 | 166798.4 ^{1/} | 17.3 | 184782.4 ^{2/} | 16.3 | 328879.3 | 25.4 |
| 2.1 Domestic Credit | 1314304.9 | 1527344.9 | 1796732.0 | 2246624.3 | 213040.0 | 16.2 | 269387.1 | 17.6 | 449892.2 | 25.0 |
| a. Net Claims on Government | 141989.5 | 127211.4 | 113359.0 | 232410.2 | -14778.1 | -10.4 | -13852.4 | -10.9 | 119051.2 | 105.0 |
| Claims on Government | 165490.3 | 161024.5 | 193359.0 | 232410.2 | -4465.8 | -2.7 | 32334.5 | 20.1 | 39051.2 | 20.2 |
| Government Deposits | 23500.8 | 33813.1 | 80000.0 | 0.0 | 10312.3 | 43.9 | 46186.9 | 136.6 | -80000.0 | -100.0 |
| b. Claims on Non-Financial Government Enterprises | 10417.3 | 10100.8 | 10201.5 | 10307.2 | -316.6 | -3.0 | 100.7 | 1.0 | 105.7 | 1.0 |
| c. Claims on Financial Institutions | 11073.5 | 16087.8 | 17388.9 | 17710.2 | 5014.3 | 45.3 | 1301.2 | 8.1 | 321.3 | 1.8 |
| Government | 1487.6 | 3259.9 | 3408.0 | 3450.0 | 1772.3 | 119.1 | 148.1 | 4.5 | 42.0 | 1.2 |
| Non-government | 9585.9 | 12827.9 | 13980.9 | 14260.2 | 3242.0 | 33.8 | 1153.1 | 9.0 | 279.3 | 2.0 |
| d. Claims on Private Sector | 1150824.6 | 1373945.0 | 1655782.6 | 1986196.7 | 223120.3 | 19.4 | 281837.7 | 20.5 | 330414.0 | 20.0 |
| 2.2 Net Non-Monetary Liabilities | 347557.6 | 396830.8 | 502737.0 | 623749.9 | 46241.6 ^{1/} | 13.3 | 84604.8 ^{2/} | 21.3 | 121013.0 | 24.1 |
| 3. Broad Money (M2) | 1565967.1 | 1877801.5 | 2234583.8 | 2614463.0 | 311834.4 | 19.9 | 356782.3 | 19.0 | 379879.2 | 17.0 |
| 3.1 Money Supply (M1+) | 1130173.7 | 1376048.5 | 1651258.2 | 1956741.0 | 245874.8 | 21.8 | 275209.7 | 20.0 | 305482.8 | 18.5 |
| a. Money Supply (M1) | 354830.0 | 424744.6 | 509693.5 | 603986.8 | 69914.6 | 19.7 | 84948.9 | 20.0 | 94293.3 | 18.5 |
| Currency | 227537.4 | 270080.4 | 343301.3 | 401662.5 | 42543.0 | 18.7 | 73220.9 | 27.1 | 58361.2 | 17.0 |
| Demand Deposits | 127292.6 | 154664.2 | 166392.3 | 202324.4 | 27371.6 | 21.5 | 11728.0 | 7.6 | 35932.1 | 21.6 |
| b. Saving and Call Deposits | 775343.7 | 951303.9 | 1141564.7 | 1352754.1 | 175960.2 | 22.7 | 190260.8 | 20.0 | 211189.5 | 18.5 |
| 3.2 Time Deposits | 435793.5 | 501753.0 | 583325.6 | 657722.1 | 65959.5 | 15.1 | 81572.6 | 16.3 | 74396.5 | 12.8 |
| 4. Broad Money Liquidity (M3) | 1646019.8 | 1972197.1 | 2343584.4 | 2740017.2 | 326177.3 | 19.8 | 371387.3 | 18.8 | 396432.8 | 16.9 |

P:Provisional

Proj: Projection

1/ Adjusting the exchange valuation gain of Rs. 3031.7 million

2/ Adjusting the exchange valuation gain of Rs. 21301.4 million

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Table 1
Gross Domestic Product
(at 2000/01 prices)

| Sectors | Rs. in million | | | | | | Percentage Change | | | | |
|---|-----------------|-----------------|-----------------|-----------------|----------------------|----------------------|-------------------|------------|------------|----------------------|----------------------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 ^R | 2015/16 ^P | 2011/12 | 2012/13 | 2013/14 | 2014/15 ^R | 2015/16 ^P |
| Agriculture | 214786.4 | 224730.3 | 227193.4 | 237521.9 | 239457.0 | 242640.1 | 4.6 | 1.1 | 4.5 | 0.8 | 1.3 |
| Agriculture and Forestry | 211270.6 | 220949.6 | 223310.2 | 233448.2 | 235094.5 | 237764.6 | 4.6 | 1.1 | 4.5 | 0.7 | 1.1 |
| Fishery | 3515.8 | 3780.6 | 3883.2 | 4073.7 | 4362.5 | 4875.5 | 7.5 | 2.7 | 4.9 | 7.1 | 11.8 |
| Non-Agriculture | 398568.8 | 416631.4 | 437496.1 | 465534.6 | 479915.3 | 482915.9 | 4.5 | 5.0 | 6.4 | 3.1 | 0.6 |
| Industry | 95249.7 | 98111.5 | 100733.4 | 107840.1 | 109433.6 | 102526.8 | 3.0 | 2.7 | 7.1 | 1.5 | -6.3 |
| Mining and Quarrying | 2637.1 | 2769.7 | 2824.6 | 3159.4 | 3233.3 | 3021.8 | 5.0 | 2.0 | 11.9 | 2.3 | -6.5 |
| Manufacturing | 41922.9 | 43444.7 | 45058.9 | 47888.4 | 48067.7 | 43329.4 | 3.6 | 3.7 | 6.3 | 0.4 | -9.9 |
| Electricity, Gas and Water | 13564.0 | 14690.2 | 14730.6 | 15212.7 | 15366.2 | 15111.2 | 8.3 | 0.3 | 3.3 | 1.0 | -1.7 |
| Construction | 37125.6 | 37207.0 | 38119.2 | 41579.7 | 42766.4 | 41064.4 | 0.2 | 2.5 | 9.1 | 2.9 | -4.0 |
| Service | 303319.1 | 318519.8 | 336762.7 | 357694.5 | 370481.7 | 380389.2 | 5.0 | 5.7 | 6.2 | 3.6 | 2.7 |
| Wholesale and Retail Trade | 76297.8 | 78966.8 | 84693.3 | 93918.0 | 95900.8 | 94821.3 | 3.5 | 7.3 | 10.9 | 2.1 | -1.1 |
| Hotels and Restaurant | 10244.2 | 11000.5 | 11605.2 | 12391.2 | 12803.5 | 12183.2 | 7.4 | 5.5 | 6.8 | 3.3 | -4.8 |
| Transport, Storage and Communications | 57504.0 | 62160.0 | 66915.4 | 70420.4 | 74806.5 | 76714.9 | 8.1 | 7.7 | 5.2 | 6.2 | 2.6 |
| Financial Intermediation | 26163.0 | 27070.9 | 26825.0 | 27817.5 | 28626.5 | 29571.5 | 3.5 | -0.9 | 3.7 | 2.9 | 3.3 |
| Real Estate, Renting and Business | 48894.0 | 50346.2 | 52960.6 | 54889.2 | 55313.4 | 57373.1 | 3.0 | 5.2 | 3.6 | 0.8 | 3.7 |
| Public Administration and Defence | 10806.1 | 11202.7 | 11822.2 | 12418.4 | 13091.0 | 13848.0 | 3.7 | 5.5 | 5.0 | 5.4 | 5.8 |
| Education | 39799.3 | 42018.8 | 44504.8 | 46646.0 | 48391.6 | 51626.7 | 5.6 | 5.9 | 4.8 | 3.7 | 6.7 |
| Health and Social Work | 9011.8 | 9591.1 | 10020.7 | 10471.6 | 11570.6 | 12594.8 | 6.4 | 4.5 | 4.5 | 10.5 | 8.9 |
| Other Community, Social and Personal Service | 24598.9 | 26162.8 | 27415.6 | 28722.1 | 29977.7 | 31655.7 | 6.4 | 4.8 | 4.8 | 4.4 | 5.6 |
| Total GVA including FISIM | 613355.2 | 641361.6 | 664689.5 | 703056.5 | 719372.3 | 725556.0 | 4.6 | 3.6 | 5.8 | 2.3 | 0.9 |
| Financial Intermediation Indirectly Measured (FISIM) | 25821.4 | 26725.1 | 26918.6 | 28829.8 | 29523.9 | 30365.2 | 3.5 | 0.7 | 7.1 | 2.4 | 2.8 |
| GDP at basic prices | 587533.9 | 614636.5 | 637770.9 | 674226.7 | 689848.3 | 695190.8 | 4.6 | 3.8 | 5.7 | 2.3 | 0.8 |
| Taxes less subsidies on products | 52160.2 | 55642.8 | 60183.3 | 65527.7 | 70066.3 | 68984.1 | 6.7 | 8.2 | 8.9 | 6.9 | -1.5 |
| GDP at producers price | 639694.1 | 670279.4 | 697954.2 | 739754.4 | 759914.7 | 764174.9 | 4.8 | 4.1 | 6.0 | 2.7 | 0.6 |

R - Revised Estimate

P - Preliminary Estimate

Source: Central Bureau of Statistics

Table 2
Gross Domestic Product
(at current prices)

| Sectors | Rs. in million | | | | | | Percentage Change | | | | |
|---|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|-------------------|-------------|-------------|----------------------|----------------------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 ^R | 2015/16 ^P | 2011/12 | 2012/13 | 2013/14 | 2014/15 ^R | 2015/16 ^P |
| Agriculture | 478148.89 | 506283.92 | 534514.81 | 594610.11 | 623567.02 | 661956.17 | 5.9 | 5.6 | 11.2 | 4.9 | 6.2 |
| Agriculture and Forestry | 473269.67 | 500464.92 | 527868.81 | 585951.11 | 614238.68 | 651468.69 | 5.7 | 5.5 | 11.0 | 4.8 | 6.1 |
| Fishery | 4879.21 | 5819.00 | 6646.00 | 8659.00 | 9328.34 | 10487.48 | 19.3 | 14.2 | 30.3 | 7.7 | 12.4 |
| Non-Agriculture | 811993.58 | 931189.98 | 1045911.53 | 1227562.66 | 1338459.15 | 1426725.82 | 14.7 | 12.3 | 17.4 | 9.0 | 6.6 |
| Industry | 192845.54 | 215387.18 | 239922.21 | 271724.35 | 291764.60 | 292808.23 | 11.7 | 11.4 | 13.3 | 7.4 | 0.4 |
| Mining and Quarrying | 6956.46 | 8166.09 | 9568.80 | 11003.08 | 11874.93 | 12255.51 | 17.4 | 17.2 | 15.0 | 7.9 | 3.2 |
| Manufacturing | 80531.36 | 91163.66 | 100312.39 | 112995.43 | 118980.69 | 115565.91 | 13.2 | 10.0 | 12.6 | 5.3 | -2.9 |
| Electricity, Gas and Water | 16001.66 | 17518.43 | 20553.46 | 21362.30 | 21619.90 | 21215.35 | 9.5 | 17.3 | 3.9 | 1.2 | -1.9 |
| Construction | 89356.05 | 98539.00 | 109487.56 | 126363.54 | 139289.08 | 143771.46 | 10.3 | 11.1 | 15.4 | 10.2 | 3.2 |
| Service | 619148.05 | 715802.81 | 805989.32 | 955838.32 | 1046694.55 | 1133917.59 | 15.6 | 12.6 | 18.6 | 9.5 | 8.3 |
| Wholesale and Retail Trade | 179306.40 | 198164.12 | 229871.51 | 271573.38 | 288676.31 | 297126.21 | 10.5 | 16.0 | 18.1 | 6.3 | 2.9 |
| Hotels and Restaurant | 21057.09 | 25306.55 | 29886.30 | 35309.42 | 40479.43 | 43485.55 | 20.2 | 18.1 | 18.1 | 14.6 | 7.4 |
| Transport, Storage and Communications | 105834.00 | 122354.26 | 140735.36 | 155764.92 | 164976.11 | 175915.95 | 15.6 | 15.0 | 10.7 | 5.9 | 6.6 |
| Financial Intermediation | 50111.12 | 58528.70 | 62183.29 | 79362.66 | 91406.12 | 103562.19 | 16.8 | 6.2 | 27.6 | 15.2 | 13.3 |
| Real Estate, Renting and Business | 106235.86 | 123213.42 | 139157.21 | 152983.96 | 166946.86 | 191325.00 | 16.0 | 12.9 | 9.9 | 9.1 | 14.6 |
| Public Administration and Defence | 24830.41 | 30547.20 | 32236.44 | 44324.00 | 51420.99 | 54397.00 | 23.0 | 5.5 | 37.5 | 16.0 | 5.8 |
| Education | 67739.15 | 81796.56 | 91565.83 | 115253.53 | 129363.18 | 141151.31 | 20.8 | 11.9 | 25.9 | 12.2 | 9.1 |
| Health and Social Work | 17087.28 | 20430.71 | 22326.91 | 27725.19 | 33407.09 | 36994.80 | 19.6 | 9.3 | 24.2 | 20.5 | 10.7 |
| Other Community, Social and Personal Service | 46946.74 | 55461.29 | 58026.45 | 73541.26 | 80018.45 | 89959.59 | 18.1 | 4.6 | 26.7 | 8.8 | 12.4 |
| Total GVA including FISIM | 1290142.47 | 1437473.90 | 1580426.34 | 1822172.77 | 1962026.17 | 2088681.99 | 11.4 | 9.9 | 15.3 | 7.7 | 6.5 |
| Financial Intermediation Indirectly Measured (FISIM) | 41660.20 | 49992.23 | 55204.92 | 63434.75 | 72616.40 | 81407.34 | 20.0 | 10.4 | 14.9 | 14.5 | 12.1 |
| GDP at basic prices | 1248482.27 | 1387481.67 | 1525221.42 | 1758738.03 | 1889409.77 | 2007274.65 | 11.1 | 9.9 | 15.3 | 7.4 | 6.2 |
| Taxes less subsidies on products | 118471.80 | 139861.90 | 169789.68 | 205801.55 | 231060.35 | 241416.46 | 18.1 | 21.4 | 21.2 | 12.3 | 4.5 |
| GDP at producers price | 1366954.07 | 1527343.57 | 1695011.10 | 1964539.58 | 2120470.13 | 2248691.11 | 11.7 | 11.0 | 15.9 | 7.9 | 6.0 |

R - Revised Estimate

P - Preliminary Estimate

Source: Central Bureau of Statistics

Table 3
Gross National Disposable Income and Saving
(at current prices)

| Sectors | Rs. in million | | | | | | Percnt of GDP | | |
|--|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|---------------|----------------------|----------------------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 ^R | 2015/16 ^P | 2013/14 | 2014/15 ^R | 2015/16 ^P |
| Consumption | 1176030.32 | 1359538.82 | 1516128.94 | 1730312.22 | 1934046.22 | 2130519.69 | 88.1 | 91.2 | 94.7 |
| <i>Government consumption</i> | <i>130917.08</i> | <i>164370.36</i> | <i>168406.94</i> | <i>201914.92</i> | <i>232532.18</i> | <i>246146.27</i> | <i>10.3</i> | <i>11.0</i> | <i>10.9</i> |
| <i>Private consumption</i> | <i>1022126.11</i> | <i>1167861.35</i> | <i>1318561.28</i> | <i>1493375.28</i> | <i>1662961.80</i> | <i>1843714.67</i> | <i>76.0</i> | <i>78.4</i> | <i>82.0</i> |
| <i>Nonprofit institutions serving households</i> | <i>22987.14</i> | <i>27307.11</i> | <i>29160.72</i> | <i>35022.03</i> | <i>38552.25</i> | <i>40658.75</i> | <i>1.8</i> | <i>1.8</i> | <i>1.8</i> |
| Gross Capital Formation | 519268.24 | 526889.05 | 632601.16 | 808757.85 | 822303.10 | 763556.26 | 41.2 | 38.8 | 34.0 |
| <i>Gross Fixed Capital Formation</i> | <i>292730.39</i> | <i>317184.57</i> | <i>382971.82</i> | <i>462013.37</i> | <i>588344.92</i> | <i>562457.75</i> | <i>23.5</i> | <i>27.7</i> | <i>25.0</i> |
| Government | 63806.00 | 71555.24 | 75385.59 | 94979.23 | 110254.11 | 132774.47 | 4.8 | 5.2 | 5.9 |
| Private | 228924.39 | 245629.33 | 307586.23 | 367034.14 | 478090.81 | 429683.28 | 18.7 | 22.5 | 19.1 |
| <i>Change in Stock</i> | <i>226537.85</i> | <i>209704.48</i> | <i>249629.34</i> | <i>346744.48</i> | <i>233958.18</i> | <i>201098.52</i> | <i>17.7</i> | <i>11.0</i> | <i>8.9</i> |
| Total Domestic Demand | 1695298.57 | 1886427.87 | 2148730.10 | 2539070.08 | 2756349.33 | 2894075.95 | 129.2 | 130.0 | 128.7 |
| <i>Export of goods and services</i> | <i>121714.00</i> | <i>153863.30</i> | <i>181180.30</i> | <i>226021.80</i> | <i>247564.70</i> | <i>239664.50</i> | <i>11.5</i> | <i>11.7</i> | <i>10.7</i> |
| <i>Import of goods and services</i> | <i>450058.50</i> | <i>512947.60</i> | <i>634899.30</i> | <i>800552.30</i> | <i>883443.90</i> | <i>885049.34</i> | <i>40.8</i> | <i>41.7</i> | <i>39.4</i> |
| Net Exports of Goods and Services | -328344.50 | -359084.30 | -453719.00 | -574530.50 | -635879.20 | -645384.84 | -29.2 | -30.0 | -28.7 |
| Gross Domestic Product | 1366954.07 | 1527343.57 | 1695011.10 | 1964539.58 | 2120470.13 | 2248691.11 | 100.0 | 100.0 | 100.0 |
| Net Factor Income | 7549.40 | 12291.40 | 13078.84 | 32751.70 | 34242.50 | 43962.36 | 1.7 | 1.6 | 2.0 |
| Gross National Income (GNI) | 1374503.47 | 1539634.97 | 1708089.94 | 1997291.28 | 2154712.63 | 2292653.48 | 101.7 | 101.6 | 102.0 |
| Net Transfer | 307858.70 | 422772.10 | 497700.60 | 631500.30 | 709956.50 | 803571.74 | 32.1 | 33.5 | 35.7 |
| Gross National Disposable Income (GNDI) | 1682362.17 | 1962407.07 | 2205790.54 | 2628791.58 | 2864669.13 | 3096225.22 | 133.8 | 135.1 | 137.7 |
| Gross Domestic Saving | 190923.74 | 167804.75 | 178882.16 | 234227.35 | 186423.90 | 118171.42 | 11.9 | 8.8 | 5.3 |
| Gross National Saving | 506331.84 | 602868.25 | 689661.60 | 898479.35 | 930622.90 | 965705.53 | 45.7 | 43.9 | 42.9 |

R - Revised Estimate

P - Preliminary Estimate

Source: Central Bureau of Statistics

Table 4
National Consumer Price Index
(2014/15 = 100)

| Mid- Months | 2012/13 | | 2013/14 | | 2014/15 | | 2015/16 | |
|----------------|-------------|------------|-------------|------------|--------------|------------|---------------|-------------|
| | Index | % Change | Index | % Change | Index | % Change | Index | % Change |
| August | 85.9 | 11.9 | 92.7 | 7.9 | 99.6 | 7.5 | 106.5 | 6.9 |
| September | 86.0 | 11.2 | 92.8 | 8.0 | 99.9 | 7.6 | 107.1 | 7.2 |
| October | 85.9 | 10.5 | 93.2 | 8.4 | 100.2 | 7.5 | 108.4 | 8.2 |
| November | 85.2 | 10.5 | 93.6 | 10.0 | 100.4 | 7.2 | 110.9 | 10.4 |
| December | 84.2 | 10.4 | 92.9 | 10.3 | 99.4 | 7.0 | 110.9 | 11.6 |
| January | 84.1 | 9.8 | 92.3 | 9.7 | 98.6 | 6.8 | 110.5 | 12.1 |
| February | 84.8 | 10.1 | 92.2 | 8.8 | 98.7 | 7.0 | 109.8 | 11.3 |
| March | 85.0 | 10.2 | 92.6 | 8.9 | 99.0 | 7.0 | 109.2 | 10.2 |
| April | 85.2 | 9.5 | 93.2 | 9.4 | 99.7 | 6.9 | 109.4 | 9.7 |
| May | 86.2 | 8.7 | 94.6 | 9.7 | 101.3 | 7.1 | 111.5 | 10.0 |
| June | 86.1 | 8.2 | 94.2 | 9.5 | 101.2 | 7.4 | 112.4 | 11.1 |
| July | 87.9 | 7.8 | 95.0 | 8.1 | 102.2 | 7.6 | | |
| Average | 85.5 | 9.9 | 93.3 | 9.1 | 100** | 7.2 | 109.7* | 9.9* |

* Average of eleven Months

** Geometrical Average

Table 5
Monetary Survey

(Rs. in million)

| Monetary Aggregates | 2014 Jul | 2015 Jun | 2015 Jul | 2016 Jun (P) | Changes during eleven months | | | |
|---|-------------|-------------|-------------|-----------------|------------------------------|---------|-------------------------|---------|
| | | | | | 2014/15 | | 2015/16 | |
| | | | | | Amount | Percent | Amount | Percent |
| 1. Foreign Assets, Net | 599219.71 | 731506.23 | 747287.41 | 939742.44 | 127203.41 ^{1/} | 21.2 | 171153.62 ^{2/} | 22.9 |
| 1.1 Foreign Assets | 686759.02 | 832768.26 | 847679.00 | 1051656.65 | 146009.24 | 21.3 | 203977.65 | 24.1 |
| 1.2 Foreign Liabilities | 87539.31 | 101262.03 | 100391.59 | 111914.22 | 13722.72 | 15.7 | 11522.63 | 11.5 |
| a. Deposits | 80052.69 | 94917.18 | 94395.62 | 106851.34 | 14864.49 | 18.6 | 12455.71 | 13.2 |
| b. Other | 7486.62 | 6344.85 | 5995.97 | 5062.88 | -1141.77 | -15.3 | -933.09 | -15.6 |
| 2. Net Domestic Assets | 966747.45 | 1070233.48 | 1130514.12 | 1203937.44 | 103486.03 ^{1/} | 10.7 | 94724.72 ^{2/} | 8.4 |
| 2.1 Domestic Credit | 1314304.96 | 1453375.08 | 1527345.62 | 1662751.99 | 139070.12 | 10.6 | 135406.37 | 8.9 |
| a. Net Claims on Government | 141989.49 | 65987.59 | 127211.43 | -6032.27 | -76001.91 | -53.5 | -133243.69 | -104.7 |
| Claims on Government | 165490.34 | 146872.36 | 161024.52 | 211433.43 | -18617.98 | -11.3 | 50408.90 | 31.3 |
| Government Deposits | 23500.85 | 80884.78 | 33813.10 | 217465.69 | 57383.93 | 244.2 | 183652.60 | 543.1 |
| b. Claims on Non-Financial Government Enterprises | 10417.33 | 9796.55 | 10100.77 | 9290.02 | -620.78 | -6.0 | -810.74 | -8.0 |
| c. Claims on Financial Institutions | 11073.53 | 14351.63 | 16088.55 | 18881.06 | 3278.10 | 29.6 | 2792.51 | 17.4 |
| Government | 1487.62 | 2668.38 | 3260.68 | 3413.92 | 1180.76 | 79.4 | 153.23 | 4.7 |
| Non-government | 9585.91 | 11683.25 | 12827.87 | 15467.14 | 2097.34 | 21.9 | 2639.27 | 20.6 |
| d. Claims on Private Sector | 1150824.61 | 1363239.31 | 1373944.87 | 1640613.17 | 212414.70 | 18.5 | 266668.30 | 19.4 |
| 2.2 Net Non-Monetary Liabilities | 347557.52 | 383141.60 | 396831.50 | 458814.55 | 30500.98 ^{1/} | 8.8 | 40681.65 ^{2/} | 10.3 |
| 3. Broad Money (M2) | 1565967.16 | 1801739.70 | 1877801.53 | 2143679.88 | 235772.55 | 15.1 | 265878.34 | 14.2 |
| 3.1 Money Supply (M1+) | 1130173.71 | 1309073.03 | 1376048.57 | 1568417.07 | 178899.33 | 15.8 | 192368.50 | 14.0 |
| a. Money Supply (M1) | 354830.03 | 397168.68 | 424744.63 | 473190.66 | 42338.65 | 11.9 | 48446.02 | 11.4 |
| Currency | 227537.39 | 260844.05 | 270080.36 | 316515.18 | 33306.66 | 14.6 | 46434.82 | 17.2 |
| Demand Deposits | 127292.65 | 136324.59 | 154664.23 | 156675.46 | 9031.95 | 7.1 | 2011.23 | 1.3 |
| b. Saving and Call Deposits | 775343.68 | 911904.36 | 951303.93 | 1095226.41 | 136560.68 | 17.6 | 143922.48 | 15.1 |
| 3.2 Time Deposits | 435793.45 | 492666.67 | 501752.96 | 575262.81 | 56873.22 | 13.1 | 73509.84 | 14.7 |
| 4. Broad Money Liquidity (M3) | 1646019.85 | 1896656.89 | 1972197.16 | 2250531.21 | 250637.04 | 15.2 | 278334.06 | 14.1 |

1/ Adjusting the exchange valuation gain of Rs. 5083.1 million

2/ Adjusting the exchange valuation gain of Rs. 21301.4 million

P= Provisional

Table 6
Monetary Survey
(Year on Year)

(Rs. in million)

| Monetary Aggregates | 2014 Jun | 2015 Jun | 2016 Jun (P) | Changes | | | |
|---|-------------|-------------|-----------------|-----------|---------|-----------|---------|
| | | | | 2014/15 | | 2015/16 | |
| | | | | Amount | Percent | Amount | Percent |
| 1. Foreign Assets, Net | 579345.38 | 731506.23 | 939742.44 | 152160.84 | 26.3 | 208236.21 | 28.5 |
| 1.1 Foreign Assets | 667113.69 | 832768.26 | 1051656.65 | 165654.56 | 24.8 | 218888.40 | 26.3 |
| 1.2 Foreign Liabilities | 87768.31 | 101262.03 | 111914.22 | 13493.72 | 15.4 | 10652.19 | 10.5 |
| a. Deposits | 77825.71 | 94917.18 | 106851.34 | 17091.47 | 22.0 | 11934.16 | 12.6 |
| b. Other | 9942.60 | 6344.85 | 5062.88 | -3597.75 | -36.2 | -1281.97 | -20.2 |
| 2. Net Domestic Assets | 914147.27 | 1070233.48 | 1203937.44 | 156086.21 | 17.07 | 133703.96 | 12.5 |
| 2.1 Domestic Credit | 1245708.78 | 1453375.08 | 1662751.99 | 207666.30 | 16.7 | 209376.91 | 14.4 |
| a. Net Claims on Government | 89133.55 | 65987.59 | -6032.27 | -23145.97 | -26.0 | -72019.85 | -109.1 |
| Claims on Government | 168657.20 | 146872.36 | 211433.43 | -21784.84 | -12.9 | 64561.06 | 44.0 |
| Government Deposits | 79523.65 | 80884.78 | 217465.69 | 1361.13 | 1.7 | 136580.92 | 168.9 |
| b. Claims on Non-Financial Government Enterprises | 11986.48 | 9796.55 | 9290.02 | -2189.94 | -18.3 | -506.53 | -5.2 |
| c. Claims on Financial Institutions | 11029.22 | 14351.63 | 18881.06 | 3322.41 | 30.1 | 4529.43 | 31.6 |
| Government | 1566.89 | 2668.38 | 3413.92 | 1101.50 | 70.3 | 745.53 | 27.9 |
| Non-government | 9462.33 | 11683.25 | 15467.14 | 2220.92 | 23.5 | 3783.89 | 32.4 |
| d. Claims on Private Sector | 1133559.52 | 1363239.31 | 1640613.17 | 229679.79 | 20.3 | 277373.86 | 20.3 |
| 2.2 Net Non-Monetary Liabilities | 331561.51 | 383141.60 | 458814.55 | 51580.09 | 15.6 | 75672.95 | 19.8 |
| 3. Broad Money (M2) | 1493492.65 | 1801739.70 | 2143679.88 | 308247.06 | 20.6 | 341940.17 | 19.0 |
| 3.1 Money Supply (M1+) | 1067541.61 | 1309073.03 | 1568417.07 | 241531.42 | 22.6 | 259344.04 | 19.8 |
| a. Money Supply (M1) | 336540.47 | 397168.68 | 473190.66 | 60628.20 | 18.0 | 76021.98 | 19.1 |
| Currency | 223417.99 | 260844.05 | 316515.18 | 37426.06 | 16.8 | 55671.14 | 21.3 |
| Demand Deposits | 113122.54 | 136324.59 | 156675.46 | 23202.06 | 20.5 | 20350.87 | 14.9 |
| b. Saving and Call Deposits | 731001.14 | 911904.36 | 1095226.41 | 180903.22 | 24.7 | 183322.06 | 20.1 |
| 3.2 Time Deposits | 425951.04 | 492666.67 | 575262.81 | 66715.63 | 15.7 | 82596.14 | 16.8 |
| 4. Broad Money Liquidity (M3) | 1571318.36 | 1896656.89 | 2250531.21 | 325338.53 | 20.7 | 353874.33 | 18.7 |

P = Provisional

Table 7
Structure of Interest Rates
 (percent per annum)

| Year Mid-month | 2014 Jul | 2015 Jul | 2015 Oct | 2016 Jan | 2016 Apr | 2016 Jun |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| A. Policy Rates | | | | | | |
| CRR | | | | | | |
| Commercial Banks | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Development Banks | 4.5 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Finance Companies | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Bank Rate | 8.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Refinance Rates Against Loans to: | | | | | | |
| Special Refinance | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| General Refinance | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Export Credit in Foreign Currency | LIBOR + 0.25 | LIBOR + 0.25 | LIBOR + 0.25 | LIBOR + 0.25 | LIBOR + 0.25 | LIBOR + 0.25 |
| Standing Liquidity Facility (SLF) Rate ^ | 8.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| B. Government Securities | | | | | | |
| T-bills* (28 days) | 0.01 | - | - | - | - | - |
| T-bills* (91 days) | 0.02 | 0.17 | 1.10 | 0.68 | 1.10 | 0.12 |
| T-bills* (182 days) | 0.42 | 0.56 | 1.57 | 0.83 | 1.10 | 0.44 |
| T-bills* (364 days) | 0.72 | 0.76 | 1.97 | 0.94 | 1.29 | 0.67 |
| Development Bonds | 3.25-9.5 | 2.65-9.5 | 2.65-9.5 | 2.65-9.0 | 2.65-9.0 | 2.65-9.0 |
| National/Citizen SCs | 6.0-10.0 | 6.0-10.0 | 6.0-10.0 | 6.0-10.0 | 6.0-10.0 | 6.0-10.0 |
| C. Interbank Rate of Commercial Banks | 0.16 | 1.01 | 0.64 | 0.26 | 1.59 | 0.36 |
| D. Weighted Average Deposit Rate (Commercial Banks) | 4.09 | 3.94 | 3.55 | 3.32 | 2.94 | 3.09 |
| E. Weighted Average Lending Rate (Commercial Banks) | 10.55 | 9.62 | 9.46 | 9.29 | 9.06 | 8.98 |
| F. Base Rate (Commercial Banks)[§] | 8.36 | 7.88 | 7.22 | 6.82 | 6.32 | 6.27 |

^ The SLF is provided at bank rate effective from 16 August 2012

* Weighted average interest rate.

Table 8
Outright Sale and Purchase Auction

(Rs. In million)

| Mid-month | Sale Auction | | | | | | Purchase Auction | | | | | |
|--------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|------------------|--------------------------|----------|--------------------------|----------|--------------------------|
| | 2013/14 | | 2014/15 | | 2015/16 | | 2013/14 | | 2014/15 | | 2015/16 | |
| | Amount | Discount Rate* (percent) | Amount | Discount Rate* (percent) | Amount | Discount Rate* (percent) | Amount | Discount Rate* (percent) | Amount | Discount Rate* (percent) | Amount | Discount Rate* (percent) |
| August | - | - | - | - | 5,900.0 | 1.1 | - | - | - | - | - | - |
| September | - | - | - | - | 3,200.0 | 2.9 | - | - | - | - | - | - |
| October | 8,500.0 | 0.1 | - | - | - | - | - | - | - | - | - | - |
| November | - | - | - | - | - | - | - | - | - | - | - | - |
| December | - | - | - | - | - | - | - | - | - | - | - | - |
| January | - | - | - | - | - | - | - | - | - | - | - | - |
| February | - | - | - | - | - | - | - | - | - | - | - | - |
| March | - | - | - | - | - | - | - | - | - | - | - | - |
| April | - | - | - | - | - | - | - | - | - | - | - | - |
| May | - | - | 6,000.0 | 0.8 | - | - | - | - | - | - | - | - |
| June | - | - | - | - | - | - | - | - | - | - | - | - |
| July | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 8,500.0 | 0.1 | 6,000.0 | 0.8 | 9,100.0 | - | - | - | - | - | - | - |

* Weighted Average

Table 9
Repo and Reverse Repo Auction

(Rs. In million)

| Mid-month | Repo Auction | | | | | | Reverse Repo Auction | | | | | |
|--------------|--------------|--------------------------|---------|--------------------------|---------|--------------------------|----------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|
| | 2013/14 | | 2014/15 | | 2015/16 | | 2013/14 | | 2014/15 | | 2015/16 | |
| | Amount | Interest Rate* (Percent) | Amount | Interest Rate* (Percent) | Amount | Interest Rate* (Percent) | Amount | Interest Rate* (Percent) | Amount | Interest Rate* (Percent) | Amount | Interest Rate* (Percent) |
| August | - | - | - | - | - | - | - | - | 99,500.0 | 0.00 | 13,000.0 | 0.72 |
| September | - | - | - | - | - | - | 15,000.0 | 0.07 | 68,500.0 | 0.05 | 8,300.0 | 1.30 |
| October | - | - | - | - | - | - | 20,000.0 | 0.05 | 19,000.0 | 0.11 | 35,000.0 | 0.22 |
| November | - | - | - | - | - | - | - | - | 11,000.0 | 0.03 | 20,000.0 | 0.21 |
| December | - | - | - | - | - | - | 29,500.0 | 0.06 | 22,500.0 | 0.05 | 9,000.0 | 0.13 |
| January | - | - | - | - | - | - | 54,000.0 | 0.68 | 40,000.0 | 0.01 | 12,050.0 | 0.04 |
| February | - | - | - | - | - | - | 58,500.0 | 0.39 | 9,750.0 | 0.17 | 40,000.0 | 0.11 |
| March | - | - | - | - | - | - | 93,000.0 | 0.18 | 850.0 | 0.40 | 25,420.0 | 0.17 |
| April | - | - | - | - | - | - | 78,000.0 | 0.08 | 2,700.0 | 0.04 | 2,270.0 | 1.08 |
| May | - | - | - | - | - | - | 78,000.0 | 0.05 | 6,000.0 | 0.32 | 5,910.0 | 0.41 |
| June | - | - | - | - | - | - | 97,500.0 | 0.04 | 11,000.0 | 0.26 | 40,000.0 | 0.07 |
| July | - | - | - | - | - | - | 79,000.0 | 0.02 | 25,000.0 | 0.02 | - | - |
| Total | - | - | - | - | - | - | 602,500.0 | 0.16 | 315,800.0 | 0.05 | 210,950.0 | |

* Weighted Average

Table 10
Deposit Collection Auction

(Rs. In million)

| Mid-month | 2014/15 | | 2015/16 | |
|--------------|------------------|-----------------------------|------------------|-----------------------------|
| | Amount | Interest Rate* (percent) | Amount | Interest Rate* (percent) |
| August | - | - | 57,250.0 | 1.39 |
| September | 20,000.0 | 0.69 | - | - |
| October | 20,000.0 | 0.67 | - | - |
| November | - | - | 100,000.0 | 0.87 |
| December | 15,000.0 | 0.21 | 26,150.0 | 1.08 |
| January | 20,000.0 | 0.20 | 15,000.0 | 0.81 |
| February | 5,000.0 | 0.69 | 60,000.0 | 0.48 |
| March | 5,000.0 | 0.86 | 39,100.0 | 0.39 |
| April | 10,000.0 | 0.72 | - | - |
| May | 10,000.0 | 0.79 | - | - |
| June | - | - | - | - |
| July | 50,000.0 | 0.24 | - | - |
| Total | 155,000.0 | 0.45 | 297,500.0 | |

*Weighted average

Table 11
Government Budgetary Operation+
(On Cash Basis)

Based on the data of the forth week of Asar

(Rs. in million)

| Heads | Amount | | | Percent Change | |
|---|-----------------|-----------------|----------------------|----------------|---------------|
| | 2013/14 | 2014/15 | 2015/16 ^P | 2014/15 | 2015/16 |
| | July-11 | July-10 | July-08 | | |
| Expenditure of Budget | 370648.2 | 440997.3 | 464297.1 | 19.0 | 5.3 |
| Recurrent | 280331.5 | 300428.0 | 315211.6 | 7.2 | 4.9 |
| a.Domestic Resources | 253407.4 | 279092.6 | 289495.8 | 10.1 | 3.7 |
| b.Foreign Loans | 4593.4 | 3309.3 | 7559.2 | -28.0 | 128.4 |
| c.Foreign Grants | 22330.7 | 18026.1 | 18156.6 | -19.3 | 0.7 |
| Capital | 46366.2 | 56629.9 | 69350.6 | 22.1 | 22.5 |
| a.Domestic Resources | 36286.4 | 46854.4 | 59526.4 | 29.1 | 27.0 |
| b.Foreign Loans | 4350.2 | 6601.6 | 5536.4 | 51.8 | -16.1 |
| c.Foreign Grants | 5729.6 | 3173.9 | 4287.8 | -44.6 | 35.1 |
| Financial | 43950.5 | 83939.4 | 79734.9 | 91.0 | -5.0 |
| a.Domestic Resources | 43390.9 | 79406.1 | 75439.4 | 83.0 | -5.0 |
| b.Foreign Loans | 0.0 | 3136.3 | 3969.5 | | 26.6 |
| c.Foreign Grants | 559.6 | 1397.0 | 326.0 | 149.6 | -76.7 |
| Expenditure from Freeze Accounts | 138.4 | 0.0 | 0.0 | - | - |
| Freeze-1 Recurrent | 9.2 | 0.0 | 0.0 | - | - |
| Freeze-2 Capital | 129.2 | 0.0 | 0.0 | - | - |
| Freeze-3 Financial | 0.0 | 0.0 | 0.0 | - | - |
| Total Expenditure | 370786.6 | 440997.3 | 464297.1 | 18.9 | 5.3 |
| Total Resources | 393680.3 | 433980.7 | 497893.5 | 10.2 | 14.7 |
| Revenue and Grants | 374779.7 | 409824.2 | 475046.0 | 9.4 | 15.9 |
| <i>Revenue</i> | 337515.2 | 380643.5 | 434270.0 | 12.8 | 14.1 |
| <i>Foreign Grants</i> | 37264.5 | 29180.7 | 40776.0 | -21.7 | 39.7 |
| Non-Budgetary Receipts, net | 7468.9 | 8601.3 | 5684.1 | 15.2 | -33.9 |
| Others | -53.8 | 4.3 | 422.5 | -108.0 | 9725.6 |
| V. A. T. Fund Account | 2359.0 | 1644.9 | 1706.9 | -30.3 | 3.8 |
| Customs Fund Account | 913.4 | 1563.8 | -197.4 | 71.2 | -112.6 |
| Reconstruction Fund Account | 0.0 | 0.0 | 0.0 | - | - |
| Local Authorities' Accounts (LAA)# | 8213.1 | 12342.2 | 15231.4 | 50.3 | 23.4 |
| Deficits(-) Surplus(+) | 22893.7 | -7016.6 | 33596.4 | -130.6 | -578.8 |
| Sources of Financing | -22893.7 | 7016.6 | -33596.4 | -130.6 | -578.8 |
| Internal Loans | -38328.6 | -6175.6 | -75834.7 | -83.9 | 1128.0 |
| Domestic Borrowings | 9982.8 | 42423.1 | 87662.1 | 325.0 | 106.6 |
| (i) Treasury Bills | 0.0 | 10000.0 | 20500.0 | | 105.0 |
| (ii) Development Bonds | 9000.0 | 30000.0 | 62000.0 | 233.3 | 106.7 |
| (iii) National Savings Certificates | 906.4 | 0.0 | 0.0 | - | - |
| (iv) Citizen Saving Certificates | 0.0 | 2339.4 | 5000.0 | - | 113.7 |
| (v) Foreign Employment Bond | 76.4 | 83.7 | 162.1 | 9.5 | 93.6 |
| Overdrafts ⁺⁺ | -49743.0 | -48535.7 | -163300.0 | -2.4 | 236.5 |
| Others@ | 1431.6 | -63.0 | -196.8 | -104.4 | 212.4 |
| Principal Refund and Share Divestment | 425.7 | 7806.6 | 12758.1 | 1733.8 | 63.4 |
| Foreign Loans | 15009.2 | 5385.6 | 29480.2 | -64.1 | 447.4 |

+ Based on data reported by 8 offices of NRB, 69 branches of Rastriya Banijya Bank Limited, 49 branches of Nepal Bank Limited, 22 branches of Agriculture Development Bank, 9 branches of Everest Bank Limited, 4 branches of Global IME Bank Limited and 1 branch each from, NMB Bank Limited and Bank of Kathmandu Limited conducting government transactions and release report from 79 DTCOs and payment centres.

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

++ Minus (-) indicates surplus.

@ Interest from Government Treasury transactions and others.

P : Provisional.

Table 12
Outstanding Domestic Debt of the GoN

(Rs. in million)

| No. | Name of Bonds/Ownership | 2014 | 2015 | 2016 | Amount Change | |
|----------|--|-----------------|-----------------|------------------|-------------------------------|------------------------------|
| | | Mid-Jul | Mid-Jul | 29-Jun | Mid-Jul 2015- Mid Jul 2014 | 29 Jun 2016- Mid Jul 2015 |
| 1 | Treasury Bills | 136468.1 | 119858.1 | 125059.1 | -16610.0 | 5201.0 |
| | a. Nepal Rastra Bank | 22048.9 | 17968.9 | 16099.9 | -4080.0 | -1869.0 |
| | b. Commercial Banks | 113360.3 | 100729.2 | 106869.5 | -12631.1 | 6140.4 |
| | c. Development Banks | 721.4 | 907.0 | 474.4 | 185.5 | -432.6 |
| | d. Finance Companies | 337.5 | 253.1 | 111.5 | -84.4 | -141.6 |
| | e. Others | 0.0 | 0.0 | 1503.8 | 0.0 | 1503.8 |
| 2 | Development Bond | 47110.9 | 57070.0 | 113820.0 | 9959.1 | 56750.0 |
| | a. Nepal Rastra Bank | 0.0 | 28.7 | 0.0 | 28.7 | -28.7 |
| | b. Commercial Banks | 23006.8 | 35633.9 | 81208.5 | 12627.2 | 45574.6 |
| | c. Development Banks | 2022.9 | 2180.9 | 5138.7 | 158.0 | 2957.8 |
| | d. Finance Companies | 2702.5 | 2793.9 | 3776.5 | 91.4 | 982.7 |
| | e. Others | 19378.7 | 16432.7 | 23696.3 | -2946.1 | 7263.7 |
| 3 | National Saving Bond | 16586.5 | 16586.5 | 11086.5 | 0.0 | -5500.0 |
| | a. Nepal Rastra Bank | 18.7 | 21.4 | 31.4 | 2.7 | 10.0 |
| | b. Commercial Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | c. Development Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | d. Finance Companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | e. Others | 16567.8 | 16565.1 | 11055.1 | -2.7 | -5510.0 |
| 4 | Citizen Saving Bond | 1516.7 | 3056.2 | 7806.2 | 1539.4 | 4750.0 |
| | a. Nepal Rastra Bank (Secondary Market) | 1265.4 | 507.6 | 307.6 | -757.8 | -200.0 |
| | b. Commercial Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | c. Development Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | d. Finance Companies | 6.3 | 0.0 | 0.0 | -6.3 | 0.0 |
| | e. Others | 245.0 | 2548.6 | 7498.6 | 2303.5 | 4950.1 |
| 5 | Foreign Employment Bond | 135.3 | 215.0 | 373.7 | 79.7 | 158.7 |
| | a. Nepal Rastra Bank | 0.0 | 0.02 | 0.010 | -0.03 | -0.01 |
| | b. Others | 135.3 | 215.0 | 373.720 | 79.7 | 158.7 |
| 6 | Total Domestic Debt | 201817.5 | 196785.8 | 258145.5 | -5031.8 | 61359.7 |
| | a. Nepal Rastra Bank | 23333.0 | 18526.6 | 16438.9 | -4806.4 | -2087.7 |
| | b. Commercial Banks | 136367.0 | 136363.1 | 188078.0 | -4.0 | 51715.0 |
| | c. Development Banks | 2744.4 | 3087.8 | 5613.1 | 343.5 | 2525.2 |
| | d. Finance Companies | 3046.3 | 3047.0 | 3888.0 | 0.6 | 841.1 |
| | e. Others | 36326.8 | 35761.3 | 44127.5 | -565.5 | 8366.2 |
| 7 | Nepal Government's Balance at NRB | | | | | |
| | (Overdraft (+)/Surplus(-)) | -23500.8 | -33813.1 | -197113.1 | -10312.3 | -163300.0 |

Note: The amount of Government overdraft/savings is based on June 29, 2016.

Table 13
Net Domestic Borrowing of the GoN

(Rs. in million)

| No. | Name of Bonds/Ownership | Mid-July 2013 | | Mid-July 2014 | | Mid-July 2015 | | June -29 2016 | | Mid-July 2016 ^P | |
|----------|-------------------------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|----------------------------|----------------|
| | | Amount | Percent of GDP | Amount | Percent of GDP | Amount | Percent of GDP | Amount | Percent of GDP | Amount | Percent of GDP |
| A | Gross Domestic Borrowing | 19042.9 | 1.1 | 19982.9 | 1.0 | 42418.1 | 2.0 | 87662.1 | 3.9 | 87662.1 | 3.9 |
| | Treasury Bills | 19000.0 | 1.1 | 10000.0 | 0.5 | 9994.9 | 0.5 | 20500.0 | 0.9 | | |
| | Development Bond | 0.0 | 0.0 | 9000.0 | 0.5 | 30000.0 | 1.4 | 62000.0 | 2.8 | | |
| | National Saving Bond | 0.0 | 0.0 | 906.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| | Citizen Saving Bond | 0.0 | 0.0 | 0.0 | 0.0 | 2339.4 | 0.1 | 5000.0 | 0.2 | | |
| | Foreign Employment Bond | 42.9 | 0.0 | 76.4 | 0.0 | 83.7 | 0.0 | 162.1 | 0.0 | | |
| B | Loan Payment | 21003.8 | 1.2 | 25167.1 | 1.3 | 47454.9 | 2.2 | 26302.4 | 1.2 | 50402.4 | 2.2 |
| | Treasury Bills | 14156.0 | 0.8 | 10000.0 | 0.5 | 26610.0 | 1.3 | 15299.0 | 0.7 | | |
| | Development Bond | 5908.5 | 0.3 | 13500.0 | 0.7 | 20040.9 | 0.9 | 5250.0 | 0.2 | | |
| | National Saving Bond | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5500.0 | 0.2 | | |
| | Citizen Saving Bond | 939.3 | 0.1 | 1667.1 | 0.1 | 800.0 | 0.0 | 250.0 | 0.0 | | |
| | Foreign Employment Bond | 0.0 | 0.0 | 0.0 | 0.0 | 4.0 | 0.0 | 3.4 | 0.0 | | |
| C | Net Domestic Borrowing (A-B) | -1960.9 | -0.1 | -5184.2 | -0.3 | -5036.8 | -0.2 | 61359.7 | 2.7 | 37259.7 | 1.7 |
| | Treasury Bills | 4844.0 | 0.3 | 0.0 | 0.0 | -16615.1 | -0.8 | 5201.0 | 0.2 | | |
| | Development Bond | -5908.5 | -0.3 | -4500.0 | -0.2 | 9959.1 | 0.5 | 56750.0 | 2.5 | | |
| | National Saving Bond | 0.0 | 0.0 | 906.5 | 0.0 | 0.0 | 0.0 | -5500.0 | -0.2 | | |
| | Citizen Saving Bond | -939.3 | -0.1 | -1667.1 | -0.1 | 1539.4 | 0.1 | 4750.0 | 0.2 | | |
| | Foreign Employment Bond | 42.9 | 0.0 | 76.4 | 0.0 | 79.7 | 0.0 | 158.7 | 0.0 | | |
| D | Gross Domestic Product | 1695011.1 | 100.0 | 1964539.6 | 100.0 | 2120470.1 | 100.0 | 2248691.1 | 100.0 | 2248691.1 | 100.0 |

P =Projected

Table 14
Direction of Foreign Trade⁺

(Rs. in million)

| | Annual | | Eleven months | | | Percent change during eleven months | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------------|--------------|
| | 2013/14 | 2014/15 | 2013/14 | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
| Total Exports | 91991.30 | 85319.10 | 81730.48 | 77831.12 | 62154.98 | -4.8 | -20.1 |
| To India | 59613.70 | 55864.60 | 54540.87 | 51108.01 | 34872.09 | -6.3 | -31.8 |
| To China | 2840.70 | 2229.90 | 2175.26 | 2157.74 | 1501.58 | -0.8 | -30.4 |
| To Other Countries | 29536.90 | 27224.60 | 25014.34 | 24565.37 | 25781.31 | -1.8 | 4.9 |
| Total Imports | 714365.89 | 774684.20 | 645703.61 | 690696.90 | 684752.96 | 7.0 | -0.9 |
| From India | 477947.00 | 491655.90 | 431621.15 | 437728.58 | 420981.05 | 1.4 | -3.8 |
| From China | 73318.65 | 100166.40 | 65197.12 | 92171.44 | 103645.72 | 41.4 | 12.4 |
| From Other Countries | 163100.25 | 182861.90 | 148885.35 | 160796.88 | 160126.18 | 8.0 | -0.4 |
| Total Trade Balance | -622374.59 | -689365.10 | -563973.09 | -612865.78 | -622597.99 | 8.7 | 1.6 |
| With India | -418333.30 | -435791.30 | -377080.27 | -386620.57 | -386108.96 | 2.5 | -0.1 |
| With China | -70477.95 | -97936.50 | -63021.81 | -90013.70 | -102144.15 | 42.8 | 13.5 |
| With Other Countries | -133563.35 | -155637.30 | -123871.01 | -136231.51 | -134344.87 | 10.0 | -1.4 |
| Total Foreign Trade | 806357.19 | 860003.30 | 727434.09 | 768528.02 | 746907.98 | 5.6 | -2.8 |
| With India | 537560.70 | 547520.50 | 486162.02 | 488836.59 | 455853.18 | 0.6 | -6.7 |
| With China | 76159.35 | 102396.30 | 67372.38 | 94329.14 | 105147.30 | 40.0 | 11.5 |
| With Other Countries | 192637.15 | 210086.50 | 173899.69 | 185362.29 | 185907.49 | 6.6 | 0.3 |
| 1. Export / Import Ratio | 12.9 | 11.0 | 12.7 | 11.3 | 9.1 | | |
| India | 12.5 | 11.4 | 12.6 | 11.7 | 8.3 | | |
| China | 3.9 | 2.2 | 3.3 | 2.3 | 1.4 | | |
| Other Countries | 18.1 | 14.9 | 16.8 | 15.3 | 16.1 | | |
| 2. Share in Total Export | | | | | | | |
| India | 64.8 | 65.5 | 66.7 | 65.7 | 56.1 | | |
| China | 3.1 | 2.6 | 2.7 | 2.8 | 2.4 | | |
| Other Countries | 32.1 | 31.9 | 30.6 | 31.6 | 41.5 | | |
| 3. Share in Total Import | | | | | | | |
| India | 66.9 | 63.5 | 66.8 | 63.4 | 61.5 | | |
| China | 10.3 | 12.9 | 10.1 | 13.3 | 15.1 | | |
| Other Countries | 22.8 | 23.6 | 23.1 | 23.3 | 23.4 | | |
| 4. Share in Trade Balance | | | | | | | |
| India | 67.2 | 63.2 | 66.9 | 63.1 | 62.0 | | |
| China | 11.3 | 14.2 | 11.2 | 14.7 | 16.4 | | |
| Other Countries | 21.5 | 22.6 | 22.0 | 22.2 | 21.6 | | |
| 5. Share in Total Trade | | | | | | | |
| India | 66.7 | 63.7 | 66.8 | 63.6 | 61.0 | | |
| China | 9.4 | 11.9 | 9.3 | 12.3 | 14.1 | | |
| Other Countries | 23.9 | 24.4 | 23.9 | 24.1 | 24.9 | | |
| 6. Share of Export and Import in Total Trade | | | | | | | |
| Export | 11.4 | 9.9 | 11.2 | 10.1 | 8.3 | | |
| Import | 88.6 | 90.1 | 88.8 | 89.9 | 91.7 | | |

+ On customs data basis

Table 15
Balance of Payments Situation

(Rs. in million)

| Particulars | 2013/14 | | 2014/15 | | 2015/16 ^P | Percent change during eleven months | |
|---|-------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|--------------|
| | 11 months | Annual | 11 months | Annual | | 2014/15 | 2015/16 |
| A. Current Account | 77839.80 | 89721.50 | 95285.40 | 108319.80 | 130081.24 | 22.4 | 36.5 |
| Goods: Exports f.o.b. | 91491.30 | 100960.60 | 89536.10 | 98276.30 | 66600.75 | -2.1 | -25.6 |
| Oil | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | - |
| Other | 91491.30 | 100960.60 | 89536.10 | 98276.30 | 66600.75 | -2.1 | -25.6 |
| Goods: Imports f.o.b. | -634701.60 | -696373.30 | -678921.00 | -761773.00 | -670433.40 | 7.0 | -1.3 |
| Oil | -122698.20 | -132976.40 | -101232.40 | -112044.60 | -58988.00 | -17.5 | -41.7 |
| Other | -512003.40 | -563396.90 | -577688.60 | -649728.40 | -611445.40 | 12.8 | 5.8 |
| Balance on Goods | -543210.30 | -595412.70 | -589384.90 | -663496.70 | -603832.65 | 8.5 | 2.5 |
| Services: Net | 19726.30 | 20882.20 | 24317.40 | 27617.50 | 9454.90 | 23.3 | -61.1 |
| Services: credit | 114408.40 | 125061.20 | 134461.00 | 149288.40 | 125816.70 | 17.5 | -6.4 |
| Travel | 43206.00 | 46374.90 | 50048.30 | 53428.60 | 38926.30 | 15.8 | -22.2 |
| Government n.i.e. | 21659.60 | 24352.80 | 27947.70 | 32481.10 | 34310.30 | 29.0 | 22.8 |
| Other | 49542.80 | 54333.50 | 56465.00 | 63378.70 | 52580.10 | 14.0 | -6.9 |
| Services: debit | -94682.10 | -104179.00 | -110143.60 | -121670.90 | -116361.80 | 16.3 | 5.6 |
| Transportation | -36461.80 | -39822.00 | -40762.70 | -43996.30 | -39962.20 | 11.8 | -2.0 |
| Travel | -37643.40 | -42175.60 | -48465.50 | -53190.20 | -50661.50 | 28.7 | 4.5 |
| O/W Education | -13328.40 | -15121.30 | -15681.80 | -17065.40 | -17642.00 | 17.7 | 12.5 |
| Government services:debit | -1417.70 | -1625.70 | -1949.50 | -1974.80 | -2069.30 | 37.5 | 6.1 |
| Others | -19159.20 | -20555.70 | -18965.90 | -22509.60 | -23668.80 | -1.0 | 24.8 |
| Balance on Goods and Services | -523484.00 | -574530.50 | -565067.50 | -635879.20 | -594377.75 | 7.9 | 5.2 |
| Income: Net | 29348.30 | 32751.70 | 29021.30 | 34242.50 | 29159.89 | -1.1 | 0.5 |
| Income: credit | 35510.70 | 39539.80 | 37075.50 | 42831.50 | 37305.90 | 4.4 | 0.6 |
| Income: debit | -6162.40 | -6788.10 | -8054.20 | -8589.00 | -8146.01 | 30.7 | 1.1 |
| Balance on Goods, Services and Income | -494135.70 | -541778.80 | -536046.20 | -601636.70 | -565217.86 | 8.5 | 5.4 |
| Transfers: Net | 571975.50 | 631500.30 | 631331.60 | 709956.50 | 695299.10 | 10.4 | 10.1 |
| Current transfers: credit | 574909.50 | 634854.80 | 633585.60 | 712522.20 | 698689.40 | 10.2 | 10.3 |
| Grants | 44074.00 | 48519.80 | 42165.30 | 52855.40 | 57811.20 | -4.3 | 37.1 |
| Workers' remittances | 490952.80 | 543294.10 | 551742.20 | 617278.80 | 598950.20 | 12.4 | 8.6 |
| Pensions | 38214.90 | 41373.10 | 39678.10 | 42388.00 | 41928.00 | 3.8 | 5.7 |
| Other (Indian Excise Refund) | 1667.80 | 1667.80 | 0.00 | 0.00 | 0.00 | -100.0 | - |
| Current transfers: debit | -2934.00 | -3354.50 | -2254.00 | -2565.70 | -3390.30 | -23.2 | 50.4 |
| B Capital Account (Capital Transfer) | 15735.50 | 17063.50 | 11890.50 | 14811.40 | 12252.30 | -24.4 | 3.0 |
| Total, Group A plus B | 93575.30 | 106785.00 | 107175.90 | 123131.20 | 142333.54 | 14.5 | 32.8 |
| C Financial Account (Excluding Group E) | 11020.32 | 11147.97 | 16194.83 | 17720.65 | 13297.79 | 47.0 | -17.9 |
| Direct investment in Nepal | 3159.70 | 3194.60 | 3701.00 | 4382.60 | 4798.50 | 17.1 | 29.7 |
| Portfolio Investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | - |
| Other investment: assets | -19857.90 | -21331.60 | -30997.60 | -34584.50 | -27610.93 | 56.1 | -10.9 |
| Trade credits | -2370.20 | -1620.00 | -1932.90 | -2234.30 | -35.83 | -18.4 | -98.1 |
| Other | -17487.70 | -19711.60 | -29064.70 | -32350.20 | -27575.10 | 66.2 | -5.1 |
| Other investment: liabilities | 27718.52 | 29284.97 | 43491.43 | 47922.55 | 36110.22 | 56.9 | -17.0 |
| Trade credits | 22445.10 | 23686.10 | 21815.80 | 22912.30 | 14180.35 | -2.8 | -35.0 |
| Loans | 3523.60 | 4192.40 | 7766.80 | 11857.30 | 12994.05 | 120.4 | 67.3 |
| General Government | 3722.80 | 4407.80 | 7810.00 | 11919.40 | 11614.75 | 109.8 | 48.7 |
| Drawings | 16803.00 | 21132.40 | 24180.00 | 28961.20 | 27515.25 | 43.9 | 13.8 |
| Repayments | -13080.20 | -16724.60 | -16370.00 | -17041.80 | -15900.50 | 25.2 | -2.9 |
| Other sectors | -199.20 | -215.40 | -43.20 | -62.10 | 1379.30 | -78.3 | - |
| Currency and deposits | 2923.90 | 2733.40 | 14915.80 | 14318.60 | 12450.20 | 410.1 | -16.5 |
| Nepal Rastra Bank | -27.40 | -36.70 | 55.40 | -20.20 | -5.60 | -302.2 | -110.1 |
| Deposit money banks | 2951.30 | 2770.10 | 14860.40 | 14338.80 | 12455.80 | 403.5 | -16.2 |
| Other liabilities | -1174.08 | -1326.93 | -1006.97 | -1165.65 | -3514.38 | -14.2 | 249.0 |
| Total, Group A through C | 104595.62 | 117932.97 | 123370.73 | 140851.85 | 155631.33 | 18.0 | 26.1 |
| D. Miscellaneous Items, Net | 7888.75 | 11927.56 | 18748.47 | 18502.70 | 27972.61 | 137.7 | 49.2 |
| Total, Group A through D | 112484.37 | 129860.53 | 142119.20 | 159354.55 | 183603.94 | 26.3 | 29.2 |
| E. Reserves and Related Items | -112484.37 | -129860.53 | -142119.20 | -159354.55 | -183603.94 | 26.3 | 29.2 |
| Reserve assets | -111312.97 | -128536.33 | -141115.20 | -158191.95 | -183603.94 | 26.8 | 30.1 |
| Nepal Rastra Bank | -98838.07 | -115992.23 | -114934.80 | -130352.95 | -152331.15 | 16.3 | 32.5 |
| Deposit money banks | -12474.90 | -12544.10 | -26180.40 | -27839.00 | -31272.79 | 109.9 | 19.5 |
| Use of IMF's Credit and Loans | -1171.40 | -1324.20 | -1004.00 | -1162.60 | 0.00 | -14.3 | -100.0 |
| Changes in reserve, net (- increase)[*] | -109560.47 | -127127.13 | -127203.40 | -145035.95 | -171153.74 | 16.1 | 34.6 |

P - Provisional

* Change in reserve net is derived by netting out reserves and related items (Group E) and currency and deposits (under Group C) with adjustment of valuation gain/loss.

Table 16
Gross Foreign Assets of the Banking Sector

(Rs. in million)

| | Mid-Jul 2014 | Mid-Jun 2015 | Mid-Jul 2015 | Mid-Jun 2016 | Percent Change | |
|---|-----------------|-----------------|-----------------|------------------|----------------|-------------|
| | | | | | 2014/15 | 2015/16 |
| A. Nepal Rastra Bank (1+2) | 593752.9 | 713499.7 | 726683.9 | 899232.5 | 20.2 | 23.7 |
| 1. Gold, SDR, IMF Reserve Position | 21352.1 | 23288.2 | 23623.0 | 29916.8 | 9.1 | 26.6 |
| 2. Foreign Exchange Reserve | 572400.9 | 690211.5 | 703060.9 | 869315.8 | 20.6 | 23.6 |
| Convertible | 426132.9 | 510678.8 | 517456.7 | 652574.1 | 19.8 | 26.1 |
| Inconvertible | 146268.0 | 179532.7 | 185604.2 | 216741.7 | 22.7 | 16.8 |
| B. Bank and Financial Institutions * | 93006.1 | 119268.6 | 120995.1 | 152424.1 | 28.2 | 26.0 |
| Convertible | 87372.3 | 112087.2 | 114843.4 | 144980.1 | 28.3 | 26.2 |
| Inconvertible | 5633.8 | 7181.4 | 6151.7 | 7444.0 | 27.5 | 21.0 |
| C. Gross Foreign Exchange Reserve | 665407.0 | 809480.1 | 824056.0 | 1021739.9 | 21.7 | 24.0 |
| Convertible | 513505.2 | 622765.9 | 632300.1 | 797554.2 | 21.3 | 26.1 |
| Share in total (in percent) | 77.2 | 76.9 | 76.7 | 78.1 | | |
| Inconvertible | 151901.8 | 186714.2 | 191756.0 | 224185.7 | 22.9 | 16.9 |
| Share in total (in percent) | 22.8 | 23.1 | 23.3 | 21.9 | | |
| D. Gross Foreign Assets (A+B) | 686759.0 | 832768.3 | 847679.0 | 1051656.7 | 21.3 | 24.1 |
| Import Capacity in Months | | | | | | |
| Gross Foreign Exchange Reserve | | | | | | |
| Merchandise | 11.5 | 13.1 | 13.0 | 16.8 | | |
| Merchandise and Services | 10.0 | 11.3 | 11.2 | 14.3 | | |
| Gross Foreign Assets | | | | | | |
| Merchandise | 11.8 | 13.5 | 13.4 | 17.3 | | |
| Merchandise and Services | 10.3 | 11.6 | 11.5 | 14.7 | | |
| E. Foreign Liabilities | 87539.3 | 101262.0 | 100391.6 | 111914.2 | 15.7 | 11.5 |
| F. Net Foreign Assets(D-E) | 599219.7 | 731506.2 | 747287.4 | 939742.4 | 22.1 | 25.8 |
| G. Change in NFA (before adj. ex. val.)* | -130981.8 | -132286.5 | -148067.7 | -192455.0 | | |
| H. Exchange Valuation | 3854.6 | 5083.1 | 3031.7 | 21301.4 | | |
| I. Change in NFA (6+7)*** | -127127.1 | -127203.4 | -145036.0 | -171153.7 | | |
| J. Period-end Buying Rate (Rs/USD) | 95.9 | 102.2 | 101.1 | 107.1 | | |

Sources : Nepal Rastra Bank and Commercial Banks; Estimated.

* indicates the "A", "B" & "C" class financial institutions licensed by NRB.

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

*** After adjusting exchange valuation gain/loss

Note: IC reserve of BFIs is taken from previous month.

Table 17
Foreign Exchange Intervention

(Rs. in million)

| Mid-month | Purchase/Sale of Convertible Currency | | | | | | | | | | | | IC Purchase | | | |
|--------------|---------------------------------------|------------------|-------------|----------------|----------------|------------------|----------------|------------------|----------|----------|----------------|------------------|------------------|----------------|------------------|----------------|
| | 2014/15 | | | | | | 2015/16 | | | | | | 2014/15 | | 2015/16 | |
| | Purchase | | Sale | | Net Injection | | Purchase | | Sale | | Net Injection | | IC Purchase | US\$ Sale | IC Purchase | US\$ Sale |
| | US\$ | Nrs. | US\$ | Nrs. | US\$ | Nrs. | US\$ | Nrs. | US\$ | Nrs. | US\$ | Nrs. | | | | |
| August | 275.7 | 26,790.2 | - | - | 275.7 | 26,790.2 | 332.5 | 34,039.0 | - | - | 332.5 | 34,039.0 | 12,116.9 | 200.0 | 20,502.5 | 320.0 |
| September | 195.9 | 18,986.9 | - | - | 195.9 | 18,986.9 | 376.9 | 39,886.6 | - | - | 376.9 | 39,886.6 | 18,189.2 | 300.0 | 14,577.7 | 220.0 |
| October | 330.1 | 26,236.9 | - | - | 330.1 | 26,236.9 | 416.5 | 43,534.9 | - | - | 416.5 | 43,534.9 | 21,992.4 | 360.0 | 3,920.4 | 60.0 |
| November | 294.9 | 28,964.9 | - | - | 294.9 | 28,964.9 | 350.5 | 36,816.6 | - | - | 350.5 | 36,816.6 | 19,659.2 | 320.0 | 10,495.0 | 160.0 |
| December | 309.3 | 30,642.3 | - | - | 309.3 | 30,642.3 | 399.8 | 42,556.2 | - | - | 399.8 | 42,556.2 | 21,053.6 | 340.0 | 22,658.4 | 340.0 |
| January | 253.0 | 25,574.2 | - | - | 253.0 | 25,574.2 | 349.9 | 37,301.5 | - | - | 349.9 | 37,301.5 | 13,923.1 | 220.0 | 18,644.7 | 280.0 |
| February | 246.3 | 24,360.5 | 3.50 | 346.64 | 242.8 | 24,013.9 | 318.0 | 34,486.9 | - | - | 318.0 | 34,486.9 | 22,249.5 | 360.0 | 24,380.4 | 380.0 |
| March | 320.4 | 31,916.1 | - | - | 320.4 | 31,916.1 | 346.3 | 37,711.9 | - | - | 346.3 | 37,711.9 | 16,188.3 | 260.0 | 18,469.1 | 271.0 |
| April | 315.5 | 31,509.9 | 1.20 | 115.55 | 314.3 | 31,394.3 | 406.6 | 43,327.5 | - | - | 406.6 | 43,327.5 | 18,723.1 | 300.0 | 29,611.3 | 450.0 |
| May | 546.4 | 55,403.8 | 2.66 | 269.67 | 543.8 | 55,134.2 | 416.6 | 42,584.4 | - | - | 416.6 | 42,584.4 | 13,888.3 | 220.0 | 21,290.1 | 320.0 |
| June | 539.6 | 55,104.5 | - | - | 539.6 | 55,104.5 | 295.3 | 31,654.4 | - | - | 295.3 | 31,654.4 | 19,177.5 | 300.0 | 21,470.6 | 320.0 |
| July | 416.3 | 42,365.1 | 4.00 | 407.44 | 412.3 | 41,957.7 | 247.0* | 26639.0* | - | - | 247.0* | 26639.0* | 20,395.3 | 320.0 | 18896* | 280* |
| Total | 4,043.3 | 397,855.4 | 11.4 | 1,139.3 | 4,031.9 | 396,716.1 | 4,255.8 | 450,538.9 | - | - | 4,255.8 | 450,538.9 | 217,556.5 | 3,500.0 | 224,916.1 | 3,401.0 |

* Based on July 8, 2016