

Unofficial Translation

Monetary Policy for 2018/19



Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu
July 2018

Monetary Policy for 2018/19

**Delivered by Governor Dr. Chiranjibi Nepal
on 11 July 2018**



Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu



Nepal Rastra Bank

Central Office

Baluwatar, Kathmandu

Nepal

Phone No. :+977-1-4411638

[Website: www.nrb.org.np](http://www.nrb.org.np)

ACRONYMS

BFI	:	Banks and Financial Institutions
BOP	:	Balance of Payments
CCD	:	Credit-to-Core Capital cum Deposit
CIB	:	Credit Information Bureau
CRR	:	Cash Reserve Ratio
GDP	:	Gross Domestic Product
GoN	:	Government of Nepal
IRC	:	Interest Rate Corridor
LIBOR	:	London Interbank Offered Rate
LOI	:	Letter of Intent
LOLR	:	Lender of Last Resort
M2	:	Broad Money Supply
MFI	:	Microfinance Institutions
NFRS	:	Nepal Financial Reporting Standard
NRB	:	Nepal Rastra Bank
OMOs	:	Open Market Operations
PoS	:	Point of Sale
RTGS	:	Real Time Gross Settlement System
SLF	:	Standing Liquidity Facility
SLR	:	Statutory Liquidity Ratio
SMEs	:	Small and Medium Enterprises
USD	:	US Dollar
y-o-y	:	year on year

TABLE OF CONTENTS

Background.....	1
Review of Economic Situation	1
Review of 2017/18 Monetary Policy	2
Review of Credit Programs	4
Financial Sector Strengthening.....	5
Financial Access	6
Monetary Policy Framework for 2018/19.....	6
Monetary Policy Stance.....	6
Monetary Management.....	7
Credit Management	8
Long-Term Interest Rate Management	10
Financial Sector Program for 2018/19	10
Financial Sector Reform.....	10
Regulation.....	12
Regulation of Microfinance Institutions.....	14
Foreign Exchange Management	14
Annex: Projection of Monetary Survey.....	16
Statistical Tables.....	17

Monetary Policy for 2018/19

Background

1. Nepal Rastra Bank (NRB), as mandated by the NRB Act, 2002, has been issuing monetary policy publicly since 2002/03. In addition, the bank releases quarterly and half-yearly review of the policy.
2. Domestic as well as international economic outlook has changed since the release of 2017/18 monetary policy on 9 July 2017.
3. Federal, state and local governments have been formed following the successful completion of elections. The state and local governments, similar to the federal government, have followed the practice of formulating annual budget with estimates of their income and expenditure. As per the provision of the Constitution, the Government of Nepal (GoN) announced its budget for 2018/19 on 29 May 2018. In addition, provincial governments have presented their revenue and expenditure estimates in their respective assemblies as or on 15 June 2018, following the provision of the Intergovernmental Fiscal Arrangement Act, 2017.
4. The domestic economy is on a positive track. This is reflected on an encouraging economic growth in the last two years.
5. Though the global economy is on a cyclical upswing, some countries are facing inflationary pressure. Prices of several international commodities are rising. The monetary policy stances remain mixed at the global level.
6. The monetary policy for 2018/19 has been formulated taking stock of national and international economic outlook, suggestions from the stakeholders and the recently announced budget of the GoN.
7. Now, let me present the review of the economic situation of 2017/18.

Review of Economic Situation

8. Economic growth has gained momentum since 2016/17. The economy is estimated to have grown by 5.9 percent in 2017/18 while such growth was 7.4 percent in 2016/17. Despite a sluggish agricultural growth of 2.8 percent due to the flood in Terai region at the beginning of the fiscal year, the economy achieved an encouraging growth in 2017/18. This level of growth was attained on account of industrial output growth of 8.8 percent and service sector's growth of 6.6 percent. With the improvement in the growth trajectory, the size of the economy has reached Rs. 3 trillion.
9. For the last two years, the ratio of Gross Domestic Savings to Gross Domestic Product (GDP) has been increasing. Such a ratio is estimated to have reached 15.0 percent in 2017/18. Gross national savings to GDP is estimated to stand at 43.9 percent in

2 Nepal Rastra Bank

2017/18. A higher national savings ratio is witnessed mainly due to the remittance inflow. Gross capital formation ratio is estimated to have reached 51.8 percent and resource gap is expected to remain 7.8 percent of GDP. Net export to GDP is estimated to have deteriorated slightly further negative of 36.7 percent in 2017/18.

10. In the last two years, inflation has remained contained. Average consumer price inflation that stood at 4.5 percent in 2016/17 declined to 4.1 percent in eleven months of 2017/18.
11. The recurrent expenditure of the government till 9 July 2018 stood at 84.29 percent of the budget estimates and capital expenditure at 60.55 percent. Altogether, the total expenditure of the government stood at 76.20 percent of the budget estimates as of 9 July 2018. Likewise, revenue mobilization of the government during the period stood at 93.15 percent of the annual target of Rs. 730 billion.
12. In 2017/18, the government mobilized gross domestic debt of Rs. 144.75 billion and made a repayment of Rs. 37.52 billion. Accordingly, the net domestic debt of the government stood at Rs. 107.23 billion in 2017/18, which is 3.6 percent of GDP.
13. Current account deficit amounted to Rs. 209.21 billion, 7.0 percent of GDP, in eleven months of 2017/18. An escalation in import compared to export raised the trade deficit to Rs. 1033.04 billion, which is 34.4 percent of GDP. In the review period, workers' remittances increased 7.3 percent. A modest growth in remittance inflow coupled with mounting trade deficit has resulted in an upsurge of current account deficit. The overall balance of payments that had remained in surplus in 2016/17 by Rs. 82.11 billion turned negative by Rs. 4.34 billion in eleven months of 2017/18. However, the banking sector has sufficient foreign exchange reserve to sustain the prospective import of goods and services for 9.6 months.
14. Nepalese currency vis-à-vis the US dollar depreciated by 6.2 percent as of 10 July 2018 compared to mid-July 2017. The buying rate per US dollar stood at Rs. 109.64 on 10 July 2018. In 2016/17, Nepalese currency had appreciated by 3.8 percent.
15. Now, let me present the review of the 2017/18 monetary policy .

Review of 2017/18 Monetary Policy

16. The y-o-y growth rate of broad money supply (M2) stood at 17.7 percent in mid-June 2018. The projected growth rate of broad money was 18 percent.
17. Domestic credit was projected to grow 27.8 percent in 2017/18. On y-o-y basis, the growth of such credit stood at 28.3 percent in mid-June 2018. Private sector credit growth stood at 21.0 percent (y-o-y) in mid-June 2018. Such credit was projected to

grow by 20.0 percent. During this period, the deposits at BFIs increased by 17.6 percent.

18. As provisioned in the monetary policy of 2017/18, the revised interest rate corridor came into operation in November 2017. The lower and upper bounds of the corridor were fixed at 3 percent and 7 percent respectively.
19. The major purpose of the interest rate corridor is to manage the fluctuations in short-term liquidity and interest rate. After the implementation of the interest rate corridor system, the short-term interest rates have been anchored around the policy rate, which is 5 percent.
20. In mid-June 2018, the weighted average interest rate of the 91-day Treasury bills stood at 4.38 percent and the weighted average inter-bank rate stood at 4.18 percent.
21. Regarding the long-term interest rates, the weighted average deposit rate of the commercial banks stood at 6.61 percent in mid-June 2018. Likewise, the weighted average lending rate increased to 12.42 percent. Accordingly, the spread between deposit and lending rate stood at 5.81 percent.
22. After the implementation of the revised interest rate corridor, the bank injected liquidity of Rs. 69.72 billion at the 5 percent repo rate till 10 July 2018 while it mopped up Rs. 38.15 billion through deposit collection at 3 percent.
23. This bank has been managing liquidity through open market operations such as outright purchase, outright sale, repo and reverse repo, besides the interest rate corridor. Using such instruments, this bank injected Rs. 37.62 billion liquidity in the market and absorbed Rs. 135.50 billion from the market during mid-July 2017 to 10 July 2018. During the period, it has provided standing liquidity facility of Rs. 38.33 billion to the BFIs.
24. This bank has injected a net liquidity of Rs.417.83 billion through the net purchase of USD 4.01 billion from the commercial banks during mid-July 2017 to 10 July 2018. During the period, Indian currency equivalent to Rs. 494.69 billion was purchased through the sale of convertible foreign currencies.
25. Interbank transactions among commercial banks stood at Rs.1150.50 billion from mid-July 2017 to 9 June 2018 and that of other financial institutions (except commercial banks) stood at Rs.48.62 billion.
26. Now, let me present a review of the implementation status of the programs regarding financial sector strengthening and financial access.

Review of Credit Programs

27. Monetary Policy of 2017/18 had directed the commercial banks to allocate minimum 25 percent of total credit to priority sector, which includes a minimum of 10 percent to agriculture, 5 percent to hydropower, 5 percent to tourism and the remaining 5 percent to other designated sectors by mid-July 2018. Under this provision, Rs. 488.68 billion remains outstanding as of mid-June 2018. The credit disbursed by commercial banks to priority sector is 23.6 percent of their total outstanding loan.
28. Under the existing provision, the commercial banks, development banks and finance companies are required to extend minimum of 5 percent, 4.5 percent and 4 percent, respectively, of their total credit to the deprived sector. Up to mid-June 2018, commercial banks have disbursed 5.2 percent of their total credit to the deprived sector while such lending from development banks and finance companies stood at 8.0 percent and 5.0 percent respectively. Altogether, BFIs have disbursed a total of Rs. 129.62 billion to the deprived sector.
29. This bank has made a provision of concessional refinance facility to the BFIs to encourage credit disbursement to the productive sector. Under this facility, a refinance facility of Rs. 10.93 billion including general refinance of Rs. 10.49 billion and export refinance of Rs. 440 million was utilized as of 10 July 2018.
30. In addition, this bank has provided cost free housing refinance to BFIs to disburse loans to earthquake victims. Such loan is to be disbursed to earthquake victims at a maximum rate of 2 percent. A total of Rs. 1.79 billion has been approved and 1011 victims have been benefited from this facility as of 10 July 2018 under this provision.
31. This bank has been implementing the 'Commercial Agriculture and Livestock Credit Program'. Under this program, GoN provides 5 percent subsidy on the interest rate. As of mid-April 2018, 7704 individuals have utilized such loan facility. The outstanding loan under this provision stood at Rs. 8.24 billion and interest subsidy amounted to Rs. 474.5 million as of mid-April 2018. The interest rate on such loan is determined on the basis of base rate.
32. The licensing policy for establishing infrastructure development banks as the specialized institutions for the development and expansion of infrastructures has been formulated as per the provision made in Bank and Financial Institutions Act, 2017. Under this provision, letter of intent (LOI) has been provided to the proposed “Nepal Infrastructure Bank Limited.”

Financial Sector Strengthening

33. In order to consolidate the financial sector, NRB had announced a provision in the monetary policy statement of 2015/16 requiring BFIs to increase their paid up capital. Under such provision, 25 out of 28 commercial banks have met the minimum paid up capital requirement of Rs.8 billion, 2 commercial banks are in the process of complying with the requirement and one commercial bank may not be able to fulfill the requirement. The paid-up capital of 28 commercial banks stands 227.89 billion in mid-June 2018.
34. Most of the development banks and finance companies are in the process of fulfilling the minimum paid up capital requirement. Of 33 development banks, 21 have already met the requirement, 7 are in the process, 4 are given grace period to meet the requirement and 1 is in the resolution process. Of 25 finance companies, 11 have met the requirement, 3 are in the process, 5 have been granted grace period and 1 may not be able to comply with the requirement. Of the remaining 5 companies, 4 are in the resolution process and 1 is in the liquidation stage.
35. The capital increment plan along with the merger and acquisition policy introduced by this bank has induced 162 BFIs to undergo merger and acquisition process. In this process, license of 121 institutions has been revoked thereby forming 41 institutions. There has been a marked decline in the number of BFIs since mid-July 2015 when the policy provision for significant paid-up capital hike was introduced. During the last three years, the number of commercial banks has come down to 28 from 30, development banks to 33 from 76 and finance companies to 25 from 48. Though the number of development banks and finance companies has significantly come down after the introduction of paid-up capital increment plan, the number of commercial banks has not come down as expected.
36. As per the provision of bank deposit guarantee scheme up to Rs. 200 thousand, total deposits of Rs. 410.96 billion maintained at 89 BFIs has been guaranteed as of mid-April 2018. Similarly, Rs. 11.17 billion credit disbursed under micro and deprived sector credit guarantee program, and small and medium enterprise program has been guaranteed.
37. The average non-performing loan (NPL) ratio of the BFIs stood at 1.66 percent in mid-April 2018. Such ratio was 1.56 percent in mid-July 2017.
38. Of the 16 BFIs declared problematic, 2 institutions have been liquidated and 9 have resumed normal operation after undergoing the resolution process. Of the remaining 5

6 Nepal Rastra Bank

institutions as of mid-May 2018, 1 development bank and 4 finance companies are in the resolution process.

Financial Access

39. The number of branches of BFIs stood at 6,418 in mid-June 2018. These include 2,919 branches of commercial banks, 951 of development banks, 183 of finance companies and 2,365 of microfinance institutions. On an average, population served by per branch of BFIs stood at 4490 in mid-June 2018 compared to 5,809 a year ago.
40. Of the total 753 local levels formed in the process of implementing federalism, commercial banks have shown their presence in 556 as of 8 July 2018.
41. As of mid-May 2018, the number of deposit accounts stood at 22.5 million and loan accounts 1.29 million. The number of ATMs reached 2,624. Likewise, the number of mobile banking users reached 4 million and the internet banking users 784 thousand. The number of issued debit card stood at 5.24 million and credit cards 97 thousand.
42. Now, let me present the monetary policy framework for 2018/19.

Monetary Policy Framework for 2018/19

Monetary Policy Stance

43. The monetary policy stance is designed considering the existing situation and outlook of the economy along with priorities, policies and programs of the GoN's Budget for 2018/19.
44. The expansion of aggregate demand from the expenditure of local, state and federal governments in course of achieving the targeted growth rate and the increase in petroleum prices in the international market are likely to exert inflationary pressure. In order to check such pressure arising from the demand side, monetary policy has focused on maintaining monetary aggregates at the desired level.
45. The balance of payments (BOP) is in deficit due to increased imports relative to exports. As increasing trend of import is likely to continue for meeting investment demand required for higher growth, monetary management will also consider the likely impact on external sector stability.
46. The GoN has announced a target growth rate of around 8 percent for 2018/19. The monetary policy will facilitate the achievement of the growth target by channeling resource towards employment promotion and entrepreneurial development. In addition, the monetary policy will focus on maintaining interest rate stability.

47. In order to ensure easy access of all citizens to financial services, priority will be given to financial inclusion and financial literacy and the use of technology in payment system will be encouraged.

Monetary Management

48. Price stability has been the primary objective of monetary policy. The policy aims at containing consumer price inflation within 6.5 percent as stated in the GoN's Budget for 2018/19.
49. Monetary management will be carried out to ensure adequate foreign exchange reserves to cover the prospective import of goods and services at least for 8 months in 2018/19.
50. Monetary management will be carried out to facilitate the economic growth of 8.0 percent targeted by the GoN.
51. The bank has been making projections of monetary aggregates based on the growth of nominal GDP. The maximum growth of M2 is set at 18 percent for 2018/19. The monetary expansion is estimated to be slightly higher than the projected growth rate of nominal GDP so as to support the higher growth target of the government.
52. Domestic credit is projected to grow by 22.5 percent and the private sector credit is projected to grow by maximum 20.0 percent.
53. Monetary management will be carried out on the basis of the macroeconomic situation and outlook while giving continuity to the existing currency peg as the nominal anchor of monetary policy.
54. This bank has been using open market operations (OMOs) as the main instrument of monetary management. OMOs will be conducted on the basis of liquidity in excess of minimum reserves to be kept by the BFIs.
55. The weighted average interbank rate will be used as the operating target of the interest rate corridor (IRC) system.
56. The existing standing liquidity facility (SLF) rate as the upper bound of IRC has been reduced from 7 percent to 6.5 percent and the two-week deposit collection rate as the lower bound has been raised from 3 percent to 3.5 percent. The corridor has been trimmed to minimize the fluctuations in the short-term market interest rate.
57. The provision of taking two-week repo rate as the policy rate has been kept unchanged. Such rate has been fixed at 5 percent. It is expected to help attain stability in the short-term interest rate by anchoring the weighted average interbank rate around the policy rate.

8 Nepal Rastra Bank

58. A provision will be made for all the BFIs to maintain cash reserve ratio (CRR) at 4 percent from 2018/19, down from the existing 6 percent for commercial banks, 5 percent for development banks and 4 percent for finance companies. Such reduction in CRR is expected to release additional liquidity of Rs. 48 billion in the market and lower the base rate of the BFIs.
59. Statutory Liquidity Ratio (SLR) will be reduced from 12 percent to 10 percent for commercial banks, from 9 percent to 8 percent for development banks, and from 8 percent to 7 percent for finance companies.
60. The bank rate, applied for the purpose of lender of last resort (LOLR) facility, has been reduced to 6.5 percent from 7 percent.
61. The refinance rates including general refinance, special refinance and export refinance have been kept unchanged. As such, the general refinance rate of 4 percent and special as well as export refinance rate at 1 percent has been continued. Under this provision, BFIs are allowed to charge a maximum 9 percent interest rate on general refinance and 4.5 percent on special as well as export refinance.
62. The special refinance provided at 1 percent to promote sick industries, cottage and small industries, small businesses run by dalits, indigenous people, differently-abled individuals and deprived communities is kept unchanged. Likewise, the export refinance aimed at encouraging exports is also kept unchanged at the existing rate of LIBOR plus 0.25 percentage points.

Credit Management

63. The demand for bank credit has increased in the last two years due to the improvement in business confidence. On the one hand, demand for credit has increased, while on the other, the balance of payments situation of the country is in deficit. Apart from this, there is a need to increase the loanable fund for attaining higher growth and promote rational allocation of resources for creating an inclusive economy. The credit management programs are supposed to address these issues.
64. BFIs will be allowed to mobilize external borrowing including in Indian currency up to 25 percent of their core capital. This is an extension of the provision introduced by this bank on 3 April 2018, which allows commercial banks to mobilize external loans in convertible foreign currencies up to 25 percent of their core capital.
65. Microfinance institutions will also be allowed to mobilize external borrowing up to 25 percent of their core capital. This is expected to facilitate these institutions in resource mobilization and cost management.

66. A provision will be made for providing hedging facility for the foreign investment in infrastructure projects pooling the investment amount in a separate fund. The fund will help to manage the foreign exchange risk to be borne by foreign investors. This facility is expected to attract foreign investment in large hydropower projects, transmission lines, roads and other infrastructure projects. A separate provision will be made in this regard.
67. The ceiling of personal overdraft loan and revolving type loans extended by the BFIs will be reduced from the existing Rs. 7.5 million to Rs. 5.0 million. Additional policy provision will be introduced to control personal as well as overall overdraft lending of the BFIs.
68. A provision will be made for the commercial banks to extend at least 10 percent of their total credit to agriculture sector and at least 15 percent to energy and tourism sector, making a total of at least 25 percent in the priority sector. Such provision for the development banks and finance companies to extend at least 15 percent and 10 percent respectively of their total credit to priority sector is kept unchanged. Commercial banks will be encouraged to extend credit in the priority sectors in all seven provinces.
69. BFIs will be encouraged to provide credit to small and medium enterprises (SMEs).
70. The limit of the refinance fund, set up for disbursing concessional credit to the priority sectors, will be increased to Rs. 35 billion.
71. A provision will be made to include the loan extended to purchase public vehicles operating from renewable energy under the priority sector lending.
72. The existing provision requiring commercial banks, development banks and finance companies to disburse minimum 5.0 percent, 4.5 percent and 4.0 percent, respectively, of their total credit to the deprived sector has been fixed at minimum 5.0 percent for all three types of institutions.
73. A provision will be made to widen the scope of the deprived sector credit by including the loan under the mortgage of educational certificates, loans extended to the deprived and marginalized sections of the society and students of target group for higher as well as technical and professional education, and loans provided to Dalit communities for operating businesses under group guarantee. GoN has provisioned 5 percent interest subsidy on such loans.
74. A provision will be made to include the loan up to Rs. 1.5 million extended to the projects run by women against group guarantee under deprived sector lending. For the development of women entrepreneurship, GoN has provisioned 6 percent interest subsidy on such loans.

75. The Manual relating to Commercial Farming and Livestock Credit will be amended to encourage investment in agriculture.

Long-Term Interest Rate Management

76. Over the last two years, the interest rate on institutional deposits mobilized through auction has soared mainly due to slower growth of deposits relative to credit demand. As this has exerted high pressure on lending rate, the existing limit for BFIs to accept the fixed deposit up to 20 percent of its total deposit liabilities from a single institution has been reduced to 15 percent. The maximum limit for institutional deposits, however, is kept unchanged at 45 percent of total deposit liabilities.
77. A provision will be made allowing the mobilization of the auction-based institutional fixed deposit at maximum one percentage points above of the published fixed tenure deposit rate.
78. The BFIs will be encouraged to mobilize financial resources through long-term bonds. Resources raised from bond issuance will be taken into account while computing credit to core capital cum deposit (CCD) ratio.
79. Considering the provision in the Financial Sector Development Strategy, commercial banks will be required to maintain a spread rate of 4.5 percent by mid-July 2019. The spread rate will be gradually reduced.
80. Now, let me present the financial sector program for 2018/19.

Financial Sector Program for 2018/19

Financial Sector Reform

81. The process of necessary amendments in Nepal Rastra Bank Act, 2002 and Bank and Financial Institution Act, 2017 will be initiated.
82. Necessary policies related to regulation, inspection and supervision will be formulated for the establishment and operation of infrastructure banks.
83. The existing policy for opening branches of the BFIs will be revised to make the banking services further simplified and accessible. Provision will be made for the BFIs to open branches without pre-approval of this bank in areas outside the metropolitan and sub-metropolitan cities.
84. A provision will be made for the establishment of provincial office of all commercial banks in each province in 2018/19. Such a provision is expected to make banking services simplified and effective in all the provinces and contribute to the expansion of financial access and inclusion.

85. The campaign for opening bank accounts of all Nepali citizens within a year will be implemented effectively in coordination with concerned institutions. Students at high school and university level will be encouraged to open bank accounts. This will be complemented by financial literacy campaigning.
86. This bank has introduced e-mapping portal incorporating various indicators of financial inclusion. It will be upgraded in the form of Financial Inclusion Portal and such portal will be made accessible to the public.
87. A policy provision for upgrading the quality and security features of Nepali currency notes will be made. Moreover, the provision of packeting and bundling the notes using only paper, plastic and rubber laces will be implemented effectively from 2018/19.
88. Coordination will be made to raise the deposit guarantee amount from Rs. 200 thousand kept in saving or fixed accounts of natural individuals to Rs. 300 thousand.
89. Existing policy provision for the establishment of BFIs as well as for setting up the branch and representative offices of foreign banks in Nepal will be reviewed. In addition, necessary provision will be made for the representative offices of the foreign banks to report their financial statements on a regular basis to this bank.
90. In the context of supporting the implementation of federalism through financial access and inclusion, a provision will be made for financial institutions, except operating at the national level, to adjust their area of operations in line with provincial structure. This is expected to expand financial access and inclusion.
91. The process of establishing Real Time Gross Settlement (RTGS) system has already been initiated. Necessary steps will be taken to establish National Payment Switch/Gateway.
92. A provision will be made requiring the payment service providers and payment system operators to get approval from this bank before publishing their annual report from 2018/19 onwards.
93. A policy provision will be made to provide license of payment service provider to the microfinance institutions. Organizational capacity, number of customers, branch network, capital and physical infrastructure will be taken as a basis for providing such license.
94. In the context of the demand for providing stock broker license to commercial banks, a provision will be made for the commercial banks to carry out such transactions through a separate subsidiary company.

12 Nepal Rastra Bank

95. A survey will be conducted to construct the Housing Price Index to reflect the fluctuations of prices in the housing market.
96. The merger and acquisition process will be further encouraged to check the unhealthy competition among commercial banks and further strengthen the financial sector stability.
97. A provision will be made for the BFIs to provide banking training to their assistants to officer level employees. A provision will be made to provide such training within two years of recruitment in order to develop skilled manpower in the banking industry.

Regulation

98. Special provision will be made to identify, regulate and supervise systemically important banks.
99. Financial soundness indicators of the financial system will be developed and published at a regular interval.
100. A provision for branch audit will be made for the big branches of commercial banks identified on the basis of the size of deposit liability, loans and advances, and assets.
101. A provision will be made whereby BFIs are not required to make a margin call when the value of shares pledged as collateral for margin lending declines by less than 20 percent.
102. The existing provision for allowing BFIs to extend margin lending against the collateral of shares up to 40 percent of the core capital will be reduced to 25 percent of core capital.
103. All commercial banks are required to arrange for institutional rating from 2018/19. Such a rating can be done from national or international credit rating agencies. In addition, commercial banks are required to use the credit rating of the borrower as a basis for credit disbursement and renewal for the loans exceeding Rs. 500 million.
104. Development banks and finance companies will be required to prepare their financial statements as per the Nepal Financial Reporting Standard (NFRS).
105. In the context of Nepalese banks establishing their representative offices outside Nepal and foreign banks in Nepal, the policy of signing memorandum of understanding (MOU) with the concerned regulatory authority for cross-border supervision will be continued.
106. Necessary coordination will be made to carry out the revenue collection and expenditure mobilization of GoN through electronic payment system.

107. For promoting transparency, the provision of exchanging information will be made more effective through better coordination among concerned agencies regarding the financial statement submitted by the business houses at the tax office and at the BFIs.
108. While making initial disbursement or renewal of loans to firms and companies, a provision will be made requiring borrowers submit tax payment certificate to BFIs, in addition to other documents prescribed by the bank.
109. While making a transaction through an ATM or PoS Machine, if an amount is deducted without successful completion of the transaction, the amount should be refunded within a stipulated period of time. Upon failing to do so, the BFIs will have to pay interest on such deducted amount.
110. For minimizing cyber crime arising from online banking transactions and promoting cyber security, a provision for the mandatory audit of Information Technology System of all commercial banks will be made.
111. Cooperative institutions licensed by this bank to conduct limited banking transactions will be withdrawn from the regulatory and supervisory ambit of this bank effective from 17 July 2018.
112. Collateral valuation guidelines will be issued in order to bring uniformity in the valuation while disbursing loans against the collateral of fixed assets or land and building.
113. A mandatory provision will be made for the commercial banks to submit an annual plan regarding deposit liability and loan and advances after approving it from the board of directors to the Bank Supervision Department of this bank within the mid-August of each year. The plan will be taken as a basis for monitoring during supervision.
114. A provision for independent verification of the statements regarding current assets and liabilities of borrowers will be made during the approval and renewal of commercial overdraft loan facility of more than Rs. 250 million.
115. A directive was issued requiring commercial banks to open branches in 243 local levels by mid-May 2018 and additional 116 local levels by mid-July 2018. A relaxation has been made whereby banks are not required to maintain the CRR and SLR ratios based on the deposit liabilities of those branches for the next three years.
116. A provision will be made whereby the licensed institutions will have to use the amount allocated for educating board of directors and enhancing capacity of the staff for the same purpose. However, any unspent amount will have to be appropriated to a specific fund and spent for the specified purposes.

14 Nepal Rastra Bank

117. While handling the complaints and grievances related to the BFIs registered at the secretariat of the Grievance Management Committee of this bank, a provision will be made for the participation of a representative from the concerned association of the BFIs.
118. The Supervisory Information System that is being developed to obtain online data from the BFIs through one window system will be extended to incorporate financial statements based on NFRS.

Regulation of Microfinance Institutions

119. Microfinance institutions will be required to compulsorily register in the network of Credit Information Bureau (CIB). An additional loan loss provision of 2 percentage points will be made on the loans that are not reported to the CIB.
120. Necessary provision will be made to avoid the duplicity regarding the use of credit and other services from Poverty Alleviation Fund, Rural Self Reliance Fund and Youth Self-Employment Fund.
121. Provision regarding the single obligor limit will be made for the loans extended on the basis of group guarantee from micro finance institutions.
122. The policy of deferring the license to the microfinance institutions has been kept unchanged.
123. Necessary policy will be formulated regarding the merger and acquisition of the microfinance institutions among themselves.
124. Provision will be made for offices of the micro finance institutions operating at the village councils for extending loans up to Rs. 1 million to the persons on group or individual guarantee for operating micro enterprises by taking acceptable mortgages.
125. Provision will be made to record the transaction between the parent company and the micro finance institution established as a subsidiary of the parent company under related party transactions.
126. Provision will be made for the microfinance institutions allowing them to determine the lending rate by adding 6 percentage points to their cost of funds in addition to their administrative cost.

Foreign Exchange Management

127. Import exceeding USD 40,000 from third countries will have to be carried out through the letter of credit.

128. Import of goods from India exceeding INR 50 million will have to be carried out through the letter of credit.
129. Foreign exchange facility up to USD 1000 will be provided to travelers traveling abroad based on travel document issued by the GoN in line with the exchange facility provided to passport holders travelling abroad through the land route.
130. Government agencies operating development projects for GoN shall not be required to take an approval from this bank to open letter of credit for the purchase of the approved services.
131. The term of foreign currency loan extended by commercial banks to import industrial raw materials will be extended from 90 days to 180 days.
132. Nepali commercial banks will be allowed to act as an agent for managing trilateral agreement, manage Escrow account and provide custodian services to foreign investors making a loan investment in various projects in Nepal. This will facilitate foreign investors whereby they can allow Nepali commercial banks to work as an agent for recovery of loan and interest and auctioning of the collateral of defaulted borrowers.
133. A provision will be made whereby foreign investors investing in specified industries and projects can borrow at local currency against the collateral of their foreign currency deposits at Nepali commercial banks.
134. Nepali commercial banks will be allowed to execute confirmation of the letter of credit for the correspondent banking and trade finance services against the collateral of the foreign currency deposits kept by these banks at domestic as well as foreign correspondent banks.
135. A provision will be made whereby goods from third countries could be exported to countries other than Nepal as per international rules and norms through the letter of credit on the basis of the advance payments received from the importer abroad.
136. In order to ease the supply of gold to bullion traders, a provision will be made to allow the commercial banks to import gold at any time or at once during the month based on the existing approved daily quota for the month.
137. Considering it as deemed exports, gold shall be provided to the bullion dealers if they sell, with a license from this bank, gold ornaments to foreigners, non-resident Nepali and officials of diplomatic missions in foreign currencies.
138. A provision of exchange facility through commercial banks will be made for the payments to the project developers and consultants of the selected projects identified as projects of national importance by the Investment Board of Nepal. Such claims should

be accompanied with the confirmation of work completion and request for exchange facility by the concerned authority. A notification of the exchange facility provided should be forwarded to this bank by the commercial banks.

Finally,

139. National macroeconomic indicators such as economic growth and inflation are in expected direction. However, increasing imports pose a challenge to external sector stability. In this context, implementation of this monetary policy in line with the budget of the GoN is expected to safeguard macroeconomic and financial stability, widen financial inclusion and achieve targeted economic growth.
140. NRB would like to thank the GoN and its various agencies, BFIs, professional associations of industrial and commercial sectors, donor agencies, academicians and all others for their cooperation in formulating this policy for 2018/19. NRB expects continuous cooperation from all the stakeholders in implementing policy programs as envisioned in this statement.

Appendix
Projection of Monetary Survey

Rs. in million

Monetary aggregates	2016 Jul	2017 Jul	2018 Jul ^E	2019 Jul ^{Proj}	Annual Change					
					2016/17		2017/18		2018/19	
					Amount	Percent	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	955980.8	1014634.9	1042761.0	1056761.0	82106.2 ^{/1}	8.6	-8000.0 ^{/2}	-0.8	14000.0	1.3
1.1. Foreign Assets	1069789.5	1107823.5	1127978.5	1139031.5	38034.0	3.6	20154.9	1.8	11053.0	1.0
1.2. Foreign Liabilities	113808.7	93188.6	85217.4	82270.4	-20620.1	-18.1	-44097.2	-47.3	-2947.0	-3.5
a. Deposits	109383.4	90339.6	83302.5	80947.4	-19043.8	-17.4	-7037.1	-7.8	-2355.1	-2.8
b. Others	4425.3	2849.0	1914.9	1323.0	-1576.3	-35.6	-934.1	-32.8	-591.9	-30.9
2. Net Domestic Assets	1288597.7	1577067.1	2015447.4	2551924.9	265017.3 ^{/1}	20.6	474506.4 ^{/2}	30.1	536477.5	26.6
2.1. Domestic Credit	1805736.0	2177792.0	2825996.5	3461479.8	372056.1	20.6	648204.5	29.8	635483.2	22.5
a. Net Claims on Government	87759.4	149489.0	371071.0	516154.4	61729.6	70.3	221581.9	148.2	145083.5	39.1
Claims on Government	202777.8	255761.1	371071.0	516154.4	52983.3	26.1	115309.9	45.1	145083.5	39.1
Government Deposits	115018.5	106272.1	0.0	0.0	-8746.4	-7.6	-106272.1	-100.0	0.0	0.0
b. Claims on Non-Financial Government Enterprises	8227.0	9225.9	10053.4	10554.5	998.9	12.1	827.5	9.0	501.1	5.0
c. Claims on Financial Institutions	17443.6	21917.1	28477.2	36190.0	4473.6	25.6	6560.1	29.9	7712.8	27.1
Government	3414.3	4286.2	3800.3	4114.9	871.9	25.5	-485.9	-11.3	314.6	8.3
Non-government	14029.3	17630.9	24676.9	32075.2	3601.7	25.7	7046.0	40.0	7398.3	30.0
d. Claims on Private Sector	1692306.1	1997160.0	2416395.0	2898580.8	304853.9	18.0	419235.0	21.0	482185.8	20.0
2.2. Net Non-monetary Liabilities	517138.3	600724.94	810549.18	909554.88	107038.8 ^{/1}	20.70	173698.1 ^{/2}	28.9	99005.7	12.2
3. Broad Money (M2)	2244578.5	2591702.0	3058208.4	3608685.9	347123.5	15.5	466506.4	18.0	550477.5	18.0
3.1. Money Supply (M1+)	1634481.7	1623172.5	1796877.8	2022706.9	-11309.2	-0.7	173705.3	10.7	225829.0	12.6
a. Money Supply (M1)	503287.1	569402.4	637730.7	724462.1	66115.4	13.1	68328.3	12.0	86731.4	13.6
Currency	327482.7	361745.9	414199.1	455619.0	34263.2	10.5	52453.2	14.5	41419.9	10.0
Demand Deposits	175804.4	207656.4	223531.6	268843.1	31852.0	18.1	15875.2	7.6	45311.5	20.3
b. Saving and Call Deposits	1131194.6	1053770.1	1159147.1	1298244.8	-77424.5	-6.8	105377.0	10.0	139097.7	12.0
3.2. Time Deposits	610096.8	968529.5	1261330.6	1585979.0	358432.7	58.8	292801.1	30.2	324648.5	25.7
4. Broad Money Liquidity (M3)	2353961.9	2682041.6	3141510.9	3689633.3	328079.7	13.9	459469.3	17.1	548122.4	17.4

E=Estimated, Proj= Projection

/1 Adjusting the exchange valuation loss of Rs. 23452.1 million

/2 Adjusting the exchange valuation gain of Rs. 36126.1 million

List of Statistical Tables

Table 1	Gross Domestic Product (at 2000/01 Prices)
Table 2	Gross Domestic Product (at Current Prices)
Table 3	Gross National Income and Saving (at current Prices)
Table 4	National Consumer Price Index (2014/15=100)
Table 5	Monetary Survey
Table 6	Monetary Survey (y-o-y)
Table 7	Structure of Interest Rates
Table 8	Outright Sale and Purchase Auction
Table 9	Repo and Reverse Repo Auction
Table 10	Deposit Collection Auction (90 Days)
Table 11	Interest Rate Corridor
Table 12	Government Budgetary Operation
Table 13	Outstanding Domestic Debt of the GoN
Table 14	Net Domestic Borrowing of the GoN
Table 15	Direction of Foreign Trade
Table 16	Summary of BOP
Table 17	Gross Foreign Assets of the Banking Sector
Table 18	Purchase/Sale of Foreign Currency

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

Sectors	Rs. in million						Percentage Change				
	2012/13	2013/14	2014/15	2015/16	2016/17R	2017/18P	2013/14	2014/15	2015/16	2016/17R	2017/18P
Agriculture	227,193.4	237,521.9	240,137.9	240,681.3	253,197.1	260,330.1	4.5	1.1	0.2	5.2	2.8
Agriculture and Forestry	223,310.2	233,448.2	235,775.5	235,806.0	247,931.0	254,673.1	4.5	1.0	0.0	5.1	2.7
Fishery	3,883.2	4,073.7	4,362.5	4,875.3	5,266.2	5,657.1	4.9	7.1	11.8	8.0	7.4
Non-Agriculture	437,496.1	465,534.6	483,655.3	485,494.7	526,738.0	564,158.6	6.4	3.9	0.4	8.5	7.1
Industry	100,733.4	107,840.1	109,398.6	102,437.4	115,147.9	125,305.2	7.1	1.4	-6.4	12.4	8.8
Mining and Quarrying	2,824.6	3,159.4	3,233.3	3,143.0	3,574.7	3,948.7	11.9	2.3	-2.8	13.7	10.5
Manufacturing	45,058.9	47,888.4	48,067.7	44,222.9	48,510.4	52,408.4	6.3	0.4	-8.0	9.7	8.0
Electricity, Gas and Water	14,730.6	15,212.7	15,331.2	14,167.9	17,075.4	18,069.7	3.3	0.8	-7.6	20.5	5.8
Construction	38,119.2	41,579.7	42,766.4	40,903.6	45,987.4	50,878.4	9.1	2.9	-4.4	12.4	10.6
Services	336,762.7	357,694.5	374,256.7	383,057.3	411,590.1	438,853.4	6.2	4.6	2.4	7.4	6.6
Wholesale and Retail Trade	84,693.3	93,918.0	96,190.9	94,109.7	103,152.4	112,493.4	10.9	2.4	-2.2	9.6	9.1
Hotels and Restaurants	11,605.2	12,391.2	12,803.5	11,563.8	12,411.8	13,624.1	6.8	3.3	-9.7	7.3	9.8
Transport, Storage and Communications	66,915.4	70,420.4	74,806.5	76,314.0	81,384.0	85,785.2	5.2	6.2	2.0	6.6	5.4
Financial Intermediation	26,825.0	27,817.5	28,626.5	31,074.9	33,900.5	36,064.0	3.7	2.9	8.6	9.1	6.4
Real Estate, Renting and Business	52,960.6	54,889.2	55,313.4	57,373.1	60,628.9	63,808.8	3.6	0.8	3.7	5.7	5.2
Public Administration and Defence	11,822.2	12,418.4	13,516.0	13,857.2	15,113.2	16,559.8	5.0	8.8	2.5	9.1	9.6
Education	44,504.8	46,646.0	49,020.9	52,612.6	56,058.7	58,764.4	4.8	5.1	7.3	6.5	4.8
Health and Social Work	10,020.7	10,471.6	11,662.3	12,040.9	12,924.6	13,741.3	4.5	11.4	3.2	7.3	6.3
Other Community, Social and Personal Service	27,415.6	28,722.1	32,316.8	34,111.0	36,016.0	38,012.6	4.8	12.5	5.6	5.6	5.5
Total GVA including FISIM	664,689.5	703,056.5	723,793.3	726,176.0	779,935.1	824,488.8	5.8	2.9	0.3	7.4	5.7
Financial Intermediation Indirectly Measured (FISIM)	26,918.6	28,829.8	29,523.9	30,488.3	32,828.1	33,344.6	7.1	2.4	3.3	7.7	1.6
GDP at basic prices	637,770.9	674,226.7	694,269.4	695,687.7	747,107.0	791,144.2	5.7	3.0	0.2	7.4	5.9
Taxes less subsidies on products	60,183.3	65,527.7	70,066.3	73,147.4	82,510.3	90,654.1	8.9	6.9	4.4	12.8	9.9
GDP at producers price	697,954.2	739,754.4	764,335.7	768,835.2	829,617.3	881,798.3	6.0	3.3	0.6	7.9	6.3

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				
	2012/13	2013/14	2014/15	2015/16	2016/17R	2017/18P	2013/14	2014/15	2015/16	2016/17R	2017/18P
Agriculture	534,514.8	594,610.1	625,900.7	656,779.0	693,438.6	750,760.4	11.2	5.3	4.9	5.6	8.3
Agriculture and Forestry	527,868.8	585,951.1	616,572.4	645,697.3	681,061.5	737,322.3	11.0	5.2	4.7	5.5	8.3
Fishery	6,646.0	8,659.0	9,328.3	11,081.7	12,377.1	13,438.1	30.3	7.7	18.8	11.7	8.6
Non-Agriculture	1,045,911.5	1,227,562.7	1,345,804.9	1,420,874.1	1,717,592.1	1,969,961.5	17.4	9.6	5.6	20.9	14.7
Industry	239,922.2	271,724.3	292,195.2	295,095.3	354,017.0	402,605.7	13.3	7.5	1.0	20.0	13.7
Mining and Quarrying	9,568.8	11,003.1	11,874.9	11,630.1	14,232.7	16,872.3	15.0	7.9	-2.1	22.4	18.5
Manufacturing	100,312.4	112,995.4	118,979.8	120,967.0	133,861.8	146,589.1	12.6	5.3	1.7	10.7	9.5
Electricity, Gas and Water	20,553.5	21,362.3	22,051.4	21,180.3	30,623.0	32,407.4	3.9	3.2	-4.0	44.6	5.8
Construction	109,487.6	126,363.5	139,289.1	141,317.8	175,299.5	206,736.9	15.4	10.2	1.5	24.0	17.9
Services	805,989.3	955,838.3	1,053,609.7	1,125,778.9	1,363,575.1	1,567,355.8	18.6	10.2	6.8	21.1	14.9
Wholesale and Retail Trade	229,871.5	271,573.4	289,566.4	293,247.5	323,827.4	360,769.2	18.1	6.6	1.3	10.4	11.4
Hotels and Restaurants	29,886.3	35,309.4	40,479.4	41,458.6	47,727.7	55,679.0	18.1	14.6	2.4	15.1	16.7
Transport, Storage and Communications	140,735.4	155,764.9	164,976.1	167,404.5	178,296.3	216,890.6	10.7	5.9	1.5	6.5	21.6
Financial Intermediation	62,183.3	79,362.7	91,406.1	107,758.4	135,374.6	172,294.4	27.6	15.2	17.9	25.6	27.3
Real Estate, Renting and Business	139,157.2	152,984.0	166,946.9	191,325.0	267,392.3	309,360.2	9.9	9.1	14.6	39.8	15.7
Public Administration and Defence	32,236.4	44,324.0	51,421.5	52,719.7	71,421.0	78,252.4	37.5	16.0	2.5	35.5	9.6
Education	91,565.8	115,253.5	129,363.2	141,612.8	173,588.8	195,089.7	25.9	12.2	9.5	22.6	12.4
Health and Social Work	22,326.9	27,725.2	32,929.4	33,707.6	42,174.3	45,723.8	24.2	18.8	2.4	25.1	8.4
Other Community, Social and Personal Service	58,026.5	73,541.3	86,520.7	96,544.6	123,772.7	133,296.4	26.7	17.6	11.6	28.2	7.7
Total GVA including FISIM	1,580,426.3	1,822,172.8	1,971,705.6	2,077,653.1	2,411,030.8	2,720,721.8	15.3	8.2	5.4	16.0	12.8
Financial Intermediation Indirectly Measured (FISIM)	55,204.9	63,434.7	72,616.4	84,092.8	103,445.3	119,782.9	14.9	14.5	15.8	23.0	15.8
GDP at basic prices	1,525,221.4	1,758,738.0	1,899,089.2	1,993,560.3	2,307,585.5	2,600,938.9	15.3	8.0	5.0	15.8	12.7
Taxes less subsidies on products	169,789.7	205,801.5	231,060.4	259,602.8	335,009.8	406,307.3	21.2	12.3	12.4	29.0	21.3
GDP at producers price	1,695,011.1	1,964,539.6	2,130,149.6	2,253,163.1	2,642,595.3	3,007,246.2	15.9	8.4	5.8	17.3	13.8

R= Revised Estimate

P= Preliminary Estimate

Source: Central Bureau of Statistics

Table 3
Gross National Income and Saving
(At Current Prices)

Sectors	Rs. In million						Percent of GDP		
	2012/13	2013/14	2014/15	2015/16	2016/17R	2017/18P	2015/16	2016/17R	2017/18P
Consumption	1,516,128.9	1,730,312.2	1,934,046.2	2,161,519.3	2,326,850.8	2,555,904.4	95.9	88.1	85.0
<i>Government consumption</i>	168,406.9	201,914.9	232,532.2	259,703.7	299,852.1	351,264.4	11.5	11.3	11.7
<i>Private consumption</i>	1,318,561.3	1,493,375.3	1,662,961.8	1,861,156.8	1,980,462.2	2,154,072.5	82.6	74.9	71.6
<i>Nonprofit institutions serving households</i>	29,160.7	35,022.0	38,552.2	40,658.7	46,536.5	50,567.5	1.8	1.8	1.7
Gross Capital Formation	632,601.2	808,757.9	831,982.6	763,416.4	1,208,671.5	1,556,430.3	33.9	45.7	51.8
Gross Fixed Capital Formation	382,971.8	462,013.4	595,822.6	647,293.9	840,692.7	1,025,647.6	28.7	31.8	34.1
Government	75,385.6	94,979.2	110,254.1	160,502.2	169,542.7	233,647.1	7.1	6.4	7.8
Private	307,586.2	367,034.1	485,568.5	486,791.7	671,150.1	792,000.5	21.6	25.4	26.3
<i>Change in Stock</i>	249,629.3	346,744.5	236,160.0	116,122.6	367,978.8	530,782.7	5.2	13.9	17.7
Total Domestic Demand	2,148,730.1	2,539,070.1	2,766,028.8	2,924,935.7	3,535,522.3	4,112,334.7	129.8	133.8	136.7
<i>Export of goods and services</i>	181,180.3	226,021.8	247,564.7	213,338.5	240,392.4	264,235.1	9.5	9.1	8.8
<i>Import of goods and services</i>	634,899.3	800,552.3	883,443.9	885,111.1	1,133,319.3	1,369,323.6	39.3	42.9	45.5
Net Export of Goods and Services	(453,719.0)	(574,530.5)	(635,879.2)	(671,772.6)	(892,926.9)	(1,105,088.5)	-29.8	-33.8	-36.7
Gross Domestic Product (GDP)	1,695,011.1	1,964,539.6	2,130,149.6	2,253,163.1	2,642,595.3	3,007,246.2	100.0	100.0	100.0
Net Factor Income	13,078.8	32,751.7	34,242.5	34,004.3	30,995.1	24,184.0	1.5	1.2	0.8
Gross National Income (GNI)	1,708,089.9	1,997,291.3	2,164,392.1	2,287,167.4	2,673,590.4	3,031,430.3	101.5	101.2	100.8
Net Transfer	497,700.6	631,500.3	709,956.5	778,186.8	851,801.3	845,838.6	34.5	32.2	28.1
Gross National Disposable Income (GNDI)	2,205,790.5	2,628,791.6	2,874,348.6	3,065,354.2	3,525,391.7	3,877,268.9	136.0	133.4	128.9
Gross Domestic Saving	178,882.2	234,227.4	196,103.4	91,643.8	315,744.6	451,341.8	4.1	11.9	15.0
Gross National Saving	689,661.6	898,479.4	940,302.4	903,834.9	1,198,540.9	1,321,364.5	40.1	45.4	43.9

R= Revised Estimate

P= Preliminary Estimate

Source: Central Bureau of Statistics

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

Mid- month	2014/15		2015/16		2016/17		2017/18	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
August	99.6	7.5	106.5	6.9	115.7	8.6	118.3	2.3
September	99.9	7.6	107.1	7.2	115.5	7.9	119.4	3.39
October	100.2	7.5	108.4	8.2	115.7	6.7	119.2	3.1
November	100.4	7.2	110.9	10.4	116.1	4.8	120.6	3.9
December	99.4	7.0	110.9	11.6	115.1	3.8	119.9	4.2
January	98.6	6.8	110.5	12.1	113.9	3.2	118.5	4.0
February	98.7	7.0	109.8	11.3	113.4	3.3	119.0	5.0
March	99.1	7.0	109.2	10.2	112.4	2.9	119.1	6.0
April	99.7	6.9	109.4	9.7	113.5	3.8	119.5	5.3
May	101.3	7.1	111.5	10.0	115.2	3.4	120.0	4.1
June	101.2	7.4	112.4	11.1	115.6	2.8	120.3	4.1
July	102.2	7.6	112.9	10.4	115.9	2.7		
Average	100.0	7.2	109.9	9.9	114.8	4.5	119.5	4.1

* Average of eleven months.

Table 5
Monetary Survey

(Rs. in million)

Monetary Aggregates	2016 Jul	2017 Jun	2017 Jul (R)	2018 Jun (P)	Changes during eleven months			
					2016/17		2017/18	
					Amount	Percent	Amount	Percent
1. Foreign Assets, Net	955980.9	1004576.1	1014634.9	1046424.4	74229.6 ^{1/}	7.8	-4336.6 ^{2/}	-0.4
1.1 Foreign Assets	1069789.5	1099394.4	1107823.5	1126057.6	29604.9	2.8	18234.1	1.6
1.2 Foreign Liabilities	113808.7	94818.3	93188.6	79633.2	-18990.4	-16.7	-13555.5	-14.5
a. Deposits	109383.4	91440.8	90339.6	77371.9	-17942.6	-16.4	-12967.7	-14.4
b. Other	4425.2	3377.5	2849.0	2261.3	-1047.8	-23.7	-587.8	-20.6
2. Net Domestic Assets	1288597.7	1500052.7	1577067.1	1900793.9	185820.6 ^{1/}	14.4	359852.9 ^{2/}	22.8
2.1 Domestic Credit	1805736.0	2009866.8	2177792.0	2578215.4	204130.8	11.3	400423.4	18.4
a. Net Claims on Government	87759.4	-19120.5	149489.0	122586.4	-106879.9	-121.8	-26902.6	-18.0
Claims on Government	202777.8	249952.5	255761.1	371071.0	47174.6	23.3	115309.9	45.1
Government Deposits	115018.5	269073.0	106272.1	248484.6	154054.5	133.9	142212.5	133.8
b. Claims on Non-Financial Government Enterprises	8227.0	8316.5	9225.9	10047.5	89.5	1.1	821.6	8.9
c. Claims on Financial Institutions	17443.6	22536.6	21917.1	28349.8	5093.0	29.2	6432.7	29.4
Government	3414.3	4486.2	4286.2	3833.3	1071.9	31.4	-453.0	-10.6
Non-Government	14029.3	18050.4	17630.9	24516.6	4021.1	28.7	6885.7	39.1
d. Claims on Private Sector	1692306.1	1998134.3	1997160.0	2417231.7	305828.2	18.1	420071.7	21.0
2.2 Net Non-Monetary Liabilities	517138.3	509814.1	600724.9	677421.5	18310.2 ^{1/}	3.5	40570.4 ^{2/}	6.8
3. Broad Money (M2)	2244578.6	2504628.8	2591702.0	2947218.4	260050.2	11.6	355516.4	13.7
3.1 Money Supply (a+b), M1+	1634481.7	1567395.8	1623172.5	1766803.6	-67085.9	-4.1	143631.2	8.8
a. Money Supply (M1)	503287.1	537969.4	569402.4	621392.6	34682.3	6.9	51990.2	9.1
Currency	327482.7	351955.9	361745.9	404471.4	24473.2	7.5	42725.4	11.8
Demand Deposits	175804.4	186013.6	207656.4	216921.2	10209.1	5.8	9264.8	4.5
b. Saving and Call Deposits	1131194.6	1029426.5	1053770.1	1145411.1	-101768.2	-9.0	91641.0	8.7
3.2 Time Deposits	610096.8	937233.0	968529.5	1180414.7	327136.1	53.6	211885.2	21.9
4. Broad Money Liquidity (M3)	2353962.0	2596069.6	2682041.6	3024590.2	242107.7	10.3	342548.7	12.8

1/ Adjusting the exchange valuation gain (+)/loss (-) of Rs. -25634.4 million

2/ Adjusting the exchange valuation gain (+)/loss (-) of Rs. 36126.1 million

R= Revised, P = Provisional

Table 6
Monetary Survey
(Year on Year)

(Rs. in million)

Monetary aggregates	2016 Jun	2017 Jun	2018 Jun (P)	Changes			
				2016/17		2017/18	
				Amount	Percent	Amount	Percent
1. Foreign Assets, Net	939742.4	1004576.1	1046424.4	64833.7	6.9	41848.3	4.2
1.1 Foreign Assets	1051656.7	1099394.4	1126057.6	47737.7	4.5	26663.2	2.4
1.2 Foreign Liabilities	111914.2	94818.3	79633.2	-17095.9	-15.3	-15185.1	-16.0
a. Deposits	106851.3	91440.8	77371.9	-15410.5	-14.4	-14069.0	-15.4
b. Other	5062.9	3377.5	2261.3	-1685.4	-33.3	-1116.2	-33.0
2. Net Domestic Assets	1203937.4	1500052.7	1900793.9	296115.2	24.6	400741.2	26.7
2.1 Domestic Credit	1662752.0	2009866.8	2578215.4	347114.8	20.9	568348.6	28.3
a. Net Claims on Government	-6032.3	-19120.5	122586.4	-13088.3	217.0	141,706.9	-741.1
Claims on Government	211433.4	249952.5	371071.0	38519.0	18.2	121118.5	48.5
Government Deposits	217465.7	269073.0	248484.6	51607.3	23.7	-20588.4	-7.7
b. Claims on Non-Financial Government Enterprises	9290.0	8316.5	10047.5	-973.6	-10.5	1731.0	20.8
c. Claims on Financial Institutions	18881.1	22536.6	28349.8	3655.5	19.4	5813.3	25.8
Government	3413.9	4486.2	3833.3	1072.3	31.4	-653.0	-14.6
Non-Government	15467.1	18050.4	24516.6	2583.2	16.7	6466.2	35.8
d. Claims on Private Sector	1640613.2	1998134.3	2417231.7	357521.1	21.8	419097.4	21.0
2.2 Net Non-Monetary Liabilities	458814.6	509814.1	677421.5	50999.6	11.1	167607.4	32.9
3. Broad Money (M2)	2143679.9	2504628.8	2947218.4	360948.9	16.8	442589.5	17.7
3.1 Money Supply (a + b), M1+	1568417.1	1567395.8	1766803.6	-1021.2	-0.1	199407.8	12.7
a. Money Supply (M1)	473190.7	537969.4	621392.6	64778.7	13.7	83423.2	15.5
Currency	316515.2	351955.9	404471.4	35440.7	11.2	52515.5	14.9
Demand Deposits	156675.5	186013.6	216921.2	29338.1	18.7	30907.7	16.6
b. Saving and Call Deposits	1095226.4	1029426.5	1145411.1	-65800.0	-6.0	115984.6	11.3
3.2 Time Deposits	575262.8	937233.0	1180414.7	361970.1	62.9	243181.7	25.9
4. Broad Money Liquidity (M3)	2250531.2	2596069.6	3024590.2	345538.4	15.4	428520.6	16.5

P = Provisional

Table 7
Structure of Interest Rate
(Percent per annum)

Year	2015 Jul	2016 Jul	2017 Jun	2017 Jul	2017 Oct	2018 Jan	2018 Apr	2018 Jun
A. Policy Rates								
Fixed Repo Rate (Corridor)				5.0	5.0	5.0	5.0	5.0
Fixed Deposit Collection Rate (Corridor)				3.0	3.0	3.0	3.0	3.0
Standing Liquidity Facility (SLF) Rate [^]	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bank Rate	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
B. Refinance Rates								
Special Refinance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Refinance	4.0	4.0	4.0	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	LIBOR+0.25	LIBOR+0.25
C. CRR								
Commercial Banks	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Development Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Finance Companies	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
D. Government Securities								
T-bills (28 days)*	-	-	-	-	1.11	4.28	4.69	4.55
T-bills (91 days)*	0.17	0.05	1.03	0.71	1.18	5.82	4.98	4.38
T-bills (182 days)*	0.56	0.33	2.02	1.71	1.77	5.02	5.08	4.92
T-bills (364 days)*	0.76	0.72	2.10	-	2.05	5.76	5.20	4.83
Development Bonds	2.65-9.5	2.65-9.0	2.65-9.0	2.65-9.0	2.65-6.5	2.65-6.5	2.65-6.5	2.65-6.5
National/Citizen SCs	6.0-10.0	6.0-10.0	6.0-10.0	6.0-10.0	6.0-9.5	6.0-8.5	6.0-8.5	6.0-8.5
E. Interbank Rate (Commercial Banks)	1.01	0.69	2.46	0.64	1.13	4.40	4.12	4.18
F. Weighted Average Deposit Rate (Commercial Banks)	3.94	3.28	5.91	6.15	6.17	6.21	6.64	6.61
G. Weighted Average Lending Rate (Commercial Banks)	9.62	8.86	11.29	11.33	11.10	11.79	12.10	12.42
H. Base Rate (Commercial Banks)\$	7.88	6.54	9.40	9.89	10.08	9.94	10.40	10.41

[^] The SLF rate is fixed as same as bank rate effective from August 16, 2012

* Weighted average interest rate.

\$ Base rate has been compiled since January 2013

Table 8
Outright Sale and Purchase Auction

(Rs. in million)

Mid-month	Outright Sale Auction						Outright Purchase Auction					
	2015/16		2016/17		2017/18**		2015/16		2016/17		2017/18**	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	5,900.0	1.06	-	-	-	-	-	-	-	-	-	-
September	3,200.0	2.88	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-
January	-	-	-	-	-	-	-	-	-	-	25,277.2	3.56
February	-	-	-	-	-	-	-	-	9,167.5	3.84	11,067.8	3.44
March	-	-	-	-	-	-	-	-	18,620.3	0.75	750.0	3.90
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	525.0	4.30
June	-	-	-	-	5,000.0	4.61	-	-	-	-	-	-
July	-	-	-	-	3,400.0	3.29	-	-	-	-	-	-
Total	9,100.0	1.70			8,400.0				27,787.8	1.77	37,620.0	

*Weighted average interest rate.

** Based on data upto 2075/03/26.

Table 9
Repo and Reverse Repo Auction

(Rs. in million)

Mid-month	Repo Auction (7-Days)						Reverse Repo Auction					
	2015/16		2016/17		2017/18**		2015/16		2016/17		2017/18**	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-	-	-	13,000.0	0.72	27,450.0	0.43	45,750.0	0.34
September	-	-	-	-	-	-	8,300.0	1.30	26,100.0	2.49	24,000.0	0.37
October	-	-	10,000.0	3.06	-	-	35,000.0	0.22	5,200.0	2.45	5,000.0	0.43
November	-	-	-	-	-	-	20,000.0	0.21	2,000.0	2.41	10,000.0	0.41
December	-	-	-	-	-	-	9,000.0	0.13	2,000.0	2.21	-	-
January	-	-	-	-	-	-	12,050.0	0.04	1,500.0	1.27	-	-
February	-	-	17,810.0	5.68	-	-	40,000.0	0.11	-	-	-	-
March	-	-	-	-	-	-	25,420.0	0.17	-	-	-	-
April	-	-	-	-	-	-	2,270.0	1.08	-	-	-	-
May	-	-	-	-	-	-	5,910.0	0.41	-	-	-	-
June	-	-	-	-	-	-	40,000.0	0.07	-	-	-	-
July	-	-	-	-	-	-	25,000.0	0.00	-	-	-	-
Total	-	-	27,810.0	4.74			235,950.0	0.21	64,250.0	1.58	84,750.0	

*Weighted average interest rate.

** Based on data upto 2015/03/26.

Table 10
Deposit Collection Auction

(Rs. in million)

Mid-month	90 Days						30 Days		14 Days	
	2015/16		2016/17		2017/18**		2017/18**		2017/18**	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	57,250.0	1.39	5000.0	1.39	2,450.0	0.50	25,300.0	0.48	-	-
September	-	-	50.0	2.60	-	-	7,400.0	0.45	-	-
October	-	-	-	-	-	-	5,500.0	0.67	-	-
November	100,000.0	0.87	-	-	-	-	-	-	1,700.0	1.52
December	26,150.0	1.08	-	-	-	-	-	-	-	-
January	15,000.0	0.81	2000.0	1.60	-	-	-	-	-	-
February	60,000.0	0.48	-	-	-	-	-	-	-	-
March	39,100.0	0.39	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-
July	-	-	9400.0	0.24	-	-	-	-	-	-
Total	297,500.0	0.85	16450.0	0.76	2,450.0		38,200.0		1,700.0	

*Weighted average interest rate.

** Based on data upto 2075/03/26.

Table 11
Interest Rate Corridor

(Rs. in million)

Month	Deposit Collection Auction (14 Days)				Repo Auction (14 Days)			
	2016/17		2017/18**		2016/17		2017/18**	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	16450.0	0.30	-	-	-	-	-	-
September	10000.0	2.10	-	-	10.0	3.72	-	-
October	-	-	-	-	-	-	-	-
November	-	-	100.0	3.00	-	-	-	-
December	-	-	-	-	-	-	44050.0	5.00
January	3350.0	0.89	2000.0	3.00	5390.0	4.88	-	-
February	-	-	1050.0	3.00	-	-	10000.0	5.00
March	-	-	-	-	-	-	6100.0	5.00
April	-	-	-	-	-	-	1670.0	5.00
May	-	-	-	-	-	-	7900.0	5.00
June	-	-	-	-	-	-	-	-
July**	13950.0	0.58	35000.0	3.00	-	-	-	-
Total	43750.0	0.25	38150.0		5400.0	4.87	69720.0	

*Weighted average interest rate.

** Based on data upto 2015/03/26.

Table 12
Government Budgetary Operation+
(On Cash Basis)
(Based on the data of the third week of Asar)

(Rs. in million)

Heads	Amount			Percent Change	
	2015/16	2016/17	2017/18	During 3rd Week	
	July 8	July 7	July 6	2016/17	2017/18P
Total Expenditure	464297.1	657822.3	914275.6	41.7	39.0
Recurrent	315211.6	449799.1	648574.7	42.7	44.2
a.Domestic Resources	289495.8	414829.0	599747.3	43.3	44.6
b.Foreign Loans	7559.2	16275.3	25261.0	115.3	55.2
c.Foreign Grants	18156.6	18694.8	23566.4	3.0	26.1
Capital	69350.6	128498.8	178498.4	85.3	38.9
a.Domestic Resources	59526.4	102505.6	142909.0	72.2	39.4
b.Foreign Loans	5536.4	17584.2	30265.2	217.6	72.1
c.Foreign Grants	4287.8	8409.0	5324.2	96.1	-36.7
Financial	79734.9	79524.4	87202.5	-0.3	9.7
a.Domestic Resources	75439.4	77458.9	82354.7	2.7	6.3
b.Foreign Loans	3969.5	1737.0	4513.7	-56.2	159.9
c.Foreign Grants	326.0	328.5	334.1	0.8	1.7
Total Resources	477903.3	574649.6	694491.2	20.2	20.9
Revenue and Grants	475046	571244.4	689001.5	20.3	20.6
Revenue	434270	557287.2	661590.3	28.3	18.7
Foreign Grants	40776	13957.2	27411.2	-65.8	96.4
Previous Year's Cash Balance & Beruju	2857.3	3405.2	5489.7	19.2	61.2
Deficits(-) Surplus(+)	13606.2	-83172.7	-219784.4	-711.3	-
Sources of Financing	-13606.2	83172.7	219784.4	-711.3	-
Internal Loans	-55844.5	34031.4	152253.4	-160.9	347.4
Domestic Borrowings	87662.1	88337.7	144746.9	0.8	63.9
(i) Treasury Bills	20500.0	33000.0	71958.7		
(ii) Development Bonds	62000.0	55000.0	72000.0		
(iii) National Savings Certificates	0.0	0.0	0.0		
(iv) Citizen Saving Certificates	5000.0	285.6	751.1		
(v) Foreign Employment Bond	162.1	52.1	37.2		
Overdrafts++	-143309.8	-53497.5	10250.5	-62.7	-119.2
Others@	-196.8	-808.8	-2744.0	311.0	239.3
Principal Refund and Share Divestment	12758.1	1740.4	3000.0	-86.4	72.4
Foreign Loans	29480.2	47400.9	64531.0	60.8	36.1
Balance of Govt. Office Account	19990.2	46679.5	90390.9	133.5	93.6
V. A. T. Fund Account	1706.9	1236.8	1700.1	-27.5	37.5
Customs Fund Account	-197.4	1723.7	1095.3	-973.2	-36.5
Reconstruction Fund Account	0	18287.1	1248.5		-93.2
Local Authorities' Accounts (LAA)	15231.4	11078.5	75487.6	-27.3	581.4
Others*	3249.3	14353.4	10859.4	341.7	-24.3
Current Balance (-Surplus)	163300	100177.0	80140.4	-38.7	-20.0

+ Based on data reported from all offices conducting government transactions, including NRB and other commercial banks. And, also based on release report from 81 DTCOs and payment centres.

++ Minus (-) indicates surplus.

@ Includes interest earned from transactions of GoN and others.

* Others includes Guarantee deposits, Operational funds (Imprest) & Emergency funds and Conditional and unconditional grant from government to local bodies.

Table 13
Outstanding Domestic Debt of the GoN

(Rs. in million)

No.	Name of Bonds/Ownership	2016	2017	2018	Change in Amount	
		Mid-Jul	Mid-Jul	Mid-Jun	(Jul 2017- Jul 2016)	(Jun 2018- Jul 2017)
1	Treasury Bills	116059.1	110409.3	153847.9	-5649.8	43438.6
	a. Nepal Rastra Bank	16099.9	30457.4	37709.9	14357.5	7252.5
	b. Commercial Banks	97899.5	79538.8	115458.0	-18360.7	35919.2
	c. Development Banks	444.4	343.1	470.0	-101.3	126.9
	d. Finance Companies	111.5	70.0	210.0	-41.5	140.0
	e. Others	1503.8	0.0	0.0	-1503.8	0.0
2	Development Bond	108900.1	163900.0	235900.0	55000.0	72000.0
	a. Nepal Rastra Bank	0.0	8942.0	45287.0	8942.0	36345.0
	b. Commercial Banks	79063.5	123523.0	157710.5	44459.5	34187.5
	c. Development Banks	5116.7	6471.7	7569.4	1355.0	1097.7
	d. Finance Companies	3733.5	3948.3	3532.7	214.8	-415.6
	e. Others	20986.3	21015.0	21800.4	28.7	785.4
3	National Saving Bond	906.5	906.5	906.5	0.0	0.0
	a. Nepal Rastra Bank	1.3	182.4	253.1	181.1	70.7
	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	905.2	724.1	653.4	-181.1	-70.7
4	Citizen Saving Bond	7806.2	7965.2	8716.3	159.0	751.1
	a. Nepal Rastra Bank	307.6	2274.7	2859.5	1967.1	584.8
	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	7498.6	5690.5	5856.8	-1808.1	166.3
5	Foreign Employment Bond	486.2	529.7	566.9	43.5	37.2
	a. Nepal Rastra Bank	0.0	10.0	10.9	10.0	0.9
	b. Others	486.2	519.7	556.0	33.5	36.3
6	Total Domestic Debt	234158.0	283710.7	399937.6	49552.7	116226.9
	a. Nepal Rastra Bank	16408.8	41866.5	86120.4	25457.7	44253.9
	b. Commercial Banks	176963.0	203061.8	273168.5	26098.8	70106.7
	c. Development Banks	5561.1	6814.8	8039.4	1253.7	1224.6
	d. Finance Companies	3845.0	4018.3	3742.7	173.3	-275.6
	e. Others	31380.1	27949.3	28866.6	-3430.8	917.3
7	Balance at NRB (Overdraft (+)/Surplus(-))	-115018.5	-106272.1	-248484.6		

Table 14
Net Domestic Borrowing of the GoN

(Rs. In million)

		Mid-July, 2015		Mid-July, 2016		Mid-July, 2017		Jul-10, 2018	
		Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP
A	Gross Domestic Borrowing	42423.1	2.0	87774.5	3.9	88338.0	3.3	144751.0	4.8
	Treasury Bills	10000.0	0.5	20500.0	0.9	33000.0	1.3	71958.7	2.4
	Development Bond	30000.0	1.4	62000.0	2.8	55000.0	2.1	72000.0	2.4
	National Saving Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Citizen Saving Bond	2339.4	0.1	5000.0	0.2	286.0	0.0	751.1	0.0
	Foreign Employmnet Bond	83.7	0.0	274.5	0.0	52.0	0.0	41.2	0.0
B	Domestic Loan Payment	47454.9	2.2	50402.4	2.2	38785.2	1.5	37520.0	1.2
	Treasury Bills	26610.0	1.2	24299.0	1.1	38649.9	1.5	37520.0	1.2
	Development Bond	20040.9	0.9	10170.0	0.5	0.0	0.0	0.0	0.0
	National Saving Bond	0.0	0.0	15680.0	0.7	0.0	0.0	0.0	0.0
	Citizen Saving Bond	800.0	0.0	250.0	0.0	126.6	0.0	0.0	0.0
	Foreign Employmnet Bond	4.0	0.0	3.4	0.0	8.7	0.0	0.0	0.0
C	Net Domestic Borrowing (A-B)	-5031.8	-0.2	37372.1	1.7	49552.8	1.9	107231.0	3.6
	Treasury Bills	-16610.0	-0.8	-3799.0	-0.2	-5649.9	-0.2	34438.7	1.1
	Development Bond	9959.1	0.5	51830.0	2.3	55000.0	2.1	72000.0	2.4
	National Saving Bond	0.0	0.0	-15680.0	-0.7	0.0	0.0	0.0	0.0
	Citizen Saving Bond	1539.4	0.1	4750.0	0.2	159.4	0.0	751.1	0.0
	Foreign Employmnet Bond	79.7	0.0	271.1	0.0	43.3	0.0	41.2	0.0
D	Gross Domestic Product	2130149.6	100.0	2253163.1	100.0	2642595.3	100.0	3007246.2	100.0

Table 15
Direction of Foreign Trade*

(Rs. in million)

	Annual		Eleven Months			Percent Change	
	2015/16	2016/17 ^R	2015/16	2016/17 ^R	2017/18 ^P	2016/17	2017/18
TOTAL EXPORTS	70117.1	73049.1	62154.9	67312.2	74314.4	8.3	10.4
To India	39493.7	41449.2	34872.1	39044.5	42458.9	12.0	8.7
To China	1681.5	1701.5	1501.6	1565.5	2999.7	4.3	91.6
To Other Countries	28941.9	29898.4	25781.3	26702.2	28855.8	3.6	8.1
TOTAL IMPORTS	773599.1	990113.2	684753.1	896571.4	1107351.7	30.9	23.5
From India	477212.6	633669.6	420981.1	585020.5	731236.2	39.0	25.0
From China	115694.3	127245.0	103645.7	113965.7	142786.6	10.0	25.3
From Other Countries	180692.2	229198.6	160126.4	197585.2	233329.0	23.4	18.1
TOTAL TRADE BALANCE	-703482.0	-917064.1	-622598.2	-829259.2	-1033037.3	33.2	24.6
With India	-437718.9	-592220.4	-386109.0	-545976.0	-688777.3	41.4	26.2
With China	-114012.8	-125543.5	-102144.1	-112400.2	-139786.8	10.0	24.4
With Other Countries	-151750.3	-199300.2	-134345.1	-170883.0	-204473.2	27.2	19.7
TOTAL FOREIGN TRADE	843716.2	1063162.3	746908.1	963883.6	1181666.1	29.0	22.6
With India	516706.3	675118.7	455853.1	624065.0	773695.1	36.9	24.0
With China	117375.8	128946.5	105147.3	115531.1	145786.3	9.9	26.2
With Other Countries	209634.1	259097.0	185907.6	224287.4	262184.7	20.6	16.9

1. Ratio of export to import	9.1	7.4	9.1	7.5	6.7
India	8.3	6.5	8.3	6.7	5.8
China	1.5	1.3	1.4	1.4	2.1
Other Countries	16.0	13.0	16.1	13.5	12.4
2. Share in total export					
India	56.3	56.7	56.1	58.0	57.1
China	2.4	2.3	2.4	2.3	4.0
Other Countries	41.3	40.9	41.5	39.7	38.8
3. Share in total import					
India	61.7	64.0	61.5	65.3	66.0
China	15.0	12.9	15.1	12.7	12.9
Other Countries	23.4	23.1	23.4	22.0	21.1
4. Share in trade balance					
India	62.2	64.6	62.0	65.8	66.7
China	16.2	13.7	16.4	13.6	13.5
Other Countries	21.6	21.7	21.6	20.6	19.8
5. Share in total trade					
India	61.2	63.5	61.0	64.7	65.5
China	13.9	12.1	14.1	12.0	12.3
Other Countries	24.8	24.4	24.9	23.3	22.2
6. Share of export and import in total trade					
Export	8.3	6.9	8.3	7.0	6.3
Import	91.7	93.1	91.7	93.0	93.7

* Based on customs data

P= Provisional

R= Revised

Table 16
Summary of Balance of Payments

(Rs. in million)

Particulars	2015/16		2016/17		2017/18 ^P	Percentage Change During Eleven months	
	Eleven Months	Annual	Eleven Months	Annual	Eleven Months	2016/17	2017/18 ^P
A. Current Account	130081.3	140418.6	-2993.9	-10130.6	-209210.9	-	-
Goods: Exports f.o.b.	66600.7	74866.1	75761.7	82127.5	85469.3	13.8	12.8
Oil	0.0	0.0	0.0	0.0	0.0	-	-
Other	66600.7	74866.1	75761.7	82127.5	85469.3	13.8	12.8
Goods: Imports f.o.b.	-670433.6	-756487.9	-886559.5	-977945.8	-1092682.1	32.2	23.2
Oil	-58988.0	-68724.4	-112377.0	-121413.8	-153243.8	90.5	36.4
Other	-611445.6	-687763.6	-774182.5	-856532.0	-939438.3	26.6	21.3
Balance on Goods	-603832.8	-681621.8	-810797.8	-895818.3	-1007212.9	34.3	24.2
Services: Net	9454.9	9849.2	6008.3	2891.3	1586.8	-36.5	-73.6
Services: credit	125817.3	138472.4	146033.7	158264.9	160437.5	16.1	9.9
Travel	38926.4	41765.3	55204.8	58526.9	62573.4	41.8	13.3
Government n.i.e.	34310.4	38330.8	22818.5	25533.6	19026.7	-33.5	-16.6
Other	52580.6	58376.3	68010.3	74204.3	78837.4	29.3	15.9
Services: debit	-116362.5	-128623.2	-140025.4	-155373.6	-158850.6	20.3	13.4
Transportation	-39962.2	-44030.3	-41373.6	-46884.9	-57358.1	3.5	38.6
Travel	-50662.1	-56418.4	-72930.8	-79926.9	-71857.7	44.0	-1.5
O/W Education	-17642.1	-20139.1	-31197.6	-35024.9	-34228.3	76.8	9.7
Government services: debit	-2069.3	-2100.3	-1074.1	-1331.9	-2462.2	-48.1	129.2
Other	-23668.9	-26074.2	-24646.9	-27229.8	-27172.7	4.1	10.2
Balance on Goods and Services	-594377.9	-671772.6	-804789.5	-892926.9	-1005626.0	35.4	25.0
Income: Net	29159.9	34004.3	26156.9	30995.1	20147.5	-10.3	-23.0
Income: credit	37306.0	43085.3	46496.9	51958.8	62121.2	24.6	33.6
Income: debit	-8146.1	-9080.9	-20339.9	-20963.8	-41973.7	149.7	106.4
Balance on Goods, Services and Income	-565218.0	-637768.3	-778632.6	-861931.9	-985478.5	37.8	26.6
Transfers: Net	695299.3	778186.8	775638.6	851801.3	776267.6	11.6	0.1
Current transfers: credit	698689.7	781989.6	779121.5	855708.8	781677.3	11.5	0.3
Grants	57811.2	70411.6	103387.6	114663.9	52451.7	78.8	-49.3
Workers' remittances	598950.4	665064.3	633419.7	695452.4	679731.0	5.8	7.3
Pensions	41928.1	46513.6	42314.1	45592.6	49494.6	0.9	17.0
Other (Indian Excise Refund)	0.0	0.0	0.0	0.0	0.0	-	-
Current transfers: debit	-3390.6	-3802.8	-3482.8	-3907.6	-5409.7	2.7	55.3
B Capital Account (Capital Transfer)	12252.3	16987.3	12234.8	13362.7	15021.5	-0.1	22.8
Total, Groups A plus B	142333.6	157405.8	9240.8	3232.1	-194189.4	-93.5	-2201.4
C Financial Account (Excluding Group E)	13297.6	29638.4	20593.5	26639.5	67323.8	54.9	226.9
Direct investment in Nepal	4798.5	5920.9	12270.5	13503.9	15876.4	-	29.4
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	-	-
Other investment: assets	-27611.0	-30936.3	-36982.5	-48690.6	-40949.1	33.9	10.7
Trade credits	-35.8	-338.9	-1458.9	-9005.3	-424.2	3971.6	-70.9
Other	-27575.2	-30597.4	-35523.6	-39685.3	-40525.0	28.8	14.1
Other investment: liabilities	36110.2	54653.8	45305.5	61826.1	92396.5	25.5	103.9
Trade credits	14180.4	16397.4	19844.8	24381.3	45120.3	39.9	127.4
Loans	12994.1	27341.8	43198.2	56109.2	60030.0	232.4	39.0
General Government	11614.8	25978.9	31843.8	44787.1	56849.1	174.2	78.5
Drawings	27515.3	43774.0	47369.1	62601.7	73046.1	72.2	54.2
Repayments	-15900.5	-17795.1	-15525.3	-17814.6	-16196.9	-2.4	4.3
Other sectors	1379.4	1362.9	11354.4	11322.0	3180.9	723.2	-72.0
Currency and deposits	12450.1	14982.3	-17725.6	-18812.0	-13145.3	-242.4	-25.8
Nepal Rastra Bank	-5.6	-5.6	217.0	231.9	-177.6	-	-181.8
Deposit money banks	12455.7	14987.9	-17942.6	-19043.9	-12967.7	-244.1	-27.7
Other liabilities	-3514.4	-4067.7	-11.9	147.7	391.5	-99.7	-3389.8
Total, Group A through C	155631.3	187044.3	29834.3	29871.6	-126865.6	-80.8	-525.2
D. Miscellaneous Items, Net	27972.7	16850.4	26669.6	33422.5	109383.7	-4.7	310.1
Total, Group A through D	183604.0	203894.6	56504.0	63294.1	-17481.9	-69.2	-130.9
E. Reserves and Related Items	-183604.0	-203894.6	-56504.0	-63294.1	17481.9	-69.2	-130.9
Reserve assets	-183603.9	-203894.6	-55386.5	-61591.9	18044.0	-69.8	-132.6
Nepal Rastra Bank	-152331.2	-172887.0	-52698.3	-61879.3	-18457.5	-65.4	-65.0
Deposit money banks	-31272.8	-31007.6	-2688.2	287.4	36501.5	-91.4	-1457.8
Use of Fund Credit and Loans	0.0	0.0	-1117.4	-1702.3	-562.1	-	-
Changes in reserve net (- increase)	-171153.9	-188912.3	-74229.6	-82106.1	4336.6	-56.6	-105.8

P= Provisional

Table 17
Gross Foreign Assets of the Banking Sector

(Rs. in million)

	Mid-Jul 2016	Mid-June 2017	Mid-Jul 2017	Mid-June 2018 ^P	Percent Change Mid-Jul To Mid-June	
					2016/17	2017/18
A. Nepal Rastra Bank (1+2)	917630.9	944335.5	955657.7	1010237.6	2.9	5.7
1. Gold, SDR, IMF Reserve Position	30620.1	29211.7	28391.4	32053.8	-4.6	12.9
2. Foreign Exchange Reserve	887010.8	915123.8	927266.4	978183.8	3.2	5.5
Convertible	672458.2	681905.6	683870.4	730966.0	1.4	6.9
Inconvertible	214552.6	233218.2	243396.0	247217.7	8.7	1.6
B. Bank and Financial Institutions *	152158.6	155058.9	152165.8	115820.0	1.9	-23.9
Convertible	142550.1	145595.7	141503.0	105273.7	2.1	-25.6
Inconvertible	9608.5	9463.1	10662.8	10546.2	-1.5	-1.1
C. Gross Foreign Exchange Reserve	1039169.4	1070182.7	1079432.1	1094003.7	3.0	1.3
Convertible	815008.3	827501.3	825373.3	836239.8	1.5	1.3
Share in total (in percent)	78.4	77.3	76.5	76.4	-	-
Inconvertible	224161.2	242681.4	254058.8	257764.0	8.3	1.5
Share in total (in percent)	21.6	22.7	23.5	23.6	-	-
D. Gross Foreign Assets (A+B)	1069789.5	1099394.4	1107823.5	1126057.6	2.8	1.6
Import Capacity in Months						
Gross Foreign Exchange Reserve						
Merchandise	16.5	13.3	13.2	11.0	-	-
Merchandise and Services	14.1	11.5	11.4	9.6	-	-
Gross Foreign Assets						
Merchandise	17.0	13.6	13.6	11.3	-	-
Merchandise and Services	14.5	11.8	11.7	9.9	-	-
E. Foreign Liabilities	113808.7	94818.3	93188.6	79633.2	-16.7	-14.5
F. Net Foreign Assets(D-E)	955980.9	1004576.1	1014634.9	1046424.4	5.1	3.1
G. Change in NFA (before adj. ex. val.)**	-208693.5	-48595.2	-58654.0	-31789.6	-	-
H. Exchange Valuation	19781.4	-25634.4	-23452.1	36126.1	-	-
I. Change in NFA (6+7)***	-188912.3	-74229.6	-82106.1	4336.6	-	-
Period-end Buying Rate (Rs/USD)	106.7	102.8	102.9	107.9		

P= Provisional

* 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

Table 18
Purchase/Sale of Foreign Currency

(Amount in million)

Mid-month	Purchase/Sale of Convertible Currency												IC Purchase			
	2016/17						2017/18						2016/17		2017/18	
	Purchase		Sale		Net		Purchase		Sale		Net		IC Purchase	US\$ Sale	IC Purchase	US\$ Sale
	US\$	Nrs.	US\$	Nrs.	US\$	Nrs.	US\$	Nrs.	US\$	Nrs.	US\$	Nrs.				
August	220.8	23,629.3	-	-	220.8	23,629.3	186.8	19,141.9	-	-	186.8	19,141.9	17,437.0	260.0	19,228.9	300.0
September	316.7	33,874.0	-	-	316.7	33,874.0	344.4	35,282.6	-	-	344.4	35,282.6	25,398.7	380.0	20,495.3	320.0
October	388.4	41,431.7	-	-	388.4	41,431.7	416.3	43,260.5	-	-	416.3	43,260.5	17,327.6	260.0	15,569.7	240.0
November	364.4	38,936.5	-	-	364.4	38,936.5	334.7	34,788.5	-	-	334.7	34,788.5	26,715.9	400.0	32,487.7	500.0
December	348.4	37,894.3	-	-	348.4	37,894.3	336.2	34,715.0	-	-	336.2	34,715.0	17,714.0	260.0	23,246.6	360.0
January	400.6	43,581.0	-	-	400.6	43,581.0	301.9	30,854.2	-	-	301.9	30,854.2	28,516.7	420.0	30,670.9	480.0
February	292.5	31,770.9	-	-	292.5	31,770.9	394.4	40,334.0	-	-	394.4	40,334.0	25,765.9	380.0	33,218.7	520.0
March	363.9	38,901.5	-	-	363.9	38,901.5	433.7	44,943.2	-	-	433.7	44,943.2	24,082.5	360.0	27,221.9	420.0
April	361.5	37,580.0	-	-	361.5	37,580.0	445.0	46,299.7	-	-	445.0	46,299.7	32,585.2	500.0	33,828.2	520.0
May	320.8	33,035.5	-	-	320.8	33,035.5	307.3	32,592.7	-	-	307.3	32,592.7	10,315.2	160.0	22,587.3	340.0
June	365.8	37,693.9	-	-	365.8	37,693.9	292.5	31,595.2	-	-	292.5	31,595.2	21,895.6	340.0	24,340.0	360.0
July	363.4	37,530.0	-	-	363.4	37,530.0	219.7	24,018.4	-	-	219.7	24,018.4	25,826.1	400.0	15,012.7	220.0
Total	4,107.2	435,858.6	-	-	4,107.2	435,858.6	4,012.8	417,825.7	-	-	4,012.8	417,825.7	273,580.2	4,120.0	297,907.9	4,580.0

** Based on data upto 2075/03/26.