Nepal Rastra Bank

Research Department

Current Macroeconomic and Financial Situation of Nepal

(Based on Seven Months' Data of 2015/16)

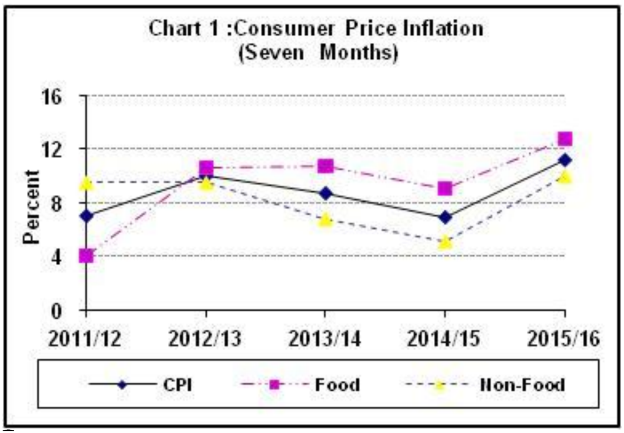
Growth Outlook

1. The supply of fuel and other essential commodities has eased following the return of normalcy in the southern customs points of the country.
2. The reconstruction of the earthquake ravaged infrastructures has been initiated. The demand for construction materials such as cement, iron bars, concrete, galvanized sheet is expected to surge once the reconstruction gains traction.
3. Likewise, development activities related to hydropower, irrigation and roads have also resumed with improved supply of fuel and other construction materials. These developments are expected to spur industrial output as well as increase employment opportunities.
4. However, production of wheat and seasonal vegetables is likely to suffer due to unfavourable weather conditions.
5. In sum, lower international commodity prices, especially, of oil and metals, excess monetary liquidity resulting in a very low interest rates and weaker Nepalese rupee vis-a-vis the US dollar should potentially stimulate aggregate demand and thus have a positive impact on activity going forward.

Inflation, Salary and Wage Rate

Consumer Price Inflation

6. The consumer price inflation has begun to moderate on account of improved supply of fuel and other consumable items following the return of normalcy in the southern customs points. The y-o-y consumer price inflation which had risen by 12.1 percent in mid-January 2016 moderated to 11.3 percent in mid-February 2016. While food and beverage group inflation saw a pick up of 12.8 percent, non-food and services



group rose by 10.1 percent in mid-February 2016.

7. Food and beverage items such as pulses and legumes sub-group and ghee and oil sub-group saw a price rise of 39.7 percent and 23.1 percent respectively in the review period. Likewise, prices of spices sub-group and clothes and footwear sub-group pick up by 19.2 percent and 14.9 percent respectively.

8. Going forward, inflation rate is likely to moderate gradually following the ease of trade routes in the southern parts of the country.

9. Geographically, the Kathmandu Valley saw a relatively higher rate of inflation at 14.3 percent followed by Hilly region at 11.4 percent, Mountain region at 10.5 percent and Terai region at 9.6 percent in the review period. Last year, the Hilly region had seen a higher rate of inflation of 7.2 percent followed by 6.9 percent both in the Kathmandu Valley and Terai region**.**

Consumer Price Inflation: Deviation between Nepal and India

10. The y-o-y CPI inflation of Nepal saw a surge of 11.3 percent compared to 5.2 percent in India showing an inflation wedge of 6.1 percent during the review period. A year ago, inflation in Nepal was 7 percent compared to 5.4 percent in India reflecting a narrower inflation wedge of 1.6 percent. The rise in inflation wedge between Nepal and India was on account of lingering impact of April/May 2015 earthquakes, strikes in Terai and the obstructions on trade routes in the southern parts of the country.

Wholesale Price Inflation

11. The y-o-y wholesale price index increased by 6.9 percent during the review period compared to a rise of 5.5 percent in the corresponding period of the previous year. The wholesale price indices of agricultural commodities and domestic manufactured commodities increased by 11.5 percent and 6.5 percent respectively, whereas such index of imported commodities decreased by 2.6 percent in the review period. In the corresponding period of the previous year, the increments in the price indices of agricultural commodities and domestic manufactured commodities were 8.4 percent and 6.3 percent respectively whereas the price index of imported commodities had decreased by 0.8 percent.

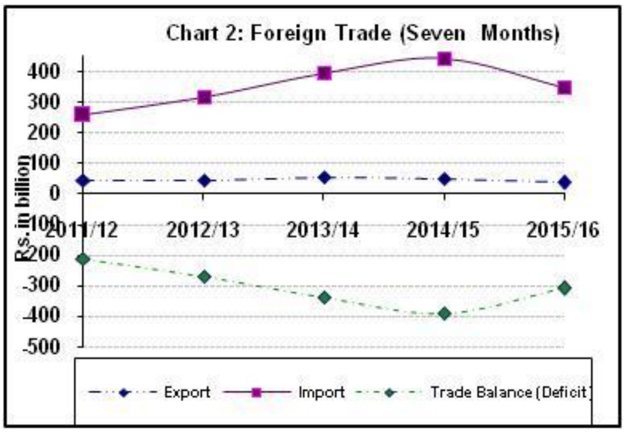
National Salary and Wage Rate

12. The y-o-y salary and wage rate index increased by 4.5 percent during the review period compared to an increase of 6.8 percent in the corresponding period of the previous year. Within the salary and wage rate index, while the salary index increased by 0.8 percent, the wage rate index rose by 5.4 percent. The salary indices of bank and financial institutions, education and public corporations sub-groups increased by 2.3 percent, 1.5 percent and 0.7 percent respectively during the review period. Likewise, wage rate indices of construction labourer, agricultural labourer and industrial labourer witnessed a growth of 9.3 percent, 5.6 percent and 3.6 percent respectively in the review period.

External Sector

Merchandise Trade

13. Merchandise exports decreased by 27.1 percent to Rs. 36.60 billion in seven months of 2015/16, compared to a drop of 5.1 percent in the same period of the previous year. Exports to India decreased by 35.6 percent, China by 63 percent and other countries by 7 percent in the review period. Commoditywise, export of zinc sheet, textiles, GI pipe, juice, among others to India; tanned skin, noodles, readymade garments, among others to China; and pulses, tanned skin, readymade leather goods, tea, among others to other countries decreased.



14. Merchandise imports dropped by 21.6 percent to Rs. 345.83 billion in the review period as against a growth of 12.4 percent in the same period of the previous year. Imports from India decreased by 27.1 percent, China by 12.2 percent and other countries by 12.4 percent in the review period. Commoditywise, import of petroleum products, mild steel billet, vehicle and spare parts, machinery and parts, among others from India; machinery and parts, medical equipments and tools, video television, steel rod and sheet, among others from China; and silver, aircraft spareparts, edible oil, crude palm oil, among others from other countries decreased. On the monthly basis, total imports in seventh month of 2015/16 increased by 6.4 percent to Rs. 68.04 billion compared to Rs. 63.96 billion of previous month due to easing in obstruction at customs points.

15. Total trade deficit in the review period contracted by 20.9 percent to Rs. 309.23 billion compared to an expansion of 15.1 percent in the same period of the previous year. The export-import ratio dropped to 10.6 percent in the review period compared to 11.4 percent in the corresponding period of the previous year.

Customs points-wise Trade Situation

16. Based on customs points, the exports through Tribhuwan International Airport and Dry Port customs office, Birgunj increased whereas exports through other customs points decreased in the review period. On the import side, customs points such as Birgunj, Jaleshwor and Tatopani saw a decline whereas imports through other customs points increased in the review period.

Export-Import Price Index

17. The y-o-y unit value export price index based on customs data increased by 14.4 percent while import price index decreased by 8.1 percent in the seventh month of 2015/16. Consequently, the TOT index increased by 24.5 percent compared to an increase of 18.5 percent in the corresponding period of the previous year. Increase in price of export items such as jute, cardamom, yarsagumba (ophiocordyceps sinensis) herbs caused the export price index to rise in the review period. Fall in the price of petroleum products resulted in a decline in import price index in the review period.

Services

18. The total services receipts declined by 7 percent but service payments increased by 1 percent in the review period. As a result, net services receipts decreased by 69.3 percent to Rs. 2.81 billion in the first seven months of 2015/16. The net services receipts had amounted to Rs. 9.16 billion in the same period of previous year.

Box 1: Number of Nepalese Workers Going Abroad for Foreign Employment *

Mid-Month/Year	2013/14	2014/15	2015/16
August	45937	42309	37756
September	24214	51551	40275
October	31959	35550	35484
November	31949	43213	23061
December	41634	53354	38350
January	50032	45362	35389
February	37285	48941	34219
March	48552	44460	-
April	45854	52210	-
May	54173	31375	-
June	54926	37962	-
July	61717	26600	-
Total	**528232**	**512887**	**244534**
Percentage Change (first seven months)	19.0	21.8	-23.6

* Based on final approval for foreign employment.
Source:- Department of Foreign Employment, GoN

Workers' Remittances

19. The workers' remittances grew by 16.9 percent to Rs. 375.16 billion in the review period compared to a growth of 2.9 percent in the previous year. Consequently, net transfer receipt increased by 19.9 percent to Rs. 438.93 billion in the review period. Such receipts had increased by 0.9 percent in the same period of the previous year.

20. The number of workers going abroad for foreign employment decreased in the review period. The number of Nepalese workers seeking foreign employment, based on final approval for foreign employment, decreased by 23.6 percent in the first seven months of 2015/16. It had increased by 21.8 percent in the same period of the previous year.

Current Account and BOP Position

21. The current account registered a surplus of Rs. 154.78 billion in the review period compared to a surplus of Rs. 11.69 billion in the same period of the previous year. Similarly, the overall BOP recorded a significant surplus of Rs. 154.40 billion in the review period compared to a surplus of Rs. 32.80 billion in the same period of the previous year.

Box 2: Dividend Payment to FDI Companies*

(Rs. in millions)

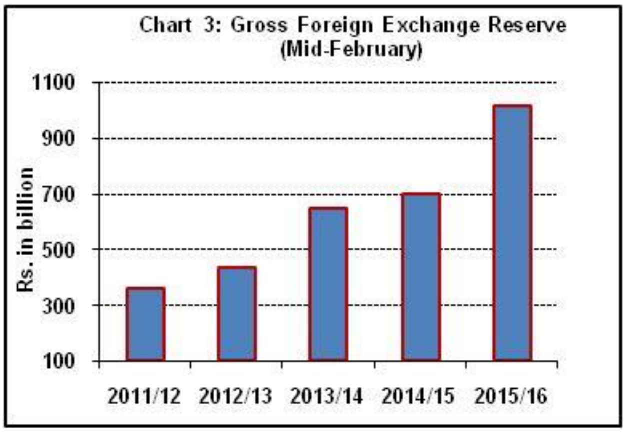
Sectors	2014/15 Annual	2015/16 Jul.- Feb.
Financial Sector	1794.43	8.3
Communication Sector	4.00	1692.8
Hydro Power Sector	2874.48	3149.7
Industry Sector	2299.19	243.7
Services Sector	238.61	0.00
Total	**7210.71**	**5094.4**

**Based on approval from NRB*

22. In the review period, Nepal received capital transfer amounting to Rs. 8.60 billion and Foreign Direct Investment (FDI) inflow of Rs. 2.26 billion. In the same period of the previous year, capital transfer and FDI inflow stood at Rs. 6.26 billion and Rs. 1.55 billion respectively.

23. Dividend payment to FDI companies, based on approval from Nepal Rastra Bank, amounted to Rs. 5.09 billion in the review period. The dividend payment was Rs. 7.21 billion in 2014/15.

Foreign Exchange Reserves



24. The gross foreign exchange reserves stood at Rs. 1014.40 billion as at mid-February 2016, an increase by 23.1 percent from Rs. 824.06 billion in mid-July 2015. Reserves held by NRB increased by 24.5 percent to Rs. 875.56 billion as at mid-February 2016 from the level of reserves as at mid-July 2015. Similarly, the reserves of banks and financial institutions (except NRB) increased by 14.7 percent to Rs. 138.84 billion in the same period. The share of Indian currency reserves in total reserves stood at 21.5 percent as at mid-February 2016.

Foreign Exchange Adequacy Indicators

25. Based on the imports of seven months of current fiscal year, the foreign exchange holdings of the banking sector are sufficient to cover prospective merchandise imports of 20.9 months, and merchandise and services imports of 17.2 months. The ratio of reserve-to-GDP, reserve-to-imports and reserve-to-M2 increased to 47.7 percent, 143.6 percent and 49.4 percent respectively as at mid-february 2016. Such ratios were 38.8 percent, 93.3 percent and 43.9 percent as at mid-July 2015.

Price of Oil and Gold in the International Market and Exchange Rate Movement

26. The price of oil (Crude Oil Brent) in the international market decreased sharply by 43.4 percent to USD 31.80 per barrel in mid-February 2016 from USD 56.23 per barrel a year ago. The price of gold increased by 1.4 percent to USD 1239.75 per ounce in mid-February 2016 from USD 1222.50 per ounce a year ago. During this period, central banks of Russia, China and other nations purchased gold as reserve assets.

27. Nepalese currency vis-à-vis the US dollar depreciated by 7.1 percent in mid-February 2016 from the level of mid-July 2015. It had depreciated by 3.4 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs. 108.88 in mid-February 2016 compared to Rs. 101.14 in mid-July 2015

Fiscal Situation *

Budget Deficit / Surplus

28. In seven months of 2015/16, government budget on a cash basis remained at a surplus of Rs. 21.98 billion. Such surplus was Rs. 65.25 billion in the corresponding period of the previous year.

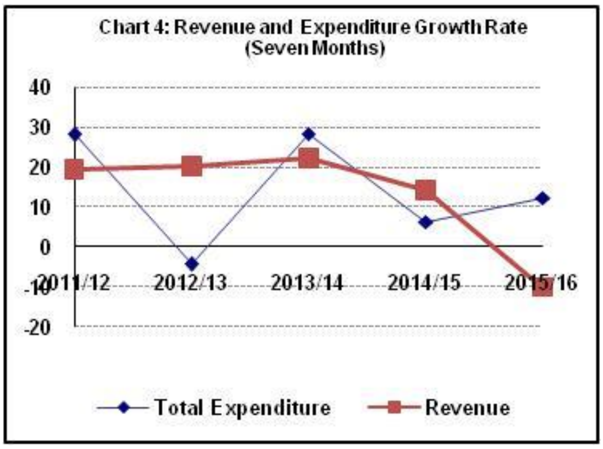
Government Expenditure

29. In the review period, total government expenditure on a cash basis increased by 12.3 percent to Rs. 202.72 billion. This amount accounts for 24.7 percent of annual budget estimate of Rs. 819.47 billion. Such expenditure had increased by 6.3 percent to Rs. 180.53 billion in the corresponding period of the previous year.

Box 3: The Budget Performance

Heads	Budget Estimates (Rs. in millions)	Outturns in seven months	
		Rs. in million	As percent of budget estimates
Total Expenditure	**819469.0**	**202719.5**	**24.7**
Recurrent Expenditure	484266.4	153456.1	31.7
Capital Expenditure	208877.2	17448.9	8.4
Financial Expenditure	126325.3	31814.5	25.2
Revenue	**475012.1**	**193478.0**	**40.7**

30. In the review period, recurrent expenditures increased by 11.2 percent to Rs. 153.46 billion. Such expenditures had decreased by 2.2 percent in the corresponding period of the previous year. In the review period, capital expenditures dropped by 2.7 percent to Rs. 17.45 billion as works at various important projects remained stalled and the post-earthquake reconstruction works remained affected on account of the shortage of fuel and construction materials. Such expenditures had increased by 36.7 percent in the corresponding period of the previous year. The capital expenditure in the review period is only 8.4 percent of annual budget estimate of Rs. 208.88 billion



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* Based on the data reported by 8 NRB offices, 68 branches of Rastriya Banijya Bank Limited, 37 out of 48 branches of Nepal Bank limited, 19 out of 21 branches of Agriculture Development Bank limited, 9 branches of Everest Bank Limited, 4 branches of Global IME Bank Limited and, 1 branch each from Nepal Bangladesh Bank limited, NMB Bank Limited, and Bank of Kathmandu Limited conducting government transactions and released report from 79 DTCOs and payment centers.

Government Revenue

31. In the review period, the government revenue mobilization declined by 10.2 percent to Rs. 193.48 billion. Such revenue had risen by 14.1 percent in the corresponding period of the previous year. Contraction in imports and the slowdown in economic activities due to disturbances at southern customs points led to a decrease in VAT, customs revenue and excise duty. As government revenue collection in the review period is just 40.7 percent of the annual target of Rs. 475 billion, mobilizing the targeted revenue seems difficult in 2015/16.

Public Debt and Cash Balance of the GON

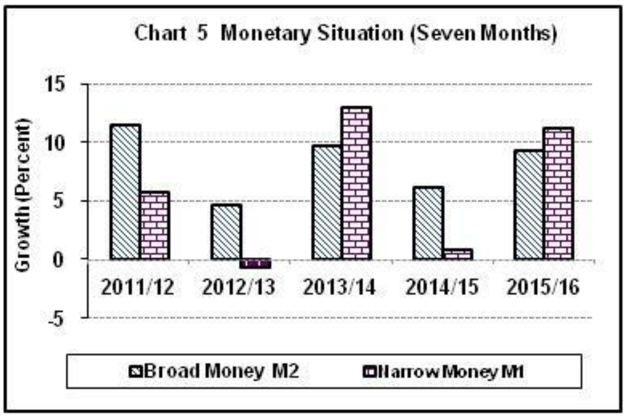
32. In the review period, the GoN made principal repayment of Rs. 19.60 billion of domestic debt. As a result, outstanding domestic debt decreased to Rs. 177.19 billion in mid-February 2015 from Rs. 196.79 billion in mid-July 2015.

33. Because of a slow pace of government expenditure relative to resource mobilization, the GoN accumulated cash balance of Rs. 76.20 billion at Nepal Rastra Bank as of mid-February 2016.

Monetary and Financial Situation

Money Supply

34. Broad money (M2) increased by 9.3 percent in seven months of 2015/16 compared to an increase of 6.1 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded by 23.6 percent in mid-February 2016.



35. Net foreign assets (after adjusting foreign exchange valuation gain/loss) increased by Rs. 154.40 billion in the review period compared to an increase of Rs. 32.80 billion in the corresponding period of the previous year.

36. Reserve money, which had decreased by 11.3 percent in the corresponding period of the previous year, increased by 8.7 percent in the review period. On y-o-y basis, reserve money increased by 46.7 percent in mid-February 2016. Such growth of reserve money is attributed to the increase in the net foreign assets of this bank.

Domestic Credit

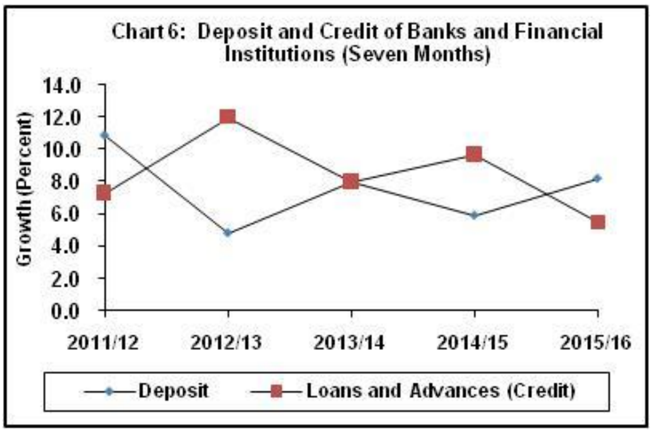
37. Domestic credit growth remained lower in the review period relative to that of last year. The slowdown in private sector credit disbursement and increase in the government deposits at this bank resulted in a decelerated growth of domestic credit in the review period. Domestic credit expanded by 2.8 percent in the review period compared to an

increase of 4 percent in the same period of the previous year. On y-o-y basis, domestic credit increased by 14.8 percent in mid-February 2016.

38. Claims of monetary sector on the private sector increased by 7.6 percent in the review period compared to a growth of 10.8 percent in the corresponding period of the previous year. On y-o-y basis, claims on the private sector increased by 15.9 percent in mid-February 2016.

Deposit Collection

39. Deposits at BFIs increased by 8.2 percent in the review period compared to a growth of 5.9 percent in the same period of the previous year. Deposits at commercial banks, development banks and finance companies increased by 8.8 percent, 4.7 percent and 7.4 percent respectively in the review period. On y-o-y basis, deposits at BFIs expanded by 22.6 percent in mid-February 2016.



Credit Disbursement

40. Credit to the private sector increased by 7.1 percent in the review period compared to an increase of 10.5 percent in the same period of the previous year. In the review period, private sector credit from commercial banks and development banks increased by 8.3 percent and 3.3 percent respectivley. However, such credit from finance companies decreased by 0.9 percent in the review period. On y-o-y basis, credit to the private sector from BFIs increased by 16.2 percent in mid-February 2016.

41. Credit disbursement in major areas such as industrial production, wholesale and retail trade and agriculture remained lower than that of the previous year. Credit to the industrial production sector increased by 8.4 percent, wholesale and retail trade sector by 6.8 percent, construction sector by 4.7 percent, transport, communication and public sector by 15.4 percent and agriculture sector by 3.9 percent in the review period.

42. In seven months of 2015/16, banks and financial institutions extended 59.8 percent of their total credit against the collateral of land and building, and 13 percent against the collateral of current assets (such as agricultural and non-agricultural products). Such ratios were 59.1 percent and 13.3 percent respectively in the same period of the previous year.

43. Of the total lending of the commercial banks, the credit to small and medium enterprises is only 2.7 percent (Rs. 31.62 billion) in the review period. T. R. (Trust Receipt) loan extended by commercial banks decreased by 7.8 percent (Rs. 4.43 billion) in the review period compared to a growth of 21 percent in the same period of the previous year. This is mainly attributable to the contraction in imports accompanied by disruption in border points and the unrest in southern plain.

Liquidity Management

44. In seven months of 2015/16, the NRB mopped up Rs 404.85 billion liquidity, on a turnover basis, through various instruments. These consist of Rs. 258.40 billion liquidity absorption through deposit collection auctions, Rs. 137.35 billion through reverse repo auction and Rs. 9.10 billion through outright sale auction on a cumulative basis. The outstanding deposit collection auction amounted to Rs. 101.15 billion in mid-February 2016. In the corresponding period of the previous year, Rs. 80 billion was mopped up through deposit collection auction and Rs. 270.25 billion through reverse repo auction.

Box 4: Cost of Liquidity Absorption (Rs. in million)

Liquidity Absorption Instruments	2014/15 (Annual)		2015/16 (Seven Months)	
	Amount	Interest Expenses	Amount	Interest Expenses
Deposit Collection Auction	155000	170.5	258400	583.1
Reverse Repo Auction	315800	2.8	137350	7.2
Outright Sale Auction	6000	17.3	9100	29
Total	**476800**	**190.6**	**404850**	**619.3**

45. In the review period, the NRB injected net liquidity of Rs. 268.62 billion through the net purchase of USD 2.54 billion from foreign exchange market (commercial banks). Net liquidity of Rs. 181.21 billion was injected through the net purchase of USD 1.90 billion in the corresponding period of the previous year.

46. The NRB purchased Indian currency (INR) equivalent to Rs. 184.29 billion through the sale of USD 1.76 billion in the review period. INR equivalent to Rs. 206.69 billion was purchased through the sale of USD 2.10 billion in the corresponding period of the previous year.

Financial Access

47. Expansion in branch network of BFIs has widened the access to finance. The branch network of BFIs reached 4,061 in mid-February 2016 from 3,707 a year ago. Likewise, the growth in the deposit and loan accounts has also contributed to broaden the financial access.

Refinance and Productive Sector Lending

48. The NRB has been providing a refinance facility to expand credit to the productive sector. In the review period, the use of such facility has slightly decreased. In the review period, a total refinance of Rs. 2.82 billion including general refinance of Rs. 1.70 billion and export refinance of Rs. 1.12 billion was availed. In the corresponding period of the previous year, a total refinance of Rs. 4.78 billion including general refinance of Rs. 3.22 billion and export refinance of Rs. 1.56 billion was utilized. In addition to this, the bank has introduced a provision of refinance facility at zero percent interest rate to the BFIs with an objective of providing concessional housing loan to earthquake victims. Under this scheme, a sum of Rs. 2.5 million has been extended as of mid-February 2016.

49. There is a policy-provision for commercial banks to disburse 20 percent of their total credit in the productive sector. Such credit of commercial banks out of their total loans and advances stood at 16.16 percent in mid-February 2016.

Inter-bank Transaction and Standing Liquidity Facility

50. In the review period, inter-bank transactions of commercial banks stood at Rs. 448.57 billion and those of other financial institutions (excluding transactions among commercial banks) amounted to Rs. 38.52 billion. Such transactions had amounted to Rs. 212.53 billion and Rs. 111.87 billion respectively in the corresponding period of the previous year. The BFIs did not use the standing liquidity facility (SLF) in the review period.

Interest Rates

51. The weighted average of 91-day Treasury Bill rate, deposit auction rate and inter-bank transaction rate decreased in the seventh month of 2015/16 compared to a year ago. The weighted average 91-day Treasury Bill rate decreased to 0.35 percent in the review month from 0.74 percent a year ago. The weighted average deposit auction rate inched down to 0.48 percent in mid February 2016 from 0.69 percent a year ago. Similarly, the weighted average inter-bank transaction rate among commercial banks, which was 2.23 percent a year ago, decreased to 0.22 percent in the review month. Likewise, the weighted average inter-bank rate among other financial institutions decreased to 1.01 percent from 2.97 percent a year ago.

52. In the seventh month of 2015/16, the weighted average interest rate spread between deposit and lending rate of commercial banks inched up to 4.40 percent from 4.24 percent a year ago and the average base rate came down to 6.58 percent from 7.51 percent a year ago.

Status of Merger and Acquisition of Banks and Financial Institutions

53. The number of BFIs opting for merger has been increasing after the introduction of merger policy aimed at strengthening financial stability. After the issuance of the "Bank and Financial Institutions Merger By-law, 2011", 84 BFIs have merged with each other resulting in the formation of 31 BFIs as of mid-February 2016. Likewise, 2 finance companies were acquired by a commercial bank and one development bank was acquired by another development bank.

Regulatory Measures

54. In the review period, the NRB issued directives pertaining to branch acquisition of problematic bank by another bank under specified provisions, special refinance facility up to Rs. 0.5 million for extending credit to agriculture and small enterprises in the specified 10 districts of high poverty incidence and bordering VDCs and municipalities of specified districts in the Southern regions and opening branches in these areas without approval from the NRB. Further, additional directives relate to the credit extended to the organized sector operating public city transport services under productive sector lending and replacing magnetic strip cards by chip-based card.

55. NRB also issued directives addressing unusual situation caused by the unrest in Terai region and trade-transit disturbances in Indo-Nepal Transit points. Such directives include the continuation of deferred loans as pass loans until mid-April 2016 and exemption from penalty for such loans, rescheduling or restructuring of loan up to one year for one time if borrowers of service sector (industry, trade, education, health, tourism and energy) submit work-plan within mid-April 2016, provision for including accrued interest received by

mid-February 2016 in income statement of the second quarter and extension of time period of T.R. loans (import loans) from 120 days to 180 days, among others.

56. In order to enhance the confidence of public in banking system through minimizing risk of banking transaction, this bank has introduced "New Capital Adequacy Framework-2015"based on BASEL III. Commercial banks are required to implement it in parallel since mid-January 2016 and fully since mid-August 2016.

57. A "Rehabilitation Fund" of Rs. 100 billion, to be operationalized by this bank, has been established. The fund can be used to provide interest subsidy of 4 percent up to the credit of Rs. 100 million and 2 percent for more than Rs.100 million for the specified sectors. Likewise, the fund can be used to provide credit from BFIs to earthquake victims at 5 percent interest rate for specified business and for which refinance facility from this bank is provided at 1.5 percent interest rate.

Macro prudential Regulation

58. There is a provision to limit credit in real estate sector up to 25 percent of total credit disbursement. Such credit flow of BFIs amounted to Rs. 220.76 billion (including Rs. 126.48 billion residential home loans less than Rs. 10 million each) in mid-February 2016. This is 15.1 percent of total credit exposure of BFIs. As at mid-February 2016, the BFIs' total margin lending extended against the collateral of shares stood at 1.8 percent (Rs. 26.91 billion) of their total credit exposure.

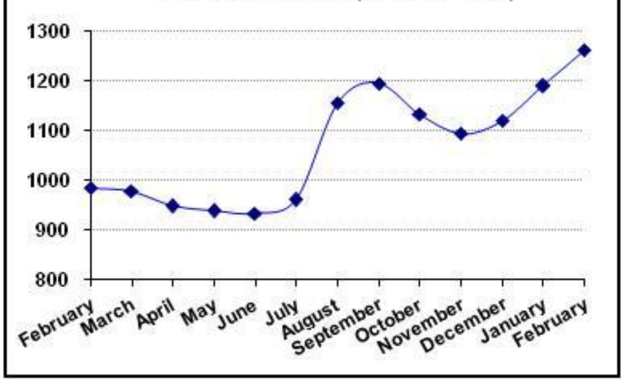
59. Currently, mandatory credit-deposit (local currency deposit and including core capital) ratio is 80 percent for the BFIs. Such ratio of commercial banks, development banks and finance companies stood at 72.22 percent, 69.63 percent and 71.45 percent respectively as at mid-February 2016. This shows that BFIs have additional room for credit disbursement.

60. Commercial banks are required to maintain 10 percent capital fund ratio of the risk weighted assets and the development banks and finance companies are required 11 percent each. Such ratios of commercial banks, development banks and finance companies were 11.89 percent, 15.15 percent and 21.22 percent respectively as at mid-February 2016. BFIs are required to maintain capital buffer of 1 percent or more in addition to capital adequacy ratio (CAR) before they distribute dividend.

Capital Market

61. The NEPSE index on y-o-y basis increased by 28.4 percent to 1,263.7 points in mid-February 2016. This index had increased by 23.2 percent to 984.5 points a year ago. The stock market has been continously gaining a momentum due to the full dematerialized transactions from mid-January 2016, prevalence of excess liquidity in the financial system and the capital hike policy/plan of financial institutions.

Chart 7: NEPSE Index (2014/15-2015/16)



62. The stock market capitalization on y-o-y basis increased by 34.7 percent to Rs. 1,360.51 billion in mid-February 2016. This had increased by 24.2 percent a year ago. The ratio of market capitalization stood at 64 percent in mid-February 2016 compared to 52 percent a year ago. In the total market capitalization, the share of banks and financial institutions (including insurance companies) stood at 82.4 percent, hydropower 5.6 percent, manufacturing and processing companies 2.5 percent, hotels 1.7 percent, trading 0.1 percent, and others 7.7 percent respectively.

63. On y-o-y basis, the total turnover of the securities increased by 8.5 percent to Rs. 9.39 billion in mid-February 2016. The turnover of the securities had increased by 27.5 percent to Rs. 8.65 billion a year ago.

64. Total number of companies listed at the NEPSE decreased from 232 in mid-February 2015 to 230 in mid-February 2016 due to the merger of some BFIs.

65. On y-o-y basis, total paid-up capital of the listed companies increased by 36.4 percent to Rs. 254.51 billion in mid-February 2016. Within the seven month of 2015/16, total additional securities worth Rs. 8.54 billion were listed in the NEPSE. These consist of ordinary shares Rs. 1.89 billion, right shares Rs. 1.58 billion, bonus shares Rs. 3.37 billion and the debentures Rs. 1.70 billion.