

MILESTONE

**An International Souvenir
Published on the Occasion of
Golden Jubilee Celebration**



Nepal Rastra Bank

April 2005



Nepal Rastra Bank Golden Jubilee 2005



Nepal Rastra Bank Golden Jubilee 2005



His Majesty the King Gyanendra Bir Bikram Shah Dev



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Her Majesty the Queen Komal Rajya Laxmi Devi Shah



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His Royal Highness Crown Prince Paras Bir Bikram Shah Dev



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Her Royal Highness Crown Princess Himani Rajya Laxmi Devi Shah



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Member





Nepal Rastra Bank Golden Jubilee 2005



Governor

Foreword

Nepal Rastra Bank, established in 1956, with the primary goal of expanding the use of Nepalese currency system, is completing its 50 years of service to the nation. In the process, the institution has by now evolved as an autonomous central bank with the practice compatible to the international standards on maintaining financial discipline, price stability and sustainable economic growth.

To arrive at this stage, Nepal Rastra Bank has received invaluable advice, support and co-operation from other central banks and concerned international organizations world over and central banks of South and South east Asia, in particular. Information, experience and knowledge shared with these organizations have greatly contributed to the institutional and capacity enhancement of Nepal Rastra Bank. Realizing the importance of exchanging the experiences of successes and challenges in central banking, Nepal Rastra Bank decided to come up with this special publication 'MILESTONE' to mark its Golden Jubilee Celebration.

I would like to sincerely thank the Governors of contributing central banks and IMF Resident Representatives in Nepal for their personal initiation in producing and sending all-encompassing write-ups.

I am confident this publication will serve the purpose of enriching knowledge about central banking through comparative comprehension of the presented articles.

I look forward to continuous support from our counterpart organizations in the days to come.

Bijaya Nath Bhattarai

Chairman

Golden Jubilee Celebration Main Committee

Nepal Rastra Bank





Deputy Governor

Acknowledgement

I, on behalf of Nepal Rastra Bank Golden Jubilee Celebration Programme Execution Sub-Committee, would like to express my sincere gratitude to all those who have put invaluable efforts to bring out this special publication “MILESTONE” to mark this special occasion.

My special thanks to the Governors and their good offices of the central banks of Bangladesh, China, India, Japan, Korea, Malaysia, Mongolia, Pakistan, Thailand and Managing Director of Monetary Authority of Singapore for their well-researched and insightful write-up contributions. Also, my thanks to International Monetary Fund’s present Resident Representative to Nepal for his article on NRB-IMF relations and his support in tracing down the former IMF Resident Representatives.

My sincere gratitude to Governor, Nepal Rastra Bank, for his guidance and input for this publication.

The Publicity Assistance Committee deserves all credit from conception of the idea of MILESTONE to timely execution of entire publication process.
Thank You,

Lekh Nath Bhusal

Convenor

Programme Execution Sub-Committee

NRB Golden Jubilee Celebrations





Deputy Governor

Looking Forward

With the sweeping trend of globalization, the world gears up to adopt almost a homogeneous value and practice system in banking and finance. As such, mutual co-operation, knowledge and experience sharing among the regulatory agencies like central banks of individual nations and related international organizations become an inevitable part of central banking operations. The rapid development in information technology has greatly facilitated the growth of international trade and transactions.

The publications like 'MILESTONE' can undoubtedly serve as an effective tool to bolstering international co-operation and learning lessons from each-others' experiences and innovations. I hope that this publication will serve a very useful reference to the entire banking and financial sector enthusiasts, as well as, a bond to strengthened friendship with our counterparts and international organizations.

Krishna Bahadur Manandhar

Member,

Programme Execution Sub-Committee

NRB Golden Jubilee Celebrations



Editorial

Nepal Rastra Bank enters into fiftieth year of its service to the Kingdom of Nepal. The institution as the central bank of the country has been a witness and participant to the vicissitudes of the global economic and financial developments of the last half-century. In the meantime, the South and South-East Asian economies also have gone through massive economic transformations.

On the occasion of its golden jubilee, Nepal Rastra Bank with the objective of sharing mainly the central banking experiences had requested to our friends and counterparts, who have been the actors, contributors and supporters towards improving central banking culture in this region, to contribute to this publication. Nepal Rastra Bank is grateful to the central banks of this part of world and International Monetary Fund Kathmandu office for their whole-hearted cooperation on providing with the enlightening write-ups to this end.

The measures adopted by the central banks of this region in evolving timely and effective central banking practices have become the core content of this special publication. The various experiences like success in reducing non-performing loans by setting up Assets Management Company by the Bank of Korea, the successful implementation of Financial Sector Reform by the State Bank of Pakistan, The Reserve Bank of India's experience in shift on policy regime from closed to open economy, the Monetary Authority of Singapore's practice of regulating entire money market by a single agency, the Bangladesh Bank's ongoing efforts to overcome the challenges of Reform and the People's Bank of China's endeavour in achieving impressive economic growth and creating suitable atmosphere for Foreign Direct Investments into its economy and IMF's initiatives to support Reform are surely the sources of some valuable information and knowledge to imbibe and cherish with.

Our sincere thanks to all contributors, well-wishers and all those involved in the process of compiling, editing and printing, without which publication of this special international souvenir, MILESTONE, would not have been possible.

Achyut Wagle
Editor



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