

Unofficial Translation

# Monetary Policy for 2019/20



**Nepal Rastra Bank**  
**Central Office**  
Baluwatar, Kathmandu  
July 2019

# **Monetary Policy**

## **for 2019/20**

Delivered by  
**Governor Dr. Chiranjibi Nepal**  
on July 24, 2019



**Nepal Rastra Bank**  
**Central Office**  
Baluwatar, Kathmandu



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## ACRONYMS

ATM	:	Automated Teller Machine
BAFIA	:	Bank and Financial Institutions Act
BFI	:	Banks and Financial Institution
BOP	:	Balance of Payments
CCD	:	Credit-to-Core Capital and Deposit
CDM	:	Cash Deposit Machine
CIB	:	Credit Information Bureau
CPI	:	Consumer Price Index
CSR	:	Corporate Social Responsibility
DTI	:	Debt Service to Gross Income Ratio
FSDS	:	Financial Sector Development Strategy
GDP	:	Gross Domestic Product
GoN	:	Government of Nepal
HPI	:	Housing Price Index
IMF	:	International Monetary Fund
IRC	:	Interest Rate Corridor
LCR	:	Liquidity Coverage Ratio
LIBOR	:	London Interbank Offered Rate
LOLR	:	Lender of the Last Resort
M2	:	Broad Money
MFI	:	Microfinance Financial Institution
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
NSFR	:	Net Stable Funding Ratio
OMO	:	Open Market Operation
PAN	:	Permanent Account Number
PoS	:	Point of Sale
RTGS	:	Real Time Gross Settlement
SIB	:	Systemically Important Bank
SIS	:	Supervisory Information System
SLF	:	Standing Liquidity Facility
SME	:	Small and Medium Enterprise
VAT	:	Value Added Tax
y-o-y	:	year on year

# Monetary Policy for 2019/20

## Background

1. Nepal Rastra Bank (NRB), as mandated by the NRB Act, 2002, has been issuing monetary policy publicly since 2002/03. In addition, it has been releasing half-yearly review of the policy since 2004/05 and quarterly review since 2016/17.
2. Economic activities have gained momentum resulting in a higher growth since 2016/17. While inflation remains subdued, expansion in financial access is encouraging. However, external sector is under pressure.
3. Financial market largely remained stable in the last one year. While the interest rate on deposits remained fairly stable, such rate on lending declined to some extent. Instrumental diversification at the capital market has started with the issuance of debentures by commercial banks. Overall stock market activities remained normal.
4. Tensions in international trade, prolonged exit of the United Kingdom from the European Union and the lower growth pace of the Chinese economy are likely to decelerate the expansion of global economy.
5. Macroeconomic policies in Nepal are to be designed taking into account the Sustainable Development Goals to be attained by 2030, economic targets outlined in the Fifteenth Plan and the economic, social as well as political developments beyond the border.
6. Monetary policy for 2019/20 has been formulated considering the domestic and international economic developments along with the programs outlined in the budget of the government of Nepal (GoN) for 2019/20.

## Global Economic Outlook

7. International Monetary Fund (IMF) has projected the world economy to grow by 3.2 percent in 2019 compared to 3.6 percent in 2018. The advanced economies, and emerging as well as developing economies are projected to grow by 1.9 percent and 4.1 percent respectively in 2019. Such growth rates were 2.2 percent and 4.5 percent respectively in 2018.

8. The fund has projected the Chinese and Indian economies to grow by 6.2 percent and 7.0 percent respectively in 2019. These economies grew by 6.6 percent and 6.8 percent respectively in 2018.
9. Inflation has been projected to remain at 1.6 percent in the advanced economies and 4.8 percent in the emerging and developing economies in 2019. Inflation in these economies remained 2.0 percent and 4.8 percent respectively in 2018.

## **Review of Economic Situation**

10. As per the preliminary estimates of the Central Bureau of Statistics, Gross Domestic Product (GDP) is estimated to grow by 7.1 percent in 2018/19. Increase in agricultural production, ease in energy supply, acceleration in construction activities, expansion in industrial production, and an uptick in tourist arrival have contributed to the higher economic growth.
11. Ratios of Gross Domestic Savings and Gross National Savings to GDP are estimated at 20.5 percent and 52.4 percent respectively in 2018/19. In the previous year, such ratios were 17.8 percent and 47.1 percent.
12. Ratios of Gross Fixed Capital Formation and Gross Capital Formation to GDP are estimated at 36.9 percent and 62.3 percent respectively in 2018/19. In the previous year, such ratios were 34.7 percent and 55.2 percent respectively.
13. Higher investment compared to savings led to a resource gap at 9.9 percent of GDP in 2018/19. In the previous year, such gap was 8.1 percent.
14. The average consumer price inflation in the eleven month of 2018/19 is 4.5 percent. Such inflation was 4.2 percent a year ago.
15. According to the preliminary statement of receipts and expenditure released by the Office of the Financial Comptroller General, recurrent expenditure of the government stood at Rs.714.98 billion, capital expenditure stood at Rs. 238.36 billion, financing stood at Rs.141.24 billion and revenue mobilization stood at Rs.859.60 billion in 2018/19.
16. GoN mobilized domestic debt of Rs.96.38 billion and made a payment of Rs. 34.31 billion thereby mobilizing net domestic debt of Rs.62.07 billion in 2018/19 which is 1.8 percent of GDP.

17. Trade deficit widened by 17.2 percent to Rs.1211.96 billion in the eleven months of 2018/19. Similarly, current account registered a deficit of Rs. 248.72 billion in the review period. High current account deficit is due to the expansion of imports.
18. Remittance inflows increased by 17.5 percent to Rs.799.02 billion in the eleven months of 2018/19. However, Balance of Payments (BOP) remained at deficit of Rs.90.83 billion.
19. Based on the imports of eleven months of 2018/19, foreign exchange holdings of the banking sector is sufficient to cover the prospective merchandise imports of 8.8 months, and the merchandise and services imports of 7.7 months.
20. Nepalese currency vis-à-vis US dollar depreciated by 0.02 percent in 2018/19. The buying rate for one US dollar stood at Rs.109.36 in mid-July 2019 compared to Rs.109.34 a year ago.

### **Capital Market**

21. Stock market remained stable in the review year. The NEPSE index stood at 1259.0 in mid-July 2019 compared to 1212.4 a year ago. Similarly, market capitalization increased to Rs.1567.50 billion in mid-July 2019 from Rs. 1435.14 billion a year ago.
22. Policy to encourage BFIs in mobilizing financial resources through the issuance of debentures has contributed to the development of bond market. In 2018/19, altogether 14 commercial banks obtained approval from this Bank to issue debenture worth Rs.43.98 billion.
23. Now, let me present the review of the monetary policy for 2018/19.

### **Review of Monetary Policy 2018/19**

#### **Monetary Management**

24. The y-o-y growth of broad money supply ( $M_2$ ) stood at 16.7 percent in mid-June 2019 compared to the target of 18 percent in 2018/19.
25. Domestic and private sector credit, on y-o-y basis, increased by 25.1 percent and 20.6 percent respectively in mid-June 2019. The projected growth rates of such credits were 22.5 percent and 20.0 percent respectively.



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26. Total liquidity worth Rs.322.49 billion was injected in 2018/19, of which, Rs.168.16 billion was injected through Repo and Rs.154.33 billion was injected through the Standing Liquidity Facility (SLF).
27. Total liquidity worth Rs.100.35 billion was mopped up in 2018/19, of which, Rs.20.70 billion was mopped up through reverse repo and Rs.79.65 billion was mopped up through the deposit collection.
28. This Bank has injected net liquidity worth Rs.360.91 billion by purchasing US dollar 3.19 billion from commercial banks in 2018/19. During the period, Indian currency equivalent to Rs.516.97 billion was purchased through the sale of convertible foreign currencies.
29. Interbank transaction among the commercial banks stood at Rs.1775.11 billion and among other financial institutions (except commercial banks) at Rs. 209.55 billion in 2018/19.
30. In mid-July 2019, the weighted average interest rate of 91-days Treasury bills stood at 4.97 percent and the weighted average inter-bank rate among the commercial banks stood at 4.52 percent. Such rates were 3.74 percent and 2.96 percent respectively in mid-July 2018.
31. In mid-June 2019, the weighted average deposit rate and lending rate of commercial banks stood at 6.64 percent and 12.20 percent respectively. Such rates were 6.61 percent and 12.42 percent in mid-June 2018.

#### **Review of Credit Programs**

32. The policy provision allowing BFIs to borrow in foreign currencies up to hundred percent of core capital has been materialized. A commercial bank borrowed US dollar 31.5 million of the total approved amount of US dollar 40 million. Similarly, three microfinance financial institutions (MFIs) also have obtained approval to borrow US dollar 20.6 million and Japanese Yen 11 million.
33. The existing provision requires commercial banks to disburse minimum 10 percent of their total credit to agriculture sector and minimum 15 percent to energy and tourism sector. Outstanding loan in these sectors stood at 8.6 percent and 8.6 percent respectively in mid-June 2019.
34. BFIs are required to disburse at least 5 percent of their credit to the deprived sector. Such credit accounted for 6.1 percent of total credit in mid-June 2019.

35. The refinance facility availed by this Bank at a subsidized rate to the BFIs amounted to Rs. 22.40 billion in mid-June 2019. The main purpose of such facility is to support production and export. Under this scheme, the outstanding general refinance and export refinance are Rs.19.27 billion and Rs. 870 million respectively.
36. As of mid-June 2019, the outstanding amount of agriculture and livestock business loan disbursed to 15916 borrowers under 'Unified Procedures for Interest Subsidy on Concessional Loan, 2018' stood at Rs. 29.36 billion. Similarly, the outstanding loan disbursed to 766 borrowers under 'other sectors' of the scheme stood at Rs. 413.2 million. GoN provided interest subsidy of Rs. 1.25 billion for the concessional lending programs.
37. Now, let me present a review of the implementation status of the Financial Sector Program.

### **Financial Sector Program**

38. Nepal Rastra Bank Act, 2002 and Bank and Financial Institutions Act (BAFIA), 2017 have been forwarded to the GoN for amendment. Payment and Settlement Act, 2018 has come into effect.
39. Directive for the regulation, inspection and supervision of infrastructure development bank has been issued. Nepal Infrastructure Bank Limited with paid up capital of Rs. 20 billion started its operation on March 11, 2019.
40. In line with the Bank's policy to enhance effective service delivery and increase financial access, commercial banks have set up their provincial offices in all provinces.
41. E-mapping, incorporating financial indicators, has been made available through the Financial Inclusion Portal.
42. Given the provision requiring all saving and fixed deposits up to Rs.300 thousand of natural persons to be guaranteed, Rs. 603.39 billion maintained at 22.20 million deposit accounts have been guaranteed as of mid-June 2019.
43. The policy for adjusting the operating areas of the BFIs according to the provincial arrangement, other than those operating at the national level, has come into effect. The minimum paid-up capital requirement for development banks and finance companies operating outside the Kathmandu Valley in one particular province has been fixed Rs. 1.20 billion and Rs. 500 million respectively.

44. A policy provision allowing MFIs to act as payment service provider has become effective.
45. Survey work for designing the Housing Price Index (HPI) is underway. The index is expected to reflect the movement of the real estate price.
46. In line with the Merger & Acquisition Policy of this Bank, a total of 171 BFIs have undergone through the merger/acquisition process as of mid-July 2019. Out of these, license of 128 institutions has been revoked thereby forming 43 institutions.
47. For the online access of the statistics and information from the BFIs, Supervisory Information System (SIS) is under the phase of execution.

### **Financial Access**

48. As per the policy of extending the coverage of commercial banks in all local levels, 732 local levels have the presence of the branch of commercial bank as of mid-July, 2019. Such number was 631 in mid-July, 2018.
49. The total number of branches of the BFIs reached 8564 in mid-June 2019, which comprise 3539 branches of commercial banks, 1250 branches of development banks, 205 branches of finance companies and 3570 branches of MFIs. The total number of branches of the BFIs was 6414 in mid-June 2018.
50. Population per branch of the BFIs stood at 3411 in mid-June 2019. Such number was 4493 in mid-June 2018.
51. The campaign for opening bank accounts of all citizens is on the rise. As of mid-May 2019, the number of deposit and loan accounts maintained at the BFIs reached 27.3 million and 1.45 million respectively.
52. The number of ATMs reached 3188, mobile banking users reached 7 million and internet banking users reached 893 thousands in mid-April 2019. Similarly, the number of issued debit cards and credit cards stood at 6.28 million and 113 thousands respectively.
53. The number of total saving members and borrowers of the MFIs reached 4.16 million and 2.61 million respectively in mid-May 2019. These institutions have mobilized savings of Rs. 79.59 billion and extended loans of Rs. 225.07 billion.
54. The operation of the 'Rural Self Reliance Fund', set up with the seed capital of NRB and the GoN, has been handed over to the Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited.

55. Now, let me present the monetary policy framework for 2019/20.

## **Monetary Policy Framework for 2019/20**

### **Monetary Policy Stance**

56. Monetary policy stance for 2019/20 has been designed taking into account the current situation of the economy, domestic and global economic outlook, the Fifteenth Plan and the annual budget of the GoN for 2019/20.
57. An increase in public and private investment is likely to boost up aggregate demand. Monetary policy will focus on maintaining monetary aggregates at the desired level so as to avert the inflationary pressure originating from the demand side.
58. Import is increasing along with the expansion of economic activities. Monetary management will duly consider the likely impact of such increase on external sector stability.
59. Availability of financial resources will be encouraged for increasing the domestic production, employment generation and entrepreneurship development. This will support the economic growth targeted by the GoN's annual budget for 2019/20.
60. Monetary policy will focus on interest rate stability through effective liquidity management.
61. Consolidation and strengthening of the BFIs will be prioritized to enhance their ability to mobilize resources while increasing the access of the general public to financial services.

### **Economic and Monetary Target**

62. Monetary management will focus on containing consumer price inflation within 6 percent for maintaining price stability.
63. Monetary management will be carried out to maintain foreign exchange reserves sufficient to cover the prospective imports of goods and services for at least 7 months in 2019/20 for ensuring external sector stability.
64. Monetary management will be carried out to facilitate the economic growth of around 8.5 percent as targeted by the annual budget of the GoN.
65. The nominal GDP has been taken as the basis for monetary projection. Given this, the limit for the growth of broad money ( $M_2$ ) has been set at 18 percent. In addition,

domestic credit and private sector credit growth rates are projected to be 24 percent and 21 percent respectively.

### **Operating Target and Instrument**

66. The existing currency peg as the nominal anchor of monetary policy has been continued.
67. Open market operations (OMOs) will be conducted by monitoring the excess liquidity of the BFIs and using interbank rate of the BFIs as the operating target of the policy.
68. Interest rate corridor (IRC), introduced to minimize the volatility of short term interest rate, will be made further effective.
69. The existing standing liquidity facility (SLF) rate as the upper bound of the IRC has been reduced to 6 percent, repo rate as the policy rate to 4.5 percent and the deposit collection rate as the lower bound to 3 percent. Under this, a provision will be made to provide repo facility on an overnight basis and deposit collection facility for a week.
70. The cash reserve ratio to be maintained by the BFIs has been kept unchanged at 4 percent.
71. Statutory Liquidity Ratio (SLR) has been kept unchanged at 10 percent for commercial banks, 8 percent for development banks and 7 percent for finance companies.
72. The bank rate, applied for the purpose of the lender of the last resort (LOLR) facility, will be reduced to 6 percent from 6.5 percent.
73. The special refinance rate has been kept unchanged at 1 percent, while the general refinance rate will be reduced to 3 percent from the existing rate of 4 percent.
74. The provision for the BFIs to charge a maximum of 3 percent interest rate from special refinance beneficiaries has been kept unchanged. The BFIs will not be allowed to charge more than 7 percent interest from the borrowers using general refinance facility.
75. Refinance rate on small and medium enterprises (SMEs) against the collateral of 'Pass' loan up to Rs. 1 million will be reduced to 3 percent from the existing 5 percent. The maximum interest rate that the BFIs can charge from such borrowers will be reduced to 7 percent from the existing 10 percent.

76. The monetary easing is expected to support the growth momentum that the country has taken in the last few years, manage imports through expanding domestic production frontier and insulate the economy from the possible global slowdown.

### **Credit and Resource Management**

77. Measures relating to credit management are aimed at maintaining price and external sector stability and to encourage domestic economic activities.
78. Sources of foreign borrowing for the BFIs will be further expanded. A provision will be made for the BFIs to borrow from foreign pension fund, hedge fund and similar other sources, in addition from the banks. Also the areas for the utilization of such fund will be broadened.
79. The maximum interest rate to be paid by the BFIs on the borrowing in convertible currencies will be set at 6-month LIBOR plus 4 percentage points from the existing 6-month LIBOR plus 3 percentage points.
80. A provision will be made for the BFIs to mobilize foreign currency fixed deposits with at least 2-year maturity from institutional foreign depositors and Non-Resident Nepali. BFIs will be allowed to mobilize hundred percent of such deposits for extending loan in Nepali currency.
81. The limit for deposit mobilization from a single institution by the BFIs will be reduced to 10 percent of their total domestic deposit liabilities. Such limit for total institutional deposit is kept unchanged at 50 percent.
82. Commercial banks will be required to issue debentures of at least 25 percent of their paid-up capital by mid-July 2020.
83. Commercial banks will be allowed to utilize cent percent of the resources raised through the issuance of debentures for extending loans.
84. A policy provision will be made for the mobilization of gold held by Nepali citizens as bank deposits.
85. Limit for the Debt Service to Gross Income Ratio (DTI) will be introduced for the installment-based non-business loans such as personal loan, home loan, hire purchase loan and others.
86. The limit for the mandatory requirement for the BFIs to obtain Permanent Account Number (PAN) of the borrower has been lowered to Rs. 5 million from the existing limit of Rs.10 million.

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87. The existing policy provision for the commercial banks to extend at least 10 percent of their total credit in agriculture sector and at least 15 percent in energy and tourism sector has been kept unchanged.
88. The existing policy provision for the development banks and finance companies to extend at least 15 percent and 10 percent of their total credits respectively to the priority sector has been kept unchanged.
89. The minimum investment limit for selection of projects by Infrastructure Development Bank will be set at Rs.300 million.
90. Operating Guideline will be issued for the Refinance Fund established by this Bank so as to ensure the availability of concessional credit to the priority sectors.
91. In order to maintain a provincial balance in the utilization of refinance facility, an arrangement will be made to allow the provincial offices of this Bank to accept applications, make necessary coordination and recommend for such facility. In addition, the list of the refinance beneficiaries will be made public.
92. A provision will be made to provide general refinance facility to the specified manufacturing industries in the least developed and undeveloped regions as mentioned in the 'Industrial Enterprises Act, 2016'.
93. Lending under 'Interest Subsidy on Concessional Loan Manual, 2018' will be made effective. In addition, the provision for exempting such loans from total loan while computing the credit to core capital and deposit ratio will be continued.
94. BFIs are allowed to charge interest on concessional loan only after deducting the interest subsidy to be availed to the borrower. Such provision will be made further effective.
95. The policy provision requiring the BFIs to extend at least 5 percent of their total credit to the deprived sector has been kept unchanged.
96. The existing policy of including interbank lending while computing the credit to core capital and deposit ratio will be reviewed.
97. In line with the provision made in the Financial Sector Development Strategy (FSDS) to bring the spread between the average lending and deposit rates below 4.4 percent by 2020/21, a provision will be made to bring down such spread to 4.4 percent by mid-July 2020.

98. For agriculture, enterprise and business promotion loan up to Rs. 1.5 million, BFIs will not be allowed to charge interest exceeding 2 percentage points above the base rate and take any service fee or loan prepayment charges from the borrowers. Also, each branch of the BFIs will be required to approve such loan within seven days. In case the application is rejected, the applicant should be informed about the rejection with clear reasons.
99. Now, let me present the Financial Sector Program for 2019/20.

### **Financial Sector Program for 2019/20**

100. The financial sector will be developed in line with the FSDS and the Strategic Plan of this Bank while ensuring harmony with the long term development goals of the nation.
101. The goal of the financial sector program will be to enhance financial access through the modernization of payment system while giving due attention to financial governance and consolidation.

### **Financial Sector Strengthening**

102. Following incentives, in addition to the existing ones, will be provided to the commercial banks undergoing the merger and acquisition process and commencing joint operation by mid-July 2020:
  - a. The deadline to meet the credit requirements for agriculture, energy and tourism will be extended to mid-July 2021.
  - b. The deadline to reduce the spread between lending and deposit rate to 4.4 percent will be extended to mid-July 2021.
  - c. Approval from this Bank will not be required to establish new branches.
  - d. The existing provision of cooling period of six months will not be applicable for the members of board of directors, chief executive officer and deputy chief executive officers while joining other institutions licensed by this Bank.
  - e. The deadline to issue debentures worth 25 percent of paid-up capital will be extended to mid-July 2021.



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103. Necessary provisions will be made to give priority for merger and acquisition of those BFIs having shareholders holding more than a certain percent of equity ownership in more than one BFIs.
104. A separate provision will be made to regulate and supervise the Systemically Important Banks (SIBs).
105. Following the provision in the FSDS, the process of formulating leasing law will be initiated.
106. In order to increase the confidence of general public in financial sector by addressing the grievances of depositors and borrowers, 'Financial Consumer Protection Manual' will be introduced. Similarly, a 'Financial Consumer Protection Unit' will be established in this Bank in order to protect the interest of financial consumers.
107. In order to extend financial outreach to all 6743 wards of the local levels, BFIs will not be required to take approval from this Bank to open branchless banking centers in those wards where there is no bank branch.
108. BFIs will be required to provide service related information via Audio Notice Board to consumers at no cost.
109. A provision will be made whereby BFIs will also have to use Nepali language while disseminating information on their websites.
110. With a view to enhance the effectiveness of the goAML system in preventing money laundering and combating financing of terrorist activities, a provision will be made for the development banks and finance companies as well to upload their statements directly from their core banking system to the goAML software.
111. A provision will be made for regular monitoring of the credit information to be submitted by the BFIs to Credit Information Bureau (CIB). This will enhance the quality of the credit information.
112. A provision will be made for commercial banks, development banks and finance companies undertaking micro finance related transactions to report separate information of such transactions to the CIB.
113. The provision for the BFIs to spend the allocated sum for enhancing efficiency of their employees for the said purpose will be continued. This should also embody an arrangement whereby employees of the BFIs will be required to obtain certificate of orientation based on an approved curriculum.

## **Regulation**

114. Monitoring of credit to core capital and deposit ratio required to be maintained by the BFIs will be made further effective. Regulatory actions will be taken to those BFIs not complying with this arrangement.
115. The provision of countercyclical buffer as a tool of macro-prudential regulation will be effectively implemented. In addition, standard for Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) will be issued.
116. A regulatory provision will be made for the Nepali BFIs to open branches abroad. The existing regulation for opening representative offices/branches of foreign banks in Nepal will be reviewed .
117. Basel II will be fully implemented in development banks and finance companies. In addition, a provision for stress testing will be made for such institutions.
118. The existing provision for commercial banks to submit their annual plan relating to deposit mobilization and loan disbursement to this Bank shall be made effective by requiring submission of the review of such plan from their board of directors on a quarterly basis.
119. Infrastructure development bank will also be required to submit such annual action plan to this Bank each year within mid-August.
120. The existing provision for the BFIs to spend at least 10 percent of corporate social responsibility (CSR) fund in each province will be continued. Use of such fund will be made more systematic and transparent.
121. A provision will be made for the BFIs to insure the collateral pledged for loan from the insurance company chosen by the borrower. BFIs will not be allowed to sell any other type of insurance policies except the policies directly related to the credit.

## **Microfinance Regulation**

122. MFIs will be allowed to open one branch in sub-metropolitan city or district headquarter only after opening one branch in the municipality and rural municipalities excluding the metropolitan, sub-metropolitan and district headquarters.
123. MFIs will be required to disburse one-third of total credit to agriculture sector.
124. Stress testing guidelines for the MFIs will be issued.

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125. The following additional facilities will be provided to the MFIs that undergo through the merger and acquisition process :
- a. Additional time to bring down credit within the limit for borrowers exceeding single obligor limit.
  - b. Additional time to comply with the required capital adequacy ratio.
  - c. The existing provision of cooling period of six months will not be applicable for the members of board of directors and chief executive officer while joining other institutions licensed by this Bank.
  - d. Extension of loan limits from Rs. 1 million to Rs. 1.5 million provided to the members of group or individuals residing in rural municipalities for operating micro-enterprises against the acceptable collateral.
  - e. Resource mobilization by accepting salary, allowance and facilities given to their own staff in the form of deposits.
126. Necessary provisions will be made to give priority for merger and acquisition of those MFIs having shareholders holding more than certain percent of ownership in more than one MFIs.

**Strengthening Payment system**

127. A policy of gradually reducing cash transactions will be adopted focusing on digitization and Fin-tech, thereby promoting payment through electronic means.
128. Settlement of economic transactions through electronic means will be encouraged by developing necessary infrastructure for the modernization of payment system.
129. Real Time Gross Settlement system (RTGS) will be brought into operation within the current fiscal year. Arrangements will be made for the settlement of transactions within the country by ensuring interoperability of electronic payment transactions through the development of national payment gateway/switch.
130. Payment service providers will be encouraged to expand financial access in remote areas by providing payment services through mobile phones and internet.
131. A provision that disallows charging additional fees from customers in the payments made through the point of sale (POS) machine will be introduced.
132. Necessary provisions will be made for the issuance of Co-Brand Card/National Card to promote the use of card for the payment and settlement in Nepali currency.

133. Organizations involved in payment related services will be required to submit their transaction reports online.
134. BFIs will be required to keep Cash Deposit Machine (CDM) for collecting deposits.
135. In line with the budget of the GoN, coordination will be made to refund 10 percent of the value added tax (VAT) stated on the invoice directly to the payer's bank account if the payment is made through card or electronic means.

### **Foreign Exchange Management**

136. Working guideline relating to hedging will be formulated for effective implementation of 'Hedging Related Rules, 2018'.
137. A recommendation from concerned regulatory agency will be required while granting foreign exchange facility in case of purchase or repair of software.
138. Necessary policy will be formulated and implemented to manage the foreign currency receipts from and payments for the advertisements in social media and online sites.
139. Necessary coordination will be made to sell foreign employment bond and citizen saving bond throughout the year in order to mobilize remittance income in national priority sectors and encourage the use of formal channels for remittance inflow.
140. In order to encourage foreign investment, arrangement will be made to simplify the procedure of receiving foreign investment and its repatriation by making foreign exchange unit of this Bank under One Stop Service Centre more effective.
141. Provisions will be made to take prompt decisions on the applications received by this Bank for approval regarding foreign investment.
142. A special provision will be made to regulate and supervise the licensed institutions involved in foreign currency transactions.
143. Necessary provision will be made to regulate overseas foreign exchange expenses on studies and group travels.
144. In view of the Visit Nepal Year 2020, arrangements will be made for the BFIs to open separate foreign currency exchange counter facilities at major tourist destinations.
145. Arrangements will be made to monitor the foreign exchange transactions effectively to bring the informal remittance and other transactions within the banking system.

**Finally,**

146. Nepal has made a commendable progress on growth front in the last few years. With the expansion of domestic economic activities, Nepal has an opportunity to reap benefit from the development of emerging neighbouring economies. However, there is still a challenge of maintaining macroeconomic stability while supporting the growth momentum. Rational utilization of loan is to be encouraged by strengthening the financial sector given the slower built up on inflation and balance of payments deficit.
147. NRB believes that implementation of this monetary policy, which is in line with the GoN's Fifteenth Plan and the budget for 2019/20, will help achieve macroeconomic and financial stability, enhance financial access, maintain regional balance in financial service delivery and achieve the targeted economic growth.
148. NRB would like to thank the various agencies of the GoN, BFIs, various professional organizations, scholars, media and all others for their cooperation in the formulation of this policy. NRB expects continuous cooperation from all the stakeholders in implementing policies and programs as envisioned in this statement.

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**Appendix**  
**Projection of Monetary Survey**

Rs. in million

Monetary aggregates	2017 Jul	2018 Jul	2019 Jul <sup>E</sup>	2020 Jul <sup>Proj</sup>	Annual Change					
					2017/18		2018/19		2019/20	
					Amount	Percent	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1014634.9	1054291.7	972250.6	982250.7	960.2 <sup>/1</sup>	0.1	-80000.0 <sup>/2</sup>	-7.6	10000.0	1.0
1.1. Foreign Assets	1107823.5	1133295.2	1068284.2	1102637.4	25471.7	2.3	-65011.0	-5.7	34353.2	3.2
1.2. Foreign Liabilities	93188.6	79003.5	96033.5	120386.7	-14185.1	-15.2	17030.0	21.6	24353.2	25.4
a. Deposits	90339.6	77178.3	91275.6	106383.0	-13161.3	-14.6	14097.4	18.3	15107.4	16.6
b. Others	2849.0	1825.2	4757.9	14003.7	-1023.8	-35.9	2932.7	160.7	9245.8	194.3
2. Net Domestic Assets	1577067.1	2040174.9	2618107.4	3254371.8	501804.4 <sup>/1</sup>	31.8	575891.4 <sup>/2</sup>	28.2	636264.4	24.3
2.1. Domestic Credit	2177792.0	2755893.0	3461384.2	4293340.5	578101.0	26.5	705491.1	25.6	831956.4	24.0
a. Net Claims on Government	149489.0	272630.3	462884.9	664769.0	123141.3	82.4	190254.6	69.8	201884.1	43.6
Claims on Government	255761.1	362128.1	462884.9	664769.0	106367.0	41.6	100756.8	27.8	201884.1	43.6
Government Deposits	106272.1	89497.8	0.0	0.0	-16774.3	-15.8	-89497.8	-100.0	0.0	0.0
b. Claims on Non-Financial Government Enterprises	9225.9	10034.3	10127.3	10147.5	808.4	8.8	93.0	0.9	20.2	0.2
c. Claims on Financial Institutions	21917.1	30444.4	39507.9	49074.4	8527.3	38.9	9063.5	29.8	9566.4	24.2
Government	4286.2	3827.2	1734.1	1857.1	-459.1	-10.7	-2093.0	-54.7	123.0	7.1
Non-government	17630.9	26617.3	37773.8	47217.2	8986.3	51.0	11156.5	41.9	9443.4	25.0
d. Claims on Private Sector	1997160.0	2442784.0	2948864.0	3569349.6	445624.0	22.3	506080.0	20.7	620485.6	21.0
2.2. Net Non-monetary Liabilities	600724.9	715718.11	843276.79	1038968.75	76296.6 <sup>/1</sup>	12.70	129599.7 <sup>/2</sup>	18.1	195692.0	23.2
3. Broad Money (M2)	2591702.0	3094466.6	3590358.0	4236622.4	502764.6	19.4	495891.4	16.0	646264.4	18.0
3.1. Money Supply (M1+)	1623172.5	1878960.2	2081652.8	2407387.3	255787.7	15.8	202692.5	10.8	325734.6	15.6
a. Money Supply (M1)	569402.4	669394.9	732987.5	842935.6	99992.6	17.6	63592.5	9.5	109948.1	15.0
Currency	361745.9	415985.4	434704.8	492085.8	54239.5	15.0	18719.3	4.5	57381.0	13.2
Demand Deposits	207656.4	253409.5	298282.7	350849.8	45753.1	22.0	44873.2	17.7	52567.1	17.6
b. Saving and Call Deposits	1053770.1	1209565.3	1348665.3	1564451.8	155795.2	14.8	139100.0	11.5	215786.4	16.0
3.2. Time Deposits	968529.5	1215506.4	1508705.2	1829235.1	246976.9	25.5	293198.8	24.1	320529.9	21.2
4. Broad Money Liquidity (M3)	2682041.6	3171644.9	3681633.7	4343005.5	489603.4	18.3	509988.7	16.1	661371.8	18.0

E=Estimated, Proj= Projection

/1 Adjusting the exchange valuation loss of Rs. 38696.61 million

/2 Adjusting the exchange valuation Loss of Rs. 2041 million

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

Sectors	Rs. in million						Percentage Change				
	2013/14	2014/15	2015/16	2016/17	2017/18R	2018/19P	2014/15	2015/16	2016/17	2017/18R	2018/19P
<b>Agriculture</b>	<b>237,521.9</b>	<b>240,137.9</b>	<b>240,681.3</b>	<b>253,197.1</b>	<b>260,255.2</b>	<b>273,352.6</b>	<b>1.1</b>	<b>0.2</b>	<b>5.2</b>	<b>2.8</b>	<b>5.0</b>
Agriculture and Forestry	233,448.2	235,775.5	235,806.0	247,931.0	254,673.1	267,457.9	1.0	0.0	5.1	2.7	5.0
Fishery	4,073.7	4,362.5	4,875.3	5,266.2	5,582.1	5,894.7	7.1	11.8	8.0	6.0	5.6
<b>Non-Agriculture</b>	<b>465,534.6</b>	<b>483,655.3</b>	<b>485,494.7</b>	<b>529,181.0</b>	<b>569,873.8</b>	<b>612,479.3</b>	<b>3.9</b>	<b>0.4</b>	<b>9.0</b>	<b>7.7</b>	<b>7.5</b>
<b>Industry</b>	<b>107,840.1</b>	<b>109,398.6</b>	<b>102,437.4</b>	<b>115,140.0</b>	<b>126,185.0</b>	<b>136,464.7</b>	<b>1.4</b>	<b>-6.4</b>	<b>12.4</b>	<b>9.6</b>	<b>8.1</b>
Mining and Quarrying	3,159.4	3,233.3	3,143.0	3,574.7	3,892.2	4,260.9	2.3	-2.8	13.7	8.9	9.5
Manufacturing	47,888.4	48,067.7	44,222.9	48,510.4	52,956.8	56,018.4	0.4	-8.0	9.7	9.2	5.8
Electricity, Gas and Water	15,212.7	15,331.2	14,167.9	17,067.5	18,740.5	21,064.9	0.8	-7.6	20.5	9.8	12.4
Construction	41,579.7	42,766.4	40,903.6	45,987.4	50,595.4	55,120.6	2.9	-4.4	12.4	10.0	8.9
<b>Services</b>	<b>357,694.5</b>	<b>374,256.7</b>	<b>383,057.3</b>	<b>414,041.0</b>	<b>443,688.9</b>	<b>476,014.6</b>	<b>4.6</b>	<b>2.4</b>	<b>8.1</b>	<b>7.2</b>	<b>7.3</b>
Wholesale and Retail Trade	93,918.0	96,190.9	94,109.7	105,299.3	118,204.1	131,079.4	2.4	-2.2	11.9	12.3	10.9
Hotels and Restaurants	12,391.2	12,803.5	11,563.8	12,411.8	13,624.1	14,758.6	3.3	-9.7	7.3	9.8	8.3
Transport, Storage and Communications	70,420.4	74,806.5	76,314.0	81,249.0	85,019.2	90,038.6	6.2	2.0	6.5	4.6	5.9
Financial Intermediation	27,817.5	28,626.5	31,074.9	33,900.5	36,064.0	38,293.6	2.9	8.6	9.1	6.4	6.2
Real Estate, Renting and Business	54,889.2	55,313.4	57,373.1	60,628.9	63,808.8	67,712.6	0.8	3.7	5.7	5.2	6.1
Public Administration and Defence	12,418.4	13,516.0	13,857.2	15,113.2	15,879.9	16,763.3	8.8	2.5	9.1	5.1	5.6
Education	46,646.0	49,020.9	52,612.6	56,501.0	59,339.7	62,409.8	5.1	7.3	7.4	5.0	5.2
Health and Social Work	10,471.6	11,662.3	12,040.9	12,924.5	13,742.1	14,661.2	11.4	3.2	7.3	6.3	6.7
Other Community, Social and Personal Service	28,722.1	32,316.8	34,111.0	36,012.9	38,006.9	40,297.4	12.5	5.6	5.6	5.5	6.0
<b>Total GVA including FISIM</b>	<b>703,056.5</b>	<b>723,793.3</b>	<b>726,176.0</b>	<b>782,378.1</b>	<b>830,129.0</b>	<b>885,831.9</b>	<b>2.9</b>	<b>0.3</b>	<b>7.7</b>	<b>6.1</b>	<b>6.7</b>
Financial Intermediation Indirectly Measured ( FISIM)	28,829.8	29,523.9	30,488.3	32,828.1	33,344.6	34,762.7	2.4	3.3	7.7	1.6	4.3
<b>GDP at basic prices</b>	<b>674,226.7</b>	<b>694,269.4</b>	<b>695,687.7</b>	<b>749,550.0</b>	<b>796,784.5</b>	<b>851,069.3</b>	<b>3.0</b>	<b>0.2</b>	<b>7.7</b>	<b>6.3</b>	<b>6.8</b>
Taxes less subsidies on products	65,527.7	70,066.3	73,147.4	82,510.3	90,670.6	98,963.7	6.9	4.4	12.8	9.9	9.1
<b>GDP at producers price</b>	<b>739,754.4</b>	<b>764,335.7</b>	<b>768,835.2</b>	<b>832,060.3</b>	<b>887,455.0</b>	<b>950,033.0</b>	<b>3.3</b>	<b>0.6</b>	<b>8.2</b>	<b>6.7</b>	<b>7.1</b>

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				
	2013/14	2014/15	2015/16	2016/17	2017/18R	2018/19P	2014/15	2015/16	2016/17	2017/18R	2018/19P
<b>Agriculture</b>	<b>594,610.1</b>	<b>625,900.7</b>	<b>656,779.0</b>	<b>724,283.1</b>	<b>766,620.0</b>	<b>826,007.4</b>	<b>5.3</b>	<b>4.9</b>	<b>10.3</b>	<b>5.8</b>	<b>7.7</b>
Agriculture and Forestry	585,951.1	616,572.4	645,697.3	711,906.0	753,359.9	811,346.7	5.2	4.7	10.3	5.8	7.7
Fishery	8,659.0	9,328.3	11,081.7	12,377.1	13,260.0	14,660.7	7.7	18.8	11.7	7.1	10.6
<b>Non-Agriculture</b>	<b>1,227,562.7</b>	<b>1,345,804.9</b>	<b>1,420,874.1</b>	<b>1,718,645.1</b>	<b>1,965,264.7</b>	<b>2,235,222.6</b>	<b>9.6</b>	<b>5.6</b>	<b>21.0</b>	<b>14.3</b>	<b>13.7</b>
<b>Industry</b>	<b>271,724.3</b>	<b>292,195.2</b>	<b>295,095.3</b>	<b>354,003.0</b>	<b>407,713.7</b>	<b>465,580.3</b>	<b>7.5</b>	<b>1.0</b>	<b>20.0</b>	<b>15.2</b>	<b>14.2</b>
Mining and Quarrying	11,003.1	11,874.9	11,630.1	14,232.7	16,645.7	18,508.0	7.9	-2.1	22.4	17.0	11.2
Manufacturing	112,995.4	118,979.8	120,967.0	133,861.8	151,251.1	171,190.4	5.3	1.7	10.7	13.0	13.2
Electricity, Gas and Water	21,362.3	22,051.4	21,180.3	30,609.0	33,601.3	38,161.9	3.2	-4.0	44.5	9.8	13.6
Construction	126,363.5	139,289.1	141,317.8	175,299.5	206,215.6	237,720.0	10.2	1.5	24.0	17.6	15.3
<b>Services</b>	<b>955,838.3</b>	<b>1,053,609.7</b>	<b>1,125,778.9</b>	<b>1,364,642.1</b>	<b>1,557,551.1</b>	<b>1,769,642.3</b>	<b>10.2</b>	<b>6.8</b>	<b>21.2</b>	<b>14.1</b>	<b>13.6</b>
Wholesale and Retail Trade	271,573.4	289,566.4	293,247.5	331,015.7	381,065.8	439,929.7	6.6	1.3	12.9	15.1	15.4
Hotels and Restaurants	35,309.4	40,479.4	41,458.6	47,727.7	55,679.0	62,816.6	14.6	2.4	15.1	16.7	12.8
Transport, Storage and Communications	155,764.9	164,976.1	167,404.5	184,488.5	197,410.3	221,353.0	5.9	1.5	10.2	7.0	12.1
Financial Intermediation	79,362.7	91,406.1	107,758.4	135,374.6	172,294.4	193,469.1	15.2	17.9	25.6	27.3	12.3
Real Estate, Renting and Business	152,984.0	166,946.9	191,325.0	267,392.3	309,360.2	353,076.8	9.1	14.6	39.8	15.7	14.1
Public Administration and Defence	44,324.0	51,421.5	52,719.7	69,421.0	72,744.4	82,975.5	16.0	2.5	31.7	4.8	14.1
Education	115,253.5	129,363.2	141,612.8	173,588.8	194,385.1	216,105.9	12.2	9.5	22.6	12.0	11.2
Health and Social Work	27,725.2	32,929.4	33,707.6	42,550.4	45,925.9	53,494.2	18.8	2.4	26.2	7.9	16.5
Other Community, Social and Personal Service	73,541.3	86,520.7	96,544.6	113,083.0	128,685.9	146,421.5	17.6	11.6	17.1	13.8	13.8
<b>Total GVA including FISIM</b>	<b>1,822,172.8</b>	<b>1,971,705.6</b>	<b>2,077,653.1</b>	<b>2,442,928.2</b>	<b>2,731,884.7</b>	<b>3,061,230.0</b>	<b>8.2</b>	<b>5.4</b>	<b>17.6</b>	<b>11.8</b>	<b>12.1</b>
Financial Intermediation Indirectly Measured ( FISIM)	63,434.7	72,616.4	84,092.8	103,445.3	119,782.9	128,485.6	14.5	15.8	23.0	15.8	7.3
<b>GDP at basic prices</b>	<b>1,758,738.0</b>	<b>1,899,089.2</b>	<b>1,993,560.3</b>	<b>2,339,482.9</b>	<b>2,612,101.8</b>	<b>2,932,744.4</b>	<b>8.0</b>	<b>5.0</b>	<b>17.4</b>	<b>11.7</b>	<b>12.3</b>
Taxes less subsidies on products	205,801.5	231,060.4	259,602.8	335,009.8	418,931.8	531,574.8	12.3	12.4	29.0	25.1	26.9
<b>GDP at producers price</b>	<b>1,964,539.6</b>	<b>2,130,149.6</b>	<b>2,253,163.1</b>	<b>2,674,492.8</b>	<b>3,031,033.6</b>	<b>3,464,319.1</b>	<b>8.4</b>	<b>5.8</b>	<b>18.7</b>	<b>13.3</b>	<b>14.3</b>

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		
	2013/14	2014/15	2015/16	2016/17	2017/18R	2018/19P	2016/17	2017/18R	2018/19P
<b>Consumption</b>	<b>1,730,312.2</b>	<b>1,934,046.2</b>	<b>2,161,519.3</b>	<b>2,315,286.5</b>	<b>2,491,115.2</b>	<b>2,754,990.7</b>	<b>86.6</b>	<b>82.2</b>	<b>79.5</b>
<i>Government consumption</i>	201,914.9	232,532.2	259,703.7	299,852.1	354,262.2	399,992.1	11.2	11.7	11.5
<i>Private consumption</i>	1,493,375.3	1,662,961.8	1,861,156.8	1,968,897.9	2,086,285.5	2,298,747.3	73.6	68.8	66.4
<i>Nonprofit institutions serving households</i>	35,022.0	38,552.2	40,658.7	46,536.5	50,567.5	56,251.3	1.7	1.7	1.6
<b>Gross Capital Formation</b>	<b>808,757.9</b>	<b>831,982.6</b>	<b>763,416.4</b>	<b>1,252,133.2</b>	<b>1,672,421.0</b>	<b>2,157,178.1</b>	<b>46.8</b>	<b>55.2</b>	<b>62.3</b>
<b>Gross Fixed Capital Formation</b>	<b>462,013.4</b>	<b>595,822.6</b>	<b>647,293.9</b>	<b>840,692.7</b>	<b>1,051,957.1</b>	<b>1,279,513.3</b>	<b>31.4</b>	<b>34.7</b>	<b>36.9</b>
Government	94,979.2	110,254.1	160,502.2	169,542.7	261,506.8	275,881.5	6.3	8.6	8.0
Private	367,034.1	485,568.5	486,791.7	671,150.1	790,450.3	1,003,631.9	25.1	26.1	29.0
<i>Change in Stock</i>	346,744.5	236,160.0	116,122.6	411,440.4	620,463.9	877,664.8	15.4	20.5	25.3
<b>Total Domestic Demand</b>	<b>2,539,070.1</b>	<b>2,766,028.8</b>	<b>2,924,935.7</b>	<b>3,567,419.7</b>	<b>4,163,536.1</b>	<b>4,912,168.8</b>	<b>133.4</b>	<b>137.4</b>	<b>141.8</b>
<i>Export of goods and services</i>	226,021.8	247,564.7	213,338.5	240,392.4	270,778.2	313,403.8	9.0	8.9	9.0
<i>Import of goods and services</i>	800,552.3	883,443.9	885,111.1	1,133,319.3	1,403,280.7	1,761,253.4	42.4	46.3	50.8
Net Export of Goods and Services	(574,530.5)	(635,879.2)	(671,772.6)	(892,926.9)	(1,132,502.6)	(1,447,849.7)	-33.4	-37.4	-41.8
<b>Gross Domestic Product (GDP)</b>	<b>1,964,539.6</b>	<b>2,130,149.6</b>	<b>2,253,163.1</b>	<b>2,674,492.8</b>	<b>3,031,033.6</b>	<b>3,464,319.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Net Factor Income	32,751.7	34,242.5	34,004.3	30,995.1	22,614.9	42,411.6	1.2	0.7	1.2
<b>Gross National Income (GNI)</b>	<b>1,997,291.3</b>	<b>2,164,392.1</b>	<b>2,287,167.4</b>	<b>2,705,487.8</b>	<b>3,053,648.5</b>	<b>3,506,730.7</b>	<b>101.2</b>	<b>100.7</b>	<b>101.2</b>
Net Transfer	631,500.3	709,956.5	778,186.8	851,801.3	864,671.1	1,062,728.4	31.8	28.5	30.7
<b>Gross National Disposable Income (GNDI)</b>	<b>2,628,791.6</b>	<b>2,874,348.6</b>	<b>3,065,354.2</b>	<b>3,557,289.1</b>	<b>3,918,319.6</b>	<b>4,569,459.1</b>	<b>133.0</b>	<b>129.3</b>	<b>131.9</b>
<b>Gross Domestic Saving</b>	<b>234,227.4</b>	<b>196,103.4</b>	<b>91,643.8</b>	<b>359,206.2</b>	<b>539,918.4</b>	<b>709,328.5</b>	<b>13.4</b>	<b>17.8</b>	<b>20.5</b>
<b>Gross National Saving</b>	<b>898,479.4</b>	<b>940,302.4</b>	<b>903,834.9</b>	<b>1,242,002.6</b>	<b>1,427,204.5</b>	<b>1,814,468.4</b>	<b>46.4</b>	<b>47.1</b>	<b>52.4</b>

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	2015/16		2016/17		2017/18		2018/19	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
August	106.5	6.9	115.7	8.6	118.3	2.3	123.3	4.2
September	107.1	7.2	115.5	7.9	119.4	3.39	124.0	3.9
October	108.4	8.2	115.7	6.7	119.2	3.1	124.8	4.7
November	110.9	10.4	116.1	4.8	120.6	3.9	125.6	4.2
December	110.9	11.6	115.1	3.8	119.9	4.2	124.4	3.7
January	110.5	12.1	113.9	3.2	118.5	4.0	123.9	4.6
February	109.8	11.3	113.4	3.3	119.0	5.0	124.2	4.4
March	109.2	10.2	112.4	2.9	119.1	6.0	124.1	4.2
April	109.4	9.7	113.5	3.8	119.5	5.3	124.8	4.4
May	111.5	10.0	115.2	3.4	120.0	4.1	126.3	5.3
June	112.4	11.1	115.6	2.8	120.3	4.1	127.7	6.2
July	112.9	10.4	115.9	2.7	121.3	4.6		
<b>Average</b>	<b>109.9</b>	<b>9.9</b>	<b>114.8</b>	<b>4.5</b>	<b>119.6</b>	<b>4.2</b>	<b>124.83*</b>	<b>4.5*</b>

\* Average of eleven months.

**Table 5**  
**Monetary Survey**

(Rs. in million)

Monetary Aggregates	2017 Jul	2018 Jun	2018 Jul (R)	2019 Jun (P)	Changes during eleven months			
					2017/18		2018/19	
					Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1014634.9	1046424.4	1054291.7	968852.1	-4336.6 <sup>1/</sup>	-0.4	-90827.8 <sup>2/</sup>	-8.6
1.1 Foreign Assets	1107823.5	1126057.6	1133295.2	1064711.3	18234.1	1.6	-68583.9	-6.1
1.2 Foreign Liabilities	93188.6	79633.2	79003.5	95859.2	-13555.5	-14.5	16855.7	21.3
a. Deposits	90339.6	77371.9	77178.3	91101.3	-12967.7	-14.4	13923.0	18.0
b. Other	2849.0	2261.3	1825.2	4757.9	-587.8	-20.6	2932.7	160.7
2. Net Domestic Assets	1577067.1	1900793.9	2040174.9	2471641.8	359852.9 <sup>1/</sup>	22.8	436855.1 <sup>2/</sup>	21.4
2.1 Domestic Credit	2177792.0	2578215.4	2755893.0	3224406.9	400423.4	18.4	468513.9	17.0
a. Net Claims on Government	149489.0	122586.4	272630.3	260051.3	-26902.6	-18.0	-12579.0	-4.6
Claims on Government	255761.1	371071.0	362128.1	424594.9	115309.9	45.1	62466.8	17.2
Government Deposits	106272.1	248484.6	89497.8	164543.6	142212.5	133.8	75045.8	83.9
b. Claims on Non-Financial Government Enterprises	9225.9	10047.5	10034.3	10126.8	821.6	8.9	92.4	0.9
c. Claims on Financial Institutions	21917.1	28349.8	30444.4	39190.6	6432.7	29.4	8746.1	28.7
Government	4286.2	3833.3	3827.2	1598.8	-453.0	-10.6	-2228.3	-58.2
Non-Government	17630.9	24516.6	26617.3	37591.7	6885.7	39.1	10974.5	41.2
d. Claims on Private Sector	1997160.0	2417231.7	2442784.0	2915038.3	420071.7	21.0	472254.3	19.3
2.2 Net Non-Monetary Liabilities	600724.9	677421.5	715718.1	752765.1	40570.4 <sup>1/</sup>	6.8	31658.8 <sup>2/</sup>	4.4
3. Broad Money (M2)	2591702.0	2947218.4	3094466.6	3440493.9	355516.4	13.7	346027.3	11.2
3.1 Money Supply (a+b), M1+	1623172.5	1766803.6	1878960.2	1972207.2	143631.2	8.8	93246.9	5.0
a. Money Supply (M1)	569402.4	621392.6	669395.0	689003.9	51990.2	9.1	19609.0	2.9
Currency	361745.9	404471.4	415985.4	418092.1	42725.4	11.8	2106.7	0.5
Demand Deposits	207656.4	216921.2	253409.5	270911.8	9264.8	4.5	17502.3	6.9
b. Saving and Call Deposits	1053770.1	1145411.1	1209565.3	1283203.3	91641.0	8.7	73638.0	6.1
3.2 Time Deposits	968529.5	1180414.7	1215506.4	1468286.7	211885.2	21.9	252780.3	20.8
4. Broad Money Liquidity (M3)	2682041.6	3024590.2	3171644.9	3531595.2	342548.7	12.8	359950.3	11.3

<sup>1/</sup> Adjusting the exchange valuation gain (+)/loss (-) of Rs. 36126.1 million

<sup>2/</sup> Adjusting the exchange valuation gain (+)/loss (-) of Rs. 5388.2 million

R= Revised, P = Provisional

**Table 6**  
**Monetary Survey**  
**(Year on Year)**

*(Rs. in million)*

Monetary aggregates	2017 Jun	2018 Jun	2018 Jun (P)	Changes			
				2017/18		2018/19	
				Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1004576.1	1046424.4	968852.1	41848.3	4.2	-77572.4	-7.4
1.1 Foreign Assets	1099394.4	1126057.6	1064711.3	26663.2	2.4	-61346.3	-5.4
1.2 Foreign Liabilities	94818.3	79633.2	95859.2	-15185.1	-16.0	16226.1	20.4
a. Deposits	91440.8	77371.9	91101.3	-14069.0	-15.4	13729.5	17.7
b. Other	3377.5	2261.3	4757.9	-1116.2	-33.0	2496.6	110.4
2. Net Domestic Assets	1500052.7	1900793.9	2471641.8	400741.2	26.7	570847.9	30.0
2.1 Domestic Credit	2009866.8	2578215.4	3224406.9	568348.6	28.3	646191.5	25.1
a. Net Claims on Government	-19120.5	122586.4	260051.3	141706.9	-741.1	137,464.9	112.1
Claims on Government	249952.5	371071.0	424594.9	121118.5	48.5	53523.9	14.4
Government Deposits	269073.0	248484.6	164543.6	-20588.4	-7.7	-83941.0	-33.8
b. Claims on Non-Financial Government Enterprises	8316.5	10047.5	10126.8	1731.0	20.8	79.3	0.8
c. Claims on Financial Institutions	22536.6	28349.8	39190.6	5813.3	25.8	10840.7	38.2
Government	4486.2	3833.3	1598.8	-653.0	-14.6	-2234.4	-58.3
Non-Government	18050.4	24516.6	37591.7	6466.2	35.8	13075.1	53.3
d. Claims on Private Sector	1998134.3	2417231.7	2915038.3	419097.4	21.0	497806.6	20.6
2.2 Net Non-Monetary Liabilities	509814.1	677421.5	752765.1	167607.4	32.9	75343.6	11.1
3. Broad Money (M2)	2504628.8	2947218.4	3440493.9	442589.5	17.7	493275.6	16.7
3.1 Money Supply (a + b), M1+	1567395.8	1766803.6	1972207.2	199407.8	12.7	205403.5	11.6
a. Money Supply (M1)	537969.4	621392.6	689003.9	83423.2	15.5	67611.4	10.9
Currency	351955.9	404471.4	418092.1	52515.5	14.9	13620.8	3.4
Demand Deposits	186013.6	216921.2	270911.8	30907.7	16.6	53990.6	24.9
b. Saving and Call Deposits	1029426.5	1145411.1	1283203.3	115984.6	11.3	137792.2	12.0
3.2 Time Deposits	937233.0	1180414.7	1468286.7	243181.7	25.9	287872.0	24.4
4. Broad Money Liquidity (M3)	2596069.6	3024590.2	3531595.2	428520.6	16.5	507005.0	16.8

P = Provisional

**Table 7**  
**Structure of Interest Rate**  
*(Percent per annum)*

Year	2016 Jul	2017 Jul	2018 Jun	2018 Jul	2018 Oct	2019 Jan	2019 Apr	2019 Jun
<b>A. Policy Rates</b>								
Fixed Repo Rate (Corridor)		5.0	5.0	5.0	5.0	5.0	5.0	5.0
Fixed Deposit Collection Rate (Corridor)		3.0	3.0	3.0	3.5	3.5	3.5	3.5
Standing Liquidity Facility (SLF) Rate <sup>^</sup>	7.0	7.0	7.0	7.0	6.5	6.5	6.5	6.5
Bank Rate	7.0	7.0	7.0	7.0	6.5	6.5	6.5	6.5
<b>B. Refinance Rates</b>								
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
<b>C. CRR</b>								
Commercial Banks	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0
Development Banks	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Finance Companies	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>D. Government Securities</b>								
T-bills (28 days)*	-	-	4.55	3.07	1.00	1.77	3.82	3.74
T-bills (91 days)*	0.05	0.71	4.38	3.74	1.77	0.86	4.44	5.50
T-bills (182 days)*	0.33	1.71	4.92	4.39	2.66	1.67	4.63	5.69
T-bills (364 days)*	0.72	-	4.83	-	3.21	2.00	4.69	5.78
Development Bonds	2.65-9.0	2.65-9.0	2.65-6.5	2.65-6.5	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	6.0-8.5	6.0-8.5	6.0-8.5	6.0-8.5	8.0-9.0	8.0-9.0
<b>E. Interbank Rate (Commercial Banks)</b>								
	0.69	0.64	4.18	2.96	1.86	2.84	5.28	6.91
<b>F. Weighted Average Deposit Rate (Commercial Banks)</b>								
	3.28	6.15	6.61	6.49	6.57	6.72	6.67	6.64
<b>G. Weighted Average Lending Rate (Commercial Banks)</b>								
	8.86	11.33	12.42	12.47	12.26	12.29	12.28	12.20
<b>H. Base Rate (Commercial Banks)</b>								
	6.54	9.89	10.41	10.47	10.23	9.80	9.64	9.48

<sup>^</sup> The SLF rate is fixed as same as bank rate effective from August 16, 2012

\* Weighted average interest rate.

**Table 8**  
**Outright Sale and Purchase Auction**

(Rs. in million)

Mid-month	Outright Purchase Auction						Outright Sale Auction					
	2016/17		2017/18		2018/19		2016/17		2017/18		2018/19	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-
January	-	-	25,277.2	3.6	-	-	-	-	-	-	-	-
February	9,167.5	3.84	11,067.8	3.4	-	-	-	-	-	-	-	-
March	18,620.3	0.75	750.0	3.9	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	525.0	4.3	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	5,000.0	4.61	-	-	-
July	-	-	-	-	-	-	-	3,400.0	3.29	-	-	-
<b>Total</b>	<b>27,787.8</b>	<b>1.77</b>	<b>37,620.0</b>	<b>3.5</b>	-	-	-	<b>8,400.0</b>	<b>4.08</b>	-	-	-

\*Weighted average interest rate.

**Table 9**  
**Repo and Reverse Repo Auction**

(Rs. in million)

Mid-month	Repo Auction (7-Days)						Reverse Repo Auction					
	2016/17		2017/18		2018/19		2016/17		2017/18		2018/19	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-	-	-	27,450.0	0.43	45,750.0	0.34	700.0	1.53
September	-	-	-	-	-	-	26,100.0	2.49	24,000.0	0.37	5,000.0	1.49
October	10,000.0	3.1	-	-	-	-	5,200.0	2.45	5,000.0	0.43	10,000.0	0.34
November	-	-	-	-	-	-	2,000.0	2.41	10,000.0	0.41	5,000.0	0.61
December	-	-	-	-	-	-	2,000.0	2.21	-	-	-	-
January	-	-	-	-	-	-	1,500.0	1.27	-	-	-	-
February	17,810.0	5.7	-	-	17,430.0	5.18	-	-	-	-	-	-
March	-	-	-	-	2,100.0	5.04	-	-	-	-	-	-
April	-	-	-	-	16,000.0	5.22	-	-	-	-	-	-
May	-	-	-	-	60,920.0	5.10	-	-	-	-	-	-
June	-	-	-	-	39,140.0	5.16	-	-	-	-	-	-
July	-	-	-	-	26,870.0	5.08	-	-	-	-	-	-
<b>Total</b>	<b>27,810.0</b>	<b>4.74</b>			<b>162,460.0</b>	<b>5.13</b>	<b>64,250.0</b>	<b>1.58</b>	<b>84,750.0</b>	<b>0.36</b>	<b>20,700.0</b>	<b>0.72</b>

\*Weighted average interest rate.



**Table 10**  
**Deposit Collection Auction**

(Rs. in million)

Mid-month	90 Days				60 Days		30 Days		14 Days	
	2017/18		2018/19		2018/19		2018/19		2018/19	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	2,450.0	0.50	26950.0	3.66	23,850.0	3.46	28,850.0	3.30	-	-
September	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-
January	-	-	-	-	-	-	-	-	-	-
February	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,450.0</b>	<b>0.50</b>	<b>26950.0</b>	<b>3.66</b>	<b>23,850.0</b>	<b>3.46</b>	<b>28,850.0</b>	<b>3.30</b>	<b>-</b>	<b>-</b>

\*Weighted average interest rate.

**Table 11**  
**Interest Rate Corridor**

(Rs. in million)

Month	Deposit Collection Auction (14 Days)				Repo Auction (14 Days)			
	2017/18		2018/19		2017/18		2018/19	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-
November	100.00	3.00	-	-	-	-	-	-
December	-	-	-	-	44,050.00	5.00	-	-
January	2,000.00	3.00	-	-	-	-	-	-
February	1,050.00	3.00	-	-	10,000.00	5.00	3,600.00	5.00
March	-	-	-	-	6,100.00	5.00	400.00	5.00
April	-	-	-	-	1,670.00	5.00	-	-
May	-	-	-	-	7,900.00	5.00	1,700.00	5.00
June	-	-	-	-	-	-	-	-
July**	42,800.00	3.00	-	-	-	-	-	-
<b>Total</b>	<b>45,950.00</b>	<b>3.00</b>	-	-	<b>69,720.00</b>	<b>5.00</b>	<b>5,700.00</b>	<b>5.00</b>

\*Weighted average interest rate.

**Table 12**  
**Government Budgetary Operation**  
 (Based on banking transactions)  
 (Based on the data of the Fourth week of Asar)+

(Rs. in million)

Heads	Amount			Percent Change	
	2016/17	2017/18	2018/19*	During 3rd Week	
	July 15	July 13	July 12	2017/18	2018/19P
<b>Total Expenditure</b>	<b>815703.0</b>	<b>977868.9</b>	<b>943543.5</b>	<b>19.9</b>	<b>-3.5</b>
<b>Recurrent</b>	<b>513674.8</b>	<b>671617.2</b>	<b>675170.1</b>	<b>30.7</b>	<b>0.5</b>
a.Domestic Resources	476214.7	621269.6	635558.1	30.5	2.3
b.Foreign Loans	19890.4	27269.2	28883.8	37.1	5.9
c.Foreign Grants	17569.7	23078.4	10728.2	31.4	-53.5
<b>Capital</b>	<b>199191.7</b>	<b>206040.1</b>	<b>183332.8</b>	<b>3.4</b>	<b>-11.0</b>
a.Domestic Resources	160256.4	166519.0	134464.6	3.9	-19.2
b.Foreign Loans	25724.4	33597.1	44527.2	30.6	32.5
c.Foreign Grants	13210.9	5924.0	4341.0	-55.2	-26.7
<b>Financial</b>	<b>102836.5</b>	<b>100211.6</b>	<b>85040.6</b>	<b>-2.6</b>	<b>-15.1</b>
a.Domestic Resources	100771.0	94367.2	79401.5	-6.4	-15.9
b.Foreign Loans	1737.0	5510.3	5631.1	217.2	2.2
c.Foreign Grants	328.5	334.1	8.0	1.7	-97.6
<b>Total Resources</b>	<b>627008.4</b>	<b>725230.3</b>	<b>830168.2</b>	<b>15.7</b>	<b>14.5</b>
<b>Revenue and Grants</b>	<b>623594.1</b>	<b>719658.4</b>	<b>830168.2</b>	<b>15.4</b>	<b>15.4</b>
Revenue	609117.3	690942.3	815590.4	13.4	18.0
Foreign Grants	14476.8	28716.1	14577.8	98.4	-49.2
<b>Previous Year's Cash Balance &amp; Beruju</b>	<b>3414.3</b>	<b>5571.9</b>	<b>0</b>	<b>63.2</b>	<b>-100.0</b>
<b>Deficits(-) Surplus(+)</b>	<b>-188694.6</b>	<b>-252638.6</b>	<b>-113375.3</b>	<b>33.9</b>	<b>-55.1</b>
<b>Sources of Financing</b>	<b>188694.6</b>	<b>252638.6</b>	<b>138734.5</b>	<b>33.9</b>	<b>-45.1</b>
Internal Loans	137947.9	174860.0	65116.6	26.8	-62.8
Domestic Borrowings	88337.7	144751.0	65382.0	63.9	-54.8
(i) Treasury Bills	33000.0	71958.7	6435.0	118.1	-91.1
(ii) Development Bonds	55000.0	72000.0	58947.0	30.9	-18.1
(iii) National Savings Certificates	0.0	0.0	0.0	0.0	0.0
(iv) Citizen Saving Certificates	285.6	751.1	0.0	163.0	-100.0
(v) Foreign Employment Bond	52.1	41.2	0.0	-20.9	-100.0
Overdrafts++	50418.5	32823.2	0.0	-34.9	0.0
Others@	-808.3	-2714.2	-265.4	235.8	-90.2
Principal Refund and Share Divestment	2940.2	3178.0	3008.8	8.1	-5.3
Foreign Loans	47806.5	74600.6	70609.1	56.0	-5.4
<b>Balance of Govt. Office Account</b>	<b>41672.1</b>	<b>71947.8</b>	<b>-34670.7</b>	<b>72.7</b>	<b>-148.2</b>
V. A. T. Fund Account	-853.5	2576.1	123.6	-401.8	-95.2
Customs Fund Account	225.2	644.4	376.1	186.1	-41.6
Reconstruction Fund Account	17038.6	1248.5	-28287.1	-92.7	-2365.7
Local Authorities' Accounts (LAA)	13323.8	55337.1	-17148.4	315.3	-131.0
Others**	11938	12141.7	10265.1	1.7	-15.5
<b>Current Balance (-Surplus)</b>	<b>-8746.4</b>	<b>71947.8</b>	<b>-9311.5</b>	<b>-922.6</b>	<b>-112.9</b>

\* From FY 2018/19, GBO includes the federal government data only. Revenue mobilization for FY 2018/19 includes federal government revenue plus the amount in the divisible fund to be transferred to the provincial and local governments.

+ 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 and other income earned from transactions of GoN.

\*\* Others includes fund of guarantee deposits, operational funds, contingent fund, etc.

**Table 13**  
**Outstanding Domestic Debt of the GoN**

(Rs. in million)

No.	Name of Bonds/Ownership	2017	2018	2019	Change in Amount	
		Mid-Jul	Mid-Jul	Mid-Jul	(Jul 2018- Jul 2017)	(Jul 2019- Jul 2018)
<b>1</b>	<b>Treasury Bills</b>	<b>110409.3</b>	<b>144847.9</b>	<b>146792.8</b>	<b>34438.6</b>	<b>1944.9</b>
	a. Nepal Rastra Bank	30457.4	26119.9	18473.1	-4337.5	-7646.8
	b. Commercial Banks	79538.8	118153.0	125094.9	38614.2	6941.9
	c. Development Banks	343.1	420.0	2960.8	76.9	2540.8
	d. Finance Companies	70.0	155.0	262.0	85.0	107.0
	e. Others	0.0	0.0	2.0	0.0	2.0
<b>2</b>	<b>Development Bond</b>	<b>163900.0</b>	<b>235900.0</b>	<b>297347.0</b>	<b>72000.0</b>	<b>61447.0</b>
	a. Nepal Rastra Bank	8942.0	45287.0	44032.5	36345.0	-1254.5
	b. Commercial Banks	123523.0	157710.5	229793.3	34187.5	72082.8
	c. Development Banks	6471.7	7569.4	12715.1	1097.7	5145.7
	d. Finance Companies	3948.3	3532.7	5060.0	-415.6	1527.3
	e. Others	21015.0	21800.4	5746.1	785.4	-16054.3
<b>3</b>	<b>National Saving Bond</b>	<b>906.5</b>	<b>906.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>-906.4</b>
	a. Nepal Rastra Bank	182.4	262.2	0.0	79.8	-262.2
	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	724.1	644.2	0.0	-79.9	-644.2
<b>4</b>	<b>Citizen Saving Bond</b>	<b>7965.2</b>	<b>8716.3</b>	<b>8376.1</b>	<b>751.1</b>	<b>-340.2</b>
	a. Nepal Rastra Bank	2274.7	2907.5	2794.9	632.8	-112.6
	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	5690.5	5808.8	5581.2	118.3	-227.6
<b>5</b>	<b>Foreign Employment Bond</b>	<b>529.7</b>	<b>528.0</b>	<b>454.6</b>	<b>-1.7</b>	<b>-73.4</b>
	a. Nepal Rastra Bank	10.0	10.9	12.7	0.9	1.8
	b. Others	519.7	517.1	441.9	-2.6	-75.2
<b>6</b>	<b>Total Domestic Debt</b>	<b>283710.7</b>	<b>390898.6</b>	<b>452970.5</b>	<b>107187.9</b>	<b>62071.9</b>
	a. Nepal Rastra Bank	41866.5	74587.5	65313.2	32721.0	-9274.3
	b. Commercial Banks	203061.8	275863.5	354888.2	72801.7	79024.7
	c. Development Banks	6814.8	7989.4	15675.9	1174.6	7686.5
	d. Finance Companies	4018.3	3687.7	5322.0	-330.6	1634.3
	e. Others	27949.3	28770.5	11771.2	821.2	-16999.3
<b>7</b>	<b>Balance at NRB (Overdraft (+)/Surplus(-))</b>	<b>-106272.1</b>	<b>-89497.8</b>	<b>-106911.0</b>	<b>16774.3</b>	<b>-17413.2</b>

**Table 14**  
**Net Domestic Borrowing of the GoN**

(Rs. In million)

	July, 2016		July, 2017		July, 2018		July, 2019			
	Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP		
<b>A</b>	<b>Gross Domestic Borrowing</b>		<b>87774.5</b>	<b>3.9</b>	<b>88337.8</b>	<b>3.3</b>	<b>144750.8</b>	<b>4.8</b>	<b>96382.0</b>	<b>2.8</b>
	Treasury Bills	20500.0	0.9	33000.0	1.2	71958.7	2.4	26435.0	0.8	
	Development Bond	62000.0	2.8	55000.0	2.1	72000.0	2.4	69947.0	2.0	
	National Saving Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	Citizen Saving Bond	5000.0	0.2	285.7	0.0	751.1	0.0	0.0	0.0	
	Foreign Employmnet Bond	274.5	0.0	52.1	0.0	41.0	0.0	0.0	0.0	
<b>B</b>	<b>Domestic Loan Payment</b>		<b>50402.4</b>	<b>2.2</b>	<b>38785.2</b>	<b>1.5</b>	<b>37520.0</b>	<b>1.2</b>	<b>34313.1</b>	<b>1.0</b>
	Treasury Bills	24299.0	1.1	38649.9	1.4	37520.0	1.2	24490.0	0.7	
	Development Bond	10170.0	0.5	0.0	0.0	0.0	0.0	8500.0	0.2	
	National Saving Bond	15680.0	0.7	0.0	0.0	0.0	0.0	906.5	0.0	
	Citizen Saving Bond	250.0	0.0	126.6	0.0	0.0	0.0	340.2	0.0	
	Foreign Employmnet Bond	3.4	0.0	8.7	0.0	0.0	0.0	76.4	0.0	
<b>C</b>	<b>Net Domestic Borrowing (A-B)</b>		<b>37372.1</b>	<b>1.7</b>	<b>49552.0</b>	<b>1.9</b>	<b>107230.8</b>	<b>3.5</b>	<b>62068.9</b>	<b>1.8</b>
	Treasury Bills	-3799.0	-0.2	-5650.0	-0.2	34438.7	1.1	1945.0	0.1	
	Development Bond	51830.0	2.3	55000.0	2.1	72000.0	2.4	61447.0	1.8	
	National Saving Bond	-15680.0	-0.7	0.0	0.0	0.0	0.0	-906.5	0.0	
	Citizen Saving Bond	4750.0	0.2	159.0	0.0	751.1	0.0	-340.2	0.0	
	Foreign Employmnet Bond	271.1	0.0	43.0	0.0	41.0	0.0	-76.4	0.0	
<b>D</b>	<b>Gross Domestic Product</b>		<b>2253163.0</b>	<b>100.0</b>	<b>2674493.0</b>	<b>100.0</b>	<b>3031034.0</b>	<b>100.0</b>	<b>3464319.0</b>	<b>100.0</b>

**Table 15**  
**Direction of Foreign Trade\***

(Rs. in million)

	Annual		Eleven Months			Percent Change	
	2016/17	2017/18 <sup>R</sup>	2016/17	2017/18 <sup>R</sup>	2018/19 <sup>P</sup>	2017/18	2018/19
<b>TOTAL EXPORTS</b>	<b>73049.1</b>	<b>81633.3</b>	<b>67312.2</b>	<b>74017.0</b>	<b>87834.9</b>	<b>10.0</b>	<b>18.7</b>
To India	41449.2	46604.8	39044.5	42464.7	56590.6	8.8	33.3
To China	1701.5	2879.5	1565.5	2696.4	1965.0	72.2	-27.1
To Other Countries	29898.4	32149.0	26702.2	28855.9	29279.3	8.1	1.5
<b>TOTAL IMPORTS</b>	<b>990113.2</b>	<b>1242826.8</b>	<b>896571.4</b>	<b>1107872.3</b>	<b>1299799.6</b>	<b>23.6</b>	<b>17.3</b>
From India	633669.6	809814.2	585020.5	731236.2	841663.9	25.0	15.1
From China	127245.0	159636.3	113965.7	142786.6	186612.8	25.3	30.7
From Other Countries	229198.6	273376.2	197585.2	233849.5	271522.9	18.4	16.1
<b>TOTAL TRADE BALANCE</b>	<b>-917064.1</b>	<b>-1161193.5</b>	<b>-829259.2</b>	<b>-1033855.3</b>	<b>-1211964.7</b>	<b>24.7</b>	<b>17.2</b>
With India	-592220.4	-763209.4	-545976.0	-688771.4	-785073.3	26.2	14.0
With China	-125543.5	-156756.8	-112400.2	-140090.2	-184647.8	24.6	31.8
With Other Countries	-199300.2	-241227.3	-170883.0	-204993.7	-242243.6	20.0	18.2
<b>TOTAL FOREIGN TRADE</b>	<b>1063162.3</b>	<b>1324460.1</b>	<b>963883.6</b>	<b>1181889.2</b>	<b>1387634.4</b>	<b>22.6</b>	<b>17.4</b>
With India	675118.7	856419.1	624065.0	773700.9	898254.5	24.0	16.1
With China	128946.5	162515.8	115531.1	145482.9	188577.8	25.9	29.6
With Other Countries	259097.0	305525.2	224287.4	262705.4	300802.1	17.1	14.5

<b>1. Ratio of export to import</b>	<b>7.4</b>	<b>6.6</b>	<b>7.5</b>	<b>6.7</b>	<b>6.8</b>
India	6.5	5.8	6.7	5.8	6.7
China	1.3	1.8	1.4	1.9	1.1
Other Countries	13.0	11.8	13.5	12.3	10.8
<b>2. Share in total export</b>					
India	56.7	57.1	58.0	57.4	64.4
China	2.3	3.5	2.3	3.6	2.2
Other Countries	40.9	39.4	39.7	39.0	33.3
<b>3. Share in total import</b>					
India	64.0	65.2	65.3	66.0	64.8
China	12.9	12.8	12.7	12.9	14.4
Other Countries	23.1	22.0	22.0	21.1	20.9
<b>4. Share in trade balance</b>					
India	64.6	65.7	65.8	66.6	64.8
China	13.7	13.5	13.6	13.6	15.2
Other Countries	21.7	20.8	20.6	19.8	20.0
<b>5. Share in total trade</b>					
India	63.5	64.7	64.7	65.5	64.7
China	12.1	12.3	12.0	12.3	13.6
Other Countries	24.4	23.1	23.3	22.2	21.7
<b>6. Share of export and import in total trade</b>					
Export	6.9	6.2	7.0	6.3	6.3
Import	93.1	93.8	93.0	93.7	93.7

\* Based on customs data

P= Provisional

R= Revised

**Table 16**  
**Summary of Balance of Payments**

(Rs. in million)

Particulars	2016/17		2017/18		2018/19 <sup>P</sup>	Percentage Change During Eleven months	
	Eleven Months	Annual	Eleven Months	Annual	Eleven Months	2017/18	2018/19 <sup>P</sup>
<b>A. Current Account</b>	-2993.9	-10130.6	-210242.3	-245216.7	-248718.2	6922.2	18.3
Goods: Exports f.o.b.	75761.7	82127.5	85469.3	93305.2	102240.5	12.8	19.6
Oil	8753.2	9429.0	11204.0	12134.1	14396.0	28.0	28.5
Other	67008.5	72698.5	74265.3	81171.1	87844.5	10.8	18.3
Goods: Imports f.o.b.	-886559.5	-977945.8	-1093570.2	-1227874.0	-1280724.5	23.3	17.1
Oil	-112377.0	-121413.8	-153243.8	-172243.2	-194912.3	36.4	27.2
Other	-774182.5	-856532.0	-940326.4	-1055630.8	-1085812.2	21.5	15.5
<b>Balance on Goods</b>	-810797.8	-895818.3	-1008100.9	-1134568.9	-1178484.0	24.3	16.9
Services: Net	6008.3	2891.3	1443.4	2066.3	-10561.3	-76.0	-831.7
Services: credit	146033.7	158264.9	160437.5	177473.0	171464.5	9.9	6.9
Travel	55204.8	58526.9	62573.4	67094.6	68632.4	13.3	9.7
Government n.i.e.	22818.5	25533.6	19026.7	22461.5	21002.6	-16.6	10.4
Other	68010.3	74204.3	78837.4	87916.9	81829.5	15.9	3.8
Services: debit	-140025.4	-155373.6	-158994.0	-175406.7	-182025.8	13.5	14.5
Transportation	-41373.6	-46884.9	-57488.0	-63251.3	-62011.8	38.9	7.9
Travel	-72930.8	-79926.9	-71857.7	-79596.5	-80448.0	-1.5	12.0
O/W Education	-31197.6	-35024.9	-34228.3	-38089.5	-40985.7	9.7	19.7
Government services: debit	-1074.1	-1331.9	-2462.2	-2483.5	-4448.9	129.2	80.7
Other	-24646.9	-27229.8	-27186.1	-30075.4	-35117.0	10.3	29.2
Balance on Goods and Services	-804789.5	-892926.9	-1006657.4	-1132502.6	-1189045.3	25.1	18.1
Income: Net	26156.9	30995.1	20147.5	22614.9	35182.2	-23.0	74.6
Income: credit	46496.9	51958.8	62121.2	69142.8	73388.6	33.6	18.1
Income: debit	-20339.9	-20963.8	-41973.7	-46527.9	-38206.4	106.4	-9.0
Balance on Goods, Services and Income	-778632.6	-861931.9	-986509.9	-1109887.6	-1153863.1	26.7	17.0
Transfers: Net	775638.6	851801.3	776267.6	864670.9	905144.9	0.1	16.6
Current transfers: credit	779121.5	855708.8	781677.3	870475.7	915449.0	0.3	17.1
Grants	103387.6	114663.9	52451.7	61262.4	58481.9	-49.3	11.5
Workers' remittances	633419.7	695452.4	679731.0	755058.6	799016.5	7.3	17.5
Pensions	42314.1	45592.6	49494.6	54154.7	57950.7	17.0	17.1
Other (Indian Excise Refund)	0.0	0.0	0.0	0.0	0.0	-	-
Current transfers: debit	-3482.8	-3907.6	-5409.7	-5804.8	-10304.2	55.3	90.5
<b>B Capital Account (Capital Transfer)</b>	12234.8	13362.7	15021.5	17721.8	13877.6	22.8	-7.6
<b>Total, Groups A plus B</b>	9240.8	3232.1	-195220.8	-227494.9	-234840.6	-2212.6	20.3
<b>C Financial Account (Excluding Group E)</b>	20593.5	26639.5	67323.8	102842.1	107288.8	226.9	59.4
Direct investment in Nepal	12270.5	13503.9	15876.4	17512.8	11808.5	29.4	-25.6
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	-	-
Other investment: assets	-36982.5	-48690.6	-40949.1	-40289.9	-1322.2	10.7	-96.8
Trade credits	-1458.9	-9005.3	-424.2	4193.5	6114.2	-70.9	-1541.5
Other	-35523.6	-39685.3	-40525.0	-44483.4	-7436.4	14.1	-81.6
Other investment: liabilities	45305.5	61826.1	92396.5	125619.2	96802.5	103.9	4.8
Trade credits	19844.8	24381.3	45120.3	54534.9	30688.9	127.4	-32.0
Loans	43198.2	56109.2	60030.0	84441.4	48188.1	39.0	-19.7
General Government	31843.8	44787.1	56849.1	81178.9	44166.3	78.5	-22.3
Drawings	47369.1	62601.7	73046.1	99768.1	59341.8	54.2	-18.8
Repayments	-15525.3	-17814.6	-16196.9	-18589.2	-15175.5	4.3	-6.3
Other sectors	11354.4	11322.0	3180.9	3262.5	4021.8	-72.0	26.4
Currency and deposits	-17725.6	-18812.0	-13145.3	-13339.9	17294.2	-25.8	-231.6
Nepal Rastra Bank	217.0	231.9	-177.6	-178.6	30.6	-181.8	-117.2
Deposit money banks	-17942.6	-19043.9	-12967.7	-13161.3	17263.6	-27.7	-233.1
Other liabilities	-11.9	147.7	391.5	-17.2	631.3	-3389.8	61.2
<b>Total, Group A through C</b>	29834.3	29871.6	-127897.0	-124652.7	-127551.9	-528.7	-0.3
<b>D. Miscellaneous Items, Net</b>	26669.6	33422.5	110415.1	112273.0	54018.3	314.0	-51.1
<b>Total, Group A through D</b>	56504.0	63294.1	-17481.9	-12379.7	-73533.6	-130.9	320.6
<b>E. Reserves and Related Items</b>	-56504.0	-63294.1	17481.9	12379.7	73533.6	-130.9	320.6
Reserve assets	-55386.5	-61591.9	18044.0	13350.4	73973.4	-132.6	310.0
Nepal Rastra Bank	-52698.3	-61879.3	-18457.5	-25781.8	105692.9	-65.0	-672.6
Deposit money banks	-2688.2	287.4	36501.5	39132.2	-31719.5	-1457.8	-186.9
Use of Fund Credit and Loans	-1117.4	-1702.3	-562.1	-970.7	-439.8	-49.7	-21.8
<b>Changes in reserve net (- increase)</b>	-74229.6	-82106.1	4336.6	-960.2	90827.8	-105.8	1994.4

P= Provisional

Table 17  
Gross Foreign Assets of the Banking Sector

(Rs. in million)

	Mid-Jul 2017	Mid-June 2018	Mid-Jul 2018	Mid-June 2019 <sup>P</sup>	Percent Change Mid-Jul To Mid-June	
					2017/18	2018/19
<b>A. Nepal Rastra Bank (1+2)</b>	<b>955657.7</b>	<b>1010237.6</b>	<b>1020106.3</b>	<b>919663.1</b>	<b>5.7</b>	<b>-9.8</b>
1. Gold, SDR, IMF Reserve Position	28391.4	32053.8	30710.0	33831.1	12.9	10.2
2. Foreign Exchange Reserve	<b>927266.4</b>	<b>978183.8</b>	<b>989396.3</b>	<b>885832.1</b>	<b>5.5</b>	<b>-10.5</b>
Convertible	683870.4	730966.0	737632.1	649302.4	6.9	-12.0
Inconvertible	243396.0	247217.7	251764.2	236529.7	1.6	-6.1
<b>B. Bank and Financial Institutions *</b>	<b>152165.8</b>	<b>115820.0</b>	<b>113188.9</b>	<b>145048.2</b>	<b>-23.9</b>	<b>28.1</b>
Convertible	141503.0	105273.7	102007.4	132225.8	-25.6	29.6
Inconvertible	10662.8	10546.2	11181.5	12822.4	-1.1	14.7
<b>C. Gross Foreign Exchange Reserve</b>	<b>1079432.1</b>	<b>1094003.7</b>	<b>1102585.2</b>	<b>1030880.3</b>	<b>1.3</b>	<b>-6.5</b>
Convertible	825373.3	836239.8	839639.5	781528.2	1.3	-6.9
Share in total (in percent)	76.5	76.4	76.2	75.8	-	-
Inconvertible	254058.8	257764.0	262945.8	249352.1	1.5	-5.2
Share in total (in percent)	23.5	23.6	23.8	24.2	-	-
<b>D. Gross Foreign Assets (A+B)</b>	<b>1107823.5</b>	<b>1126057.6</b>	<b>1133295.2</b>	<b>1064711.3</b>	<b>1.6</b>	<b>-6.1</b>
<b>Import Capacity in Months</b>						
<b>Gross Foreign Exchange Reserve</b>						
Merchandise	13.2	11.0	10.8	8.8	-	-
Merchandise and Services	11.4	9.6	9.4	7.7	-	-
<b>Gross Foreign Assets</b>						
Merchandise	13.6	11.3	11.1	9.1	-	-
Merchandise and Services	11.7	9.9	9.7	8.0	-	-
E. Foreign Liabilities	93188.6	79633.2	79003.5	95859.2	-14.5	21.3
F. Net Foreign Assets(D-E)	1014634.9	1046424.4	1054291.7	968852.1	3.1	-8.1
G. Change in NFA (before adj. ex. val.)**	-58654.0	-31789.6	-39656.8	85439.6	-	-
H. Exchange Valuation	-23452.1	36126.1	38696.6	5388.2	-	-
<b>I. Change in NFA (6+7)***</b>	<b>-82106.1</b>	<b>4336.6</b>	<b>-960.2</b>	<b>90827.8</b>	<b>-</b>	<b>-</b>
Period-end Buying Rate (Rs/USD)	102.9	107.9	109.3	111.4		

P= Provisional

\* indicates the "A","B" &amp; "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			
	2017/18						2018/19						2017/18		2018/19	
	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	186.8	19,141.9	3.9	400.1	182.9	18,741.8	157.8	17,405.3	70.0	7,718.5	87.8	9,686.8	19,228.9	300.0	22,040.2	320.0
September	344.4	35,282.6	13.00	1,329.38	331.4	33,953.2	192.1	21,783.8	-	-	192.1	21,783.8	20,495.3	320.0	28,421.9	400.0
October	416.3	43,260.5	-	-	416.3	43,260.5	419.2	49,281.6	-	-	419.2	49,281.6	15,569.7	240.0	22,025.9	300.0
November	334.7	34,788.5	-	-	334.7	34,788.5	180.4	21,107.5	-	-	180.4	21,107.5	32,487.7	500.0	26,320.1	360.0
December	336.2	34,715.0	-	-	336.2	34,715.0	217.5	24,778.7	-	-	217.5	24,778.7	23,246.6	360.0	25,457.3	360.0
January	301.9	30,854.2	-	-	301.9	30,854.2	298.9	33,649.2	-	-	298.9	33,649.2	30,670.9	480.0	29,709.4	424.0
February	394.4	40,334.0	-	-	394.4	40,334.0	327.8	37,367.8	-	-	327.8	37,367.8	33,218.7	520.0	22,796.9	320.0
March	433.7	44,943.2	-	-	433.7	44,943.2	246.5	27,903.7	-	-	246.5	27,903.7	27,221.9	420.0	24,120.0	340.0
April	445.0	46,299.7	-	-	445.0	46,299.7	241.1	26,659.4	-	-	241.1	26,659.4	33,828.2	520.0	23,462.0	340.0
May	307.3	32,592.7	-	-	307.3	32,592.7	357.8	39,863.2	-	-	357.8	39,863.2	22,587.3	340.0	23,648.4	340.0
June	292.5	31,595.2	-	-	292.5	31,595.2	346.6	38,640.8	-	-	346.6	38,640.8	24,340.0	360.0	27,830.5	400.0
July	344.1	37,673.8	68.00	7,416.08	276.1	30,257.7	273.4	30,187.3	-	-	273.4	30,187.3	28,753.3	400.0	24,868.9	360.0
<b>Total</b>	<b>4,137.2</b>	<b>431,481.1</b>	<b>84.9</b>	<b>9,145.5</b>	<b>4,052.3</b>	<b>422,335.6</b>	<b>3,258.9</b>	<b>368,628.3</b>	<b>70.0</b>	<b>7,718.5</b>	<b>3,188.9</b>	<b>360,909.8</b>	<b>311,648.5</b>	<b>4,760.0</b>	<b>300,701.2</b>	<b>4,264.0</b>