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# Monetary Policy for 2022/23



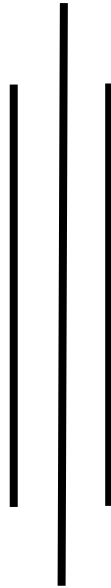
**Nepal Rastra Bank**  
Central Office  
Baluwatar, Kathmandu

**July 2022**

# Monetary Policy for 2022/23

Delivered by  
**Governor Mr. Maha Prasad Adhikari**

On  
22 July 2022



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



**Nepal Rastra Bank**

Central Office  
Baluwatar, Kathmandu  
Nepal

Phone: 01-4410158

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

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# Monetary Policy for 2022/23

## Background

1. As per the Nepal Rastra Bank Act, 2002, the major objective of this bank is to formulate and then implement monetary and exchange rate policy to achieve price and balance payment stability for economic stability and sustainable economic development. Accordingly, the bank has been formulating and publicly announcing monetary policy since 2002/03. In addition, the bank has started a half-yearly review of the policy since 2003/04, and a quarterly review since 2016/17 to make necessary changes in policy measures after reviewing the economic and financial situation.
2. Economic activities have been affected globally due to the ongoing Russia-Ukraine war. The prices of petroleum products and food items have increased significantly. Global trade volume and capital flows have also been affected. Thus, it has created additional challenges to the global economy while recovering from the COVID-19 pandemic.
3. To address the problem of high inflation that has emerged at the global level, most central banks have gradually been unwinding the relief measures and regulatory exemptions provided during the COVID-19 pandemic, and have been tightening monetary policy stance to address the imbalance in the economy.
4. Nepalese economy has also been affected directly and indirectly by recent developments in the global economy. The pressure on price and external sector stability as well as the contraction in the supply of loanable fund have created a challenge for Nepal in its path to economic recovery from the pandemic including achieving high economic growth.
5. In 2021/22, the average inflation seems to remain within the target. Despite that, inflation has increased recently because of the increase in the price of fuel and food items, high inflation globally including in neighboring countries, the disruption in the supply chain, and the depreciation of the Nepali Rupee against the US dollar.
6. Total merchandise imports is estimated to reach about 40 percent of the gross domestic product in 2021/22 which has been largely contributed by weak domestic production capacity, and rising consumption trend. In addition to the merchandise account, the service account deficit has also been increasing. The current account deficit is expected to reach about 13 percent of GDP. Thus, there has been a widening gap between the foreign currency receipts through exports, remittances, foreign investment, and foreign aid, and the foreign currency outflow through the imports of goods and services.

7. In 2021/22, rising imports, and the decline in foreign exchange reserves have built pressure on external sector management. The decline in foreign currency reserves owing to the current account and balance of payments deficit has created pressure on the banking system liquidity and increased the interest rates.
8. A small and import-based open economy like Nepal can achieve sustainable economic growth by mobilizing financial resources optimally only when external sector stability is ensured. It is important to maintain a balance in monetary expansion for a country that has adopted an exchange rate peg as a policy anchor and is facing external sector pressure. Theoretically, monetary expansion increases the domestic demand which may widen the current account deficit, and weaken the external sector further.
9. The monetary policy for 2022/23 has been formulated considering the above-stated theoretical basis and the existing challenges to macroeconomic stability. The stance of this policy has been taken primarily focusing on the mounting pressure on the external sector due to the rising current account and balance of payments deficit and on inflation. In addition, due consideration has been given to the policies and programs of the government of Nepal, the goals and priorities of the government budget, the current economic and financial situation of the economy including the possible economic outlook, and suggestions from the stakeholders.

## **International Economic Situation**

10. The world economy is likely to contract due to the Russia-Ukraine war. According to the International Monetary Fund (IMF), the world economy, which expanded 6.1 percent in 2021, is projected to grow 3.6 percent in 2022. The Fund projects that the growth rate of advanced economies will be limited to 3.3 percent in 2022 compared to 5.2 percent in the previous year and the growth rate of emerging economies will be limited to 3.8 percent in 2022 compared to 6.8 percent in the previous year.
11. The IMF has projected inflation in advanced economies to be 5.7 percent in 2022. The average inflation in such economies was 1.5 percent in the last decade. Similarly, inflation in the emerging and developing economies is projected to reach 8.7 percent in 2022 compared to 5.1 percent in the last decade.
12. International trade has also been affected due to the Russia-Ukraine war. According to the IMF, the growth rate of world trade volume is projected to be limited to 5.0 percent in 2022 compared to 10.1 percent in 2021.
13. Central banks of many countries have adopted tight monetary policy and increased policy rates to control the rising inflation. Federal Reserve, Bank of Canada, and Reserve Bank

of India have increased interest rates several times in recent months. The US Federal Reserve increased the federal funds rate by 75 basis points to 1.5-1.75 percent in June 2022. The Reserve Bank of India increased its policy rate by 40 basis points in May 2022 and by 50 basis points in June 2022 to 4.90 percent.

## **Macroeconomic Situation**

### **Economic Growth and Price Situation**

14. Central Bureau of Statistics has estimated the economic growth of Nepal to be 5.84 percent in 2021/22. Economic growth is mainly supported by electricity generation, expansion in construction activities, and revival of the tourism sector. In 2020/21, the economic growth rate was 4.25 percent.
15. In 2021/22, the ratio of gross domestic savings to GDP is estimated to be 9.27 percent and the ratio of gross national savings to GDP is estimated to be 31.95 percent. In the previous year, such ratios were 7.71 percent and 33.30 percent respectively.
16. In 2021/22, the ratio of gross fixed capital formation to GDP is estimated to be 29.37 percent compared to 29.85 percent in the previous year.
17. The y-o-y consumer inflation stood at 8.56 percent in mid-June 2022. However, in the eleven months of 2021/22, the average consumer inflation is 6.09 percent. The annual average consumer inflation seems to remain within the target.

### **Fiscal Situation**

18. According to the record of the Financial Comptroller General Office published on July 17, 2022, the expenditure of the federal government in 2021/22 stood at Rs.1296.24 billion. Out of this, recurrent expenditure is Rs.961.47 billion, capital expenditure is Rs.216.37 billion, and financial management expenditure is Rs.118.40 billion. In 2021/22, revenue collection stood at Rs.1067.96 billion.
19. In 2021/22, the government of Nepal (GoN) mobilized Rs.231.30 billion in domestic debt, which is 4.8 percent of GDP. The GoN repaid the principal amount of Rs.47.33 billion in 2021/22 as such net domestic debt mobilization of the government stood at Rs.183.97 billion.
20. As of mid-July 2022, the outstanding domestic debt of the GoN increased by 22.9 percent and reached Rs.984.28 billion compared to Rs.800.32 billion in mid-July 2021.

## **International Trade, Remittances, and BoP Position**

21. During the eleven months of 2021/22, merchandise exports increased 53.3 percent to Rs.185.84 billion, while merchandise imports increased 27.5 percent to Rs.1763.22 billion. As a result, the merchandise trade deficit increased 25.0 percent to Rs.1577.39 billion.
22. Remittance inflow is improving. Whereas the remittances inflows had decreased in the first nine months of 2021/22, it started to increase in the tenth and eleventh months of the year. Remittance inflows increased 0.2 percent in the tenth month and by 3.8 percent in the eleventh month, and reached Rs.904.18 billion. Such flows had increased 12.6 percent during the eleven months of the previous year. In the first eleven months of 2021/22, remittances in US dollar terms remained 7.51 billion, which is higher by 1.5 percent than the remittances of 7.39 billion in the same period of the previous year.
23. Substantial growth in imports led to the current account and BoP deficit significantly. In the eleven months of 2021/22, the current account deficit reached Rs.595.73 billion compared to Rs.298.11 billion in the same period of the previous year. The increasing current account deficit reflects a situation of domestic demand that is in excess of domestic production and the widening gap between demand for and supply of financial resources.
24. In the eleven months of 2021/22, the BoP deficit stood at Rs.269.81 billion compared to Rs.15.15 billion during the same period of the previous year. As such, foreign currency reserves decreased by 2.3 billion US dollars in the eleven months of 2021/22 to 9.45 billion US dollars. The current level of reserve is adequate to cover the prospective imports of goods and services for 6.73 months.
25. The depreciation of the Nepali Rupee against the US dollar has created additional pressure on prices. Compared to mid-July 2021, the Nepali Rupee has depreciated 6.64 percent against the US dollar in mid-July 2022.

## **Financial Sector Situation**

### **Banking Sector**

26. In the eleven months of 2021/22, deposits at the banks and financial institutions (BFIs) increased 5.7 percent, while credit to the private sector increased 13.5 percent. During the period, the BFIs mobilized deposits of Rs.266 billion and disbursed loans of Rs.553 billion. In the same period of the previous year, the BFIs mobilized deposits of Rs.588 billion and disbursed loans of Rs.799 billion.
27. In the eleven months of 2021/22, the BFIs have mobilized financial resources by issuing debenture worth Rs.23.38 billion compared to Rs. 37.10 billion during the same period of the previous year.



28. As of mid-April 2022, the average non-performing loan (NPL) of commercial banks stood at 1.32 percent, development banks at 1.49 percent, and finance companies at 7.0 percent. In mid-July 2021, these ratios were 1.41 percent, 1.30 percent, and 6.19 percent respectively.
29. Since this bank introduced the merger and acquisition policy to strengthen the financial sector, 245 BFIs have been involved in the process of merger and acquisition as of mid-July 2022. Of these, the license of 178 institutions has been revoked and thereby 67 institutions have been formed. In 2021/22, one commercial bank has acquired another commercial bank and started an integrated transaction. Four commercial banks are in the merger process and have obtained a letter of intent to merge and become two commercial banks. Similarly, the other two commercial banks have signed a memorandum of understanding to enter into the merger/acquisition process.
30. Financial access is increasing. The number of branches of the BFIs increased from 10,683 in mid-July 2021 to 11,528 in mid-July 2022. With the expansion of branches, the population per branch has declined from 2,844 to 2,532 during this period. As of mid-July 2022, commercial banks have opened branches at 752 local levels.

### **Interest Rate**

31. In mid-July 2021, the weighted average interest rate of 91-day treasury bills was 4.55 percent, which reached 10.66 percent in mid-July 2022.
32. The average base rate of commercial banks was 6.66 percent in mid-June 2021, which reached 9.39 percent in mid-June 2022. In mid-June 2021, the weighted average interest rate of deposits was 4.72 percent, which reached 7.34 percent in mid-June 2022. Similarly, in mid-June 2021, the weighted average lending rate was 8.46 percent, which reached 11.54 percent in mid-June 2022.

### **Capital Market**

33. The NEPSE index, which was 2883.41 in mid-July 2021, stood at 2009.46 in mid-July 2022. At mid-July 2022, the stock market capitalization stood Rs.2869.34 billion. At mid-July 2021, market capitalization was Rs.4010.96 billion.
34. In the eleven months of 2021/22, the Securities Board of Nepal has approved the issue of debentures worth Rs.11.28 billion, mutual funds worth Rs.6.90 billion, ordinary shares worth Rs.6.51 billion, and right shares worth Rs.3.46 billion. Altogether, the total approval for the public issue of securities stood at Rs.28.15 billion.

35. In the eleven months of 2021/22, seven commercial banks have received approval from the Securities Board of Nepal to issue debenture worth Rs.10.88 billion, and one development bank for Rs.400 million. By the end of mid-June 2022, BFIs have mobilized Rs.123.76 billion through debentures.

## **Review of Monetary Policy of 2021/22**

### **Monetary Management**

36. The growth of broad money in mid-June 2022 stood at 9 percent on a y-o-y basis compared to the projection of 18 percent for 2021/22.
37. The growth rate of credit to the private sector from the monetary sector stood at 16 percent in mid-June 2022 on a y-o-y basis compared to the projection of 19 percent for 2021/22.
38. The existing operating target of the monetary policy is to maintain the interbank rate of the BFIs within the corridor of 4.0 percent to 7.0 percent. The interbank rate stood at 7 percent in mid-June to mid-July 2022.
39. In 2021/22, the bank availed the liquidity of Rs.9702.41 billion (based on a transaction basis). Under this, Rs.476.39 billion was availed through a repo, Rs.55.92 billion through outright purchase, and Rs.9170.11 billion through the standing liquidity facility.

## **Review of Financial Sector Policies**

### **Sectoral Credit**

40. Commercial banks are required to provide at least 12 percent of the total credit to the agriculture sector by mid-July 2022. Such a requirement is 13 percent by mid-July 2023, 14 percent by mid-July 2024, and 15 percent by mid-July 2025. As of mid-April 2022, 12.28 percent of total credit i.e. Rs.490.15 billion has been disbursed to the agriculture sector.
41. Commercial banks are required to provide a minimum of 6 percent of the total credit to the energy sector by mid-July 2022. Such a requirement is 7 percent by mid-July 2023, 8 percent by mid-July 2024, and 10 percent by mid-July 2025. As of mid-April 2022, average lending to this sector stood at 5.51 percent, i.e. Rs.220.08 billion.
42. Commercial banks have to allocate at least 11 percent of the total loan to the small, micro, cottage, and medium industries by mid-July 2022. Such requirement is 12 percent by mid-July 2023, 13 percent by mid-July 2024, and 15 percent by mid-July 2025. Under this provision, loans up to Rs. 10 million provided to the micro, cottage, small, and medium industries, and deprived sector loans directly provided by the commercial banks are

included. As of mid-April 2022, 9.85 percent or Rs.393.28 billion loan has been disbursed in this sector.

43. Development banks have to disburse 17 percent of the total credit to agriculture, micro, cottage, and small enterprises/businesses, energy, and tourism sectors by mid-July 2022, 19 percent by mid-July 2023 and 20 percent by mid-July 2024. As of mid-April 2022, 26.62 percent i.e. Rs.111.90 billion loans have been disbursed to these sectors. Similarly, there is a provision that finance companies should disburse 12 percent of the total loan to such sectors by mid-July 2022. Such requirement is 14 percent by mid-July 2023 and 15 percent by mid-July 2024. As of mid-April 2022, such loans disbursed by the finance companies stood at 21.92 percent i.e. Rs.16.15 billion.

### **Refinance and Concessional Loan**

44. Micro, cottage, small, and medium enterprises/businesses and productive sectors hard hit by the Covid-19 pandemic were given priority while providing refinance facility by this Bank at a concessional rate by revising the Nepal Rastra Bank Refinance Procedures, 2020. In 2021/22, a total of 24,305 borrowers have been approved for refinancing of Rs.115.68 billion. As of mid-July 2022, the outstanding refinance facility stood at Rs.111.96 billion.
45. Outstanding concessional loans provided to 1,47,147 borrowers under the concessional loan program of the Government of Nepal stood at Rs.215.91 billion as of mid-June 2022. Out of this, the outstanding loan provided to 60,618 borrowers under agriculture and animal husbandry business stood at Rs.139.84 billion, the outstanding loan provided to 83,669 women entrepreneurs under women entrepreneurial loans stood at Rs.72.38 billion and the outstanding loan to 2860 borrowers under other eight categories of concessional loans amounted Rs.3.69 billion.
46. In order to support the business continuity of the tourism and cottage, small and medium enterprise sectors affected by the Covid-19 pandemic, a business continuity loan, which was arranged for the payment of wages of workers and employees, of Rs.1.15 billion has been approved as of mid-June, 2022.

### **Review of Regulatory and Supervisory Provisions**

47. Banks and financial institutions were required to maintain the credit to deposit ratio of 90 percent by mid-July 2022. Such a ratio stood at 86.22 percent in mid-July 2022.
48. Provision requiring the BFIs to extend loans of up to Rs.10 million to agriculture, handicrafts, and skill-based businesses at a base rate plus a maximum of 2 percentage points premium has come into implementation.

49. Provision that requires to classify the loan of up to Rs.2 million provided to real agri-businesses under project collateral, the loan of up to Rs.2 million for women entrepreneurs to run small enterprises and self-employed businesses and the loan of up to Rs.2.5 million for the purchase of vehicles for self-employment under deprived sector loan have come into implementation. As of mid-April 2022, the BFIs have disbursed 7.88 percent of their total loans to the deprived sector.
50. The provision for payment service providers and payment system operators, other than the BFIs, to provide details of transactions exceeding certain limits and suspicious transactions to the Financial Information Unit has come into implementation.
51. Provisions that allows commercial banks to mobilize savings deposits in foreign currency from non-resident Nepali and the institutions promoted by the non-resident Nepali and operating in foreign countries, and allows these deposits to be repatriated from the banking system under the specified conditions have been implemented.
52. Digital Lending Guidelines regarding the loans to be disbursed through electronic means have been put into action to simplify the process of lending from the BFIs, reduce the cost of lending and increase access to credit.
53. Retail Payment Switch has been put into operation as the first phase of establishing National Payment Switch to settle and record the payment transactions made within Nepal while maintaining interoperability between electronic payment instruments and to introduce Nepal's own payment card.
54. A provision has been made for the online application for Citizen Savings Certificate and Foreign Employment Savings Certificate.
55. The implementation status of other regulatory and supervisory provisions incorporated in the monetary policy of 2021/22 is given in Appendix 2.

### **Economic Outlook for 2022/23**

56. The international economic outlook observed during the third quarterly review of monetary policy for 2021/22 still prevails. The Russia-Ukraine war has created uncertainty in the international economic environment and put significant pressure on prices. As a result, global output growth and trade expansion is projected to decline in 2022 and 2023. The IMF and the World Bank have projected that the world economy may go into recession along with the rise in interest rates in developed and emerging economies due to tight policy provisions and inflationary pressure.

57. The COVID-19 infections have declined, and there has been easy availability of the COVID-19 vaccine in Nepal. Tourist arrival has started to improve. The number of Nepalese going abroad for employment has increased. The local level elections have been completed, and the elections for the federal parliament and state assembly are going to be held. As a result, domestic demand is likely to remain strong. In addition, some hydropower projects under construction are about to complete, resulting in the addition of 700 megawatts of electricity to the national grid. On the basis of these backgrounds, the implementation of the policy provisions and programs included in the budget statement 2022/23, and the increase in the capacity utilization of the industries, the economic growth is expected to be higher than average. However, other factors such as lack of chemical fertilizer, external sector pressures, liquidity shortage, and inflation may create challenges in the direction of achieving expected economic growth.
58. In 2021/22, the current account and BoP deficit reached the highest level so far. It remains a challenge to maintain the BoP favorable even considering the full realization of foreign grants and loans stated in the government budget for 2022/23 given the situation of domestic production and demand, the current trend of imports, exports, and remittances, and the depreciation of the Nepalese Rupee and corresponding rise in import prices. Thus, there will be pressure on the foreign exchange reserves, and the liquidity position of the banking system. In this context, it is important to strike a balance between maintaining foreign exchange reserves at an appropriate level and managing liquidity.
59. The current account has been in deficit since 2017/18. In 2021/22, the current account deficit, by increasing further, is expected to reach 13 percent of GDP. The current account has been in deficit for a long time and its size is increasing over the period, which has created a challenge not only in external sector stability but also in maintaining overall economic stability and achieving sustainable and high economic growth. Although the number of workers going abroad and tourist arrival has improved, the pressure on the current account and BoP is expected to continue for some time.
60. In an import-based economy, the excess demand will exert direct pressure on the exchange rate and interest rate. The effect of external sector pressure has passed on to the interest rate given the current exchange rate peg regime that has been adopted considering Nepal's structural characteristics. The current pressure on the banking system liquidity and interest rates will continue until there is a sustainable improvement in domestic production and the external sector.
61. There remains pressure on the prices of consumer goods and services globally. The price of food and non-food items is increasing worldwide due to a substantial increase in the price of fuel, as well as the disruption in the global supply chain caused by the COVID-19.

In India too, inflation is above 7 percent. It has also affected Nepal. The impact on prices from the supply side, including fuel, is likely to continue for some time. In addition, the general election that is going to be held this year and the increase in salary and the expansion of social security will increase domestic demand. Thus, it seems challenging to maintain the inflation within the desired level this year.

## **Monetary Policy Framework for 2022/23**

### **Monetary Policy Stance**

62. The stance of monetary policy has been kept cautiously tight to promote macroeconomic stability by maintaining price and external sector stability and to support economic growth through increasing productivity by channeling financial resources to the productive sector.
63. Given that the credit to GDP ratio is high, the priority of the monetary policy is to reallocate credit to the productive sector rather than focus on credit growth.
64. The regulatory relaxations provided during the COVID-19 pandemic will be gradually withdrawn and made consistent with the prudent regulatory standards. The refinance facility will be reviewed to provide such facility to productive sectors including agriculture, exports, and the hard-hit areas from the COVID-19 that are yet to recover.
65. The focus of monetary policy will be on increasing access to credit for the small, cottage, micro, and medium enterprises and gradually reducing the over-concentration of credit. In addition, a provision will be made to introduce differential interest rates to certain productive and commercial sectors.
66. Since a sound financial system will make the transmission of the monetary policy more effective, emphasis will be placed on maintaining financial stability through prudent regulation as well as the improvement of the credit quality.
67. The coverage of monetary policy will be enhanced by increasing financial literacy, financial access, and financial inclusion along with digitizing payments and financial transactions.

### **Monetary Policy Framework and Targets**

68. The existing strategic framework and the pegged exchange rate of the Nepalese Rupee with the Indian Rupee as the nominal anchor of monetary policy have been kept unchanged.
69. The weighted average interbank rate among the BFIs has been continued as an operational target of the policy along with strengthening the interest rate as a channel of monetary policy transmission.

70. The main basis for setting the policy rate will be foreign exchange reserves' capacity to cover the imports of goods and services as well as inflation. The policy rate will be set not less than the annual inflation target.
71. Liquidity will be managed by conducting open market operations based on the status of the operating target. Given the context that the weighted average interbank rate is the operating target and the interest rate corridor serves as a strategy for monetary management, money supply and credit growth will be used as just indicators to measure the situation of the monetary policy stance. Accordingly, in 2022/23, the growth rate of the broad money supply is projected to be 12 percent, and the growth rate of credit to the private sector is projected to be 12.6 percent.
72. The budget statement of the government for 2022/23 has set the goal of achieving an economic growth of 8 percent and maintaining inflation within 7 percent. A small and import-based open economy like Nepal needs to maintain foreign exchange reserves at a comfortable level. Considering this necessity, the monetary policy has a priority to ensure the foreign exchange reserves at a level that can cover the imports of goods and services for up to 7 months and control the demand side pressure on inflation, thereby support to achieve targeted economic growth.
73. The size of the credit has almost reached the size of GDP. The monetary policy will be focused on managing the interest rate corridor to help maintain the growth rate of credit and broad money supply around the growth rate of the nominal GDP and channeling credit to the productive sector to mobilize necessary financial resources for growth.

### **Monetary Policy Measures**

74. Considering the pressure on prices and foreign exchange reserves, and for ensuring macroeconomic stability, the rates under the interest rate corridor have been increased by 1.5 percentage points. Accordingly, the bank rate has been increased to 8.5 percent, the policy rate to 7.0 percent, and the deposit collection rate to 5.5 percent.
75. NRB will develop a mechanism to open a repo/reverse repo auction if the interbank rate deviates from the policy rate by more than 2 percentage points. Likewise, a provision will be made to open the deposit collection auction if the interbank rate decreases by more than 3 percentage points from the policy rate. Other tools under the open market operations will be kept unchanged.
76. In order to make liquidity management more effective, an open market operation stabilization fund will be established and implemented as stipulated in the budget statement for 2022/23.

77. For making the payment system easy and reliable, the existing intraday liquidity facility availed by this bank to the BFIs on the collateral of government securities will be made available for the overnight period as per the need. Such a facility will be made available at the bank rate.
78. Standing liquidity facility (SLF) will be availed to the BFIs on the collateral of securities specified by the NRB for a maximum period of 5 days at the bank rate. The outstanding SLF will be no more than 1 percent of the total local currency deposits held by the bank in the previous week. This provision will be put into effect after making necessary amendments in the existing procedures.
79. The BFIs that are unable to manage liquidity through the interbank market, daily liquidity facility, open market operations, and standing liquidity facility will be given Lender of Last Resort Facility at a penalty rate of 2 percentage points above the bank rate if requested by the respective institution. A procedure regarding the Lender of Last Resort Facility will be issued.
80. The cash reserve ratio to be maintained by the BFIs will be increased by 1 percentage point to 4 percent with effect from 17 August 2022.
81. A provision will be made whereby the commercial banks need to maintain the statutory liquidity ratio (SLR) of 12 percent and development banks as well as finance companies need to maintain 10 percent from mid-January 2023.
82. In order to make the monetary policy transmission mechanism effective, the necessary review will be done in the existing policy arrangements regarding the interest rate determination by the BFIs.

## **Financial Sector Provisions for 2022/23**

### **Financial Sector Reform and Regulation**

83. Necessary actions will be taken to forward the amendment proposals of banking acts and laws including Nepal Rastra Bank Act, 2002, Banks and Financial Institutions Act, 2017, Foreign Exchange (Regulating) Act, 1962, and Payments and Settlement Act, 2019.
84. A necessary review will be done in the regulatory provisions such as loan restructuring and rescheduling, interest capitalization, and dividend distribution introduced to speed up the economic revival during the Covid-19 pandemic.
85. The policies and programs incorporated in the fourth strategic plan and financial sector development strategy of this bank will be implemented effectively.



86. Financial Sector Stability Review (FSSR) is being carried out with the assistance of the IMF. Suggestions obtained from this report will be gradually implemented to improve the quality of loans and maintain financial stability.
87. Necessary arrangements will be made to implement the provision of Counter-Cyclical Buffer from mid-July 2023 which has been suspended from 2019/20 due to the COVID-19 pandemic. A study will be conducted to implement the provision on the sectoral basis as well.
88. A provision will be made to provide the existing merger-related discounts and facilities if commercial banks and microfinance financial institutions start integrated operations with the institution of the same class or acquire the institutions of the same class by mid-January 2023.
89. The existing provision for the BFIs allowing them to include the resources mobilized from debenture in deposits while calculating the credit to deposit ratio will be continued until mid-July 2023.
90. Large Exposure Framework will be developed to identify the large-scale borrowers from the BFIs. In addition, monitoring of the credits availed by the big borrowers from the banking system will be made more effective. The existing single obligor limit will be reviewed.
91. Macro Stress Testing Framework will be formulated and implemented to test the impact of fluctuations in macro economic variables on the banking sector.
92. A provision will be made where the insurance claim of collateral assets secured for loans provided by the BFIs must cover the loan amount.
93. A provision will be made where businesses and enterprises availing a maximum of Rs.50 million loans from the BFIs will be waived from penal interest if they pay the principal and interest due on mid-July 2022 by mid-Oct 2022.
94. Interest rate will be differentiated for credit disbursed to productive and commercial sectors. To start with, a provision will be made for the BFIs whereby they can add a maximum of 2 percentage points premium only on their base rate while determining the interest rate for the credit up to Rs.20 million provided to food production, animal husbandry, fishery, export-related business and productive enterprises using domestic raw materials only.

95. A provision will be made to add a maximum of 2 percentage points only on the base rate while determining the interest rate for the credit mobilized to private sectors for the construction of information technology and industrial park.
96. A provision will be made whereby the BFIs must maintain loan to value ratio at a maximum of 30 percent inside Kathmandu valley and a maximum of 40 percent outside Kathmandu valley while providing loans with no specific purpose against the collateral of land and house such as overdraft loans, mortgage loans, property loan, and personal term loan.
97. In order to increase the investment capacity of the Nepal Infrastructure Development Bank established to invest in the infrastructure sector, it will be encouraged to increase its paid-up capital through mergers and acquisitions with other financial institutions established and operating with similar objectives.
98. The existing regulations issued by this bank regarding the suspension of security transactions at the time of bank mergers and acquisitions will be repealed. Provisions regarding such suspension will be as per the regulations of the Securities Board of Nepal.
99. A limit for the margin type of loan against the collateral of shares from a single financial institution or all institutions will be fixed at Rs.120 million per borrower. After the margin lending facility becomes regular and orderly through the stockbrokers, this type of margin-lending from banks will be removed.
100. Risk weight for loans against the collateral of shares up to Rs.2.5 million has been reduced to 100 percent while the risk weight for loans above this limit has been kept unchanged at 150 percent.
101. Necessary coordination will be made with the concerned agencies for strengthening the international coordination mechanism for the prevention of investment in money laundering and terrorist activities.
102. Necessary facilitation will be done regarding the establishment of the second-tier regulatory institution (STI), as stated in the budget for 2022/23, for effective regulation, inspection, and supervision of savings and loan cooperatives and non-governmental organizations that are outside the supervisory scope of this bank.
103. Necessary support will be provided to make the regulation, inspection, and supervision system of saving and credit cooperatives effective.

104. In order to encourage Green Financing, a draft of Green Taxonomy will be prepared by including the topics such as issuing green bonds, reporting climate risks, identifying capital needs, and others.

### **Foreign Exchange Management**

105. 'Foreign Investment and Foreign Debt Management Regulations, 2021' will be amended for facilitating the issues including more automated foreign direct investment, repatriation of profits of branch offices, and repatriation to other countries.
106. The existing policy provisions related to derivatives will be reviewed for managing foreign exchange risk to facilitate the mobilization of external commercial borrowing by the BFIs.
107. In order to widen the scope of remittance flow into Nepal, the existing remittance arrangements will be reviewed so that it will be easier for Nepali citizens and organizations to receive remittances from Nepali citizens living abroad, foreign citizens, and associations/organizations situated abroad.
108. Necessary coordination will be made with the relevant agencies of the GoN to provide various services and facilities based on the proof of remitting money through a formal channel. In addition, coordination will be made to ensure that Nepalese going abroad for foreign employment have a bank account to receive foreign exchange facilities.
109. Necessary arrangements will be made so that holders of various electronic and digital cards existing in banking payment devices issued by Nepali BFIs can receive card-to-card remittance transfers from a similar type of cards issued by foreign banks.
110. Necessary provisions will be made to encourage receiving foreign exchange earnings through services exports including information technology.
111. The existing provision of cash margin to be maintained while opening a letter of credit for the import of certain items will be gradually reviewed.
112. Arrangement will be made for the BFIs to issue a draft, T.T., or letter of credit for the import of goods only after analyzing the price of the international market and the proforma price of related goods.
113. A provision will be made whereby the employees directly involved in trade finance and credit disbursement in the BFIs should receive regular training on the methods of import-export of goods and services, the payment methods used in it, basic issues related to credit analysis, and other related issues.

114. A study will be carried out regarding the USD/NPR swap by the NRB with the commercial banks to manage the risk in the foreign exchange market.

### **Refinance and Concessional Loan**

115. Refinance facility will be continued limiting such facility to productive sectors including agriculture, small enterprises, exports, and those sectors that are hard hit by the COVID-19. Such a facility will be gradually reduced to the amount available in the refinance fund by mid-July 2024.
116. Programs related to subsidized loans stated in the budget statement of 2022/23 will be implemented as per the procedures approved by the GoN.
117. A study will be carried out regarding the use and effectiveness of the programs aimed at increasing credit flows to productive sectors such as the refinance facilities, concessional loans, deprived sector loans, and others.
118. A study will be carried out regarding the alternative forms of finance such as Peer-to-peer lending and Crowdfunding in order to increase the access of start-up businesses to credit.

### **Microfinance Related Provisions**

119. As per the budget statement of 2022/23, microfinance financial institutions (MFIs) will be encouraged to provide financial services in remote and backward areas in accordance with the social banking concept.
120. Provisions will be made for the BFIs to charge no more than a 2 percentage points premium on the base rate while determining the interest rate on wholesale loans to the MFIs under the deprived sector lending.
121. Arrangements will be made for the MFIs to mobilize resources by issuing debentures equal to their capital fund.
122. Necessary facilitation will be provided for the capital restructuring and institutional capacity improvement of 'Rural Development Microfinance Financial Institution', which has government investment too, after its restructuring as stated in the budget of 2022/23.
123. NRB will facilitate the implementation of the 'Microfinance Fund' to be established as stated in the budget of 2022/23 for the purpose of expanding credit outreach to agriculture sector as per its legal, institutional as well as operational structure.

### **Payment System Related Provisions**

124. Electronic payment transactions will be further promoted. Necessary institutional coordination will be made to celebrate 2022/23 as 'Electronic Payment Promotion Year'. A study regarding the establishment of the Innovation Center/Regulatory Sandbox will be carried out.
125. Necessary steps will be taken to establish a complete Digital Bank as stated in the budget statement of 2022/23. For this, necessary actions will be taken to amend the Nepal Rastra Bank Act, 2002, the Bank and Financial Institutions Act, 2017, and to prepare other necessary laws and institutional structures.
126. The existing provisions related to the merger and acquisition of the institutions licensed to carry out payment transactions; also to bring in foreign investment up to the specified limit in such institutions including licensing of new institutions will be reviewed.
127. Arrangements will be made to settle transactions in Nepal done through various payment cards issued by licensed BFIs within the country. For this purpose, a provision will be made for the BFIs to issue security bonds/guarantees in Nepali currency rather than in foreign currency.
128. 'Cyber and Information Security Guideline' will be issued for the institutions licensed to carry out payment-related transactions.

### **Financial Literacy and Financial Inclusion**

129. Financial Inclusion Index will be prepared to measure the actual status of financial access in Nepal in the context of expanding the scope of the financial sector.
130. 'Financial Literacy Framework, 2022' will be prepared including financial customer protection, digital financial literacy, and financial literacy training guidelines. Necessary coordination will be made with the Government of Nepal, Ministry of Education, Curriculum Development Center to include financial literacy-related topics in the school-level curriculum.

### **Finally,**

131. The current account and balance of payments deficit have increased significantly due to the rapid expansion of aggregate demand relative to domestic production. As a result, there has been pressure on the banking system liquidity and interest rates. The pressure on prices and the external sector is likely to continue for some time given the international economic outlook, the Russia-Ukraine war, increase in fuel prices, the situation of domestic production and aggregate demand, and the trend of import and remittance flows. Therefore,

the stance of monetary policy has been cautiously tightened considering the price and external sector outlook, and the target of economic growth. It is expected that this will help maintain macroeconomic stability while keeping momentum in economic activities.

132. It is believed that the implementation of this monetary policy will help maintain internal and external stability. Monetary measures will be changed, if necessary, in the quarterly review of monetary policy based on the status of inflation and foreign exchange reserves' capacity to cover imports.
133. We would like to express our gratitude to all the stakeholders including the agencies of the Government of Nepal, organizations related to various businesses and industries, banks and financial institutions, scholars, media, and others for their support during the formulation of monetary policy for 2022/23. The Bank expects continuous cooperation from all the stakeholders for the implementation of provisions and programs envisioned in this monetary policy.

## Appendix -1

### Projection of Monetary Survey

(Rs. in million)

Monetary aggregates	2020 Jul	2021 Jul	2022 Jul <sup>E</sup>	2023 Jul <sup>Proj</sup>	Annual Change					
					2020/21		2021/22		2022/23	
					Amount	Percent	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1328349.0	1335620.1	1110620.1	1010620.0	1226.7 <sup>/1</sup>	0.1	-260000.0 <sup>/2</sup>	-19.5	-100000.0	-9.0
1.1. Foreign Assets	1449927.6	1453294.9	1293737.0	1206584.9	3367.3	0.2	-159557.9	-11.0	-87152.1	-6.7
1.2. Foreign Liabilities	121578.6	117674.8	183116.9	195964.9	-3903.8	-3.2	65442.1	55.6	12847.9	7.0
2. Net Domestic Assets	2902620.7	3819233.1	4456621.3	5224690.3	922656.7 <sup>/1</sup>	31.8	672388.2 <sup>/2</sup>	17.6	768069.0	17.2
2.1. Domestic Credit	3897627.9	4955476.5	5712924.6	6618687.5	1057848.6	27.1	757448.1	15.3	905762.9	15.9
a. Net Claims on Government	461404.1	588866.2	749237.9	1036292.3	127462.1	27.6	160371.7	27.2	287054.4	38.3
b. Claims on Non-Financial Government Enterprises	8702.6	7512.6	4521.0	4969.7	-1190.0	-13.7	-2991.6	-39.8	448.7	9.9
c. Claims on Financial Institutions	150629.2	219542.3	239175.1	262958.8	68913.1	45.8	19632.8	8.9	23783.7	9.9
d. Claims on Private Sector	3276892.0	4139555.4	4719990.6	5314466.6	862663.4	26.3	580435.2	14.0	594476.1	12.6
2.2. Net Non-monetary Liabilities	995007.1	1136243.4	1256303.3	1393997.2	135192.0 <sup>/1</sup>	13.6	85059.8 <sup>/2</sup>	7.5	137693.9	11.0
3. Broad Money (M2)	4230969.8	5154853.2	5567241.4	6235310.4	923883.4	21.8	412388.3	8.0	668069.0	12.0
3.1. Money Supply (M1+)	2368304.5	2964265.4	2736322.4	2915954.5	595960.8	25.2	-227943.0	-7.7	179632.1	6.6
a. Money Supply (M1)	856260.8	1049410.2	1070398.4	1166734.2	193149.3	22.6	20988.2	2.0	96335.9	9.0
Currency	490396.4	571971.8	514774.6	540513.3	81575.4	16.6	-57197.2	-10.0	25738.7	5.0
Demand Deposits	365864.4	477438.4	555623.8	626220.9	111574.0	30.5	78185.4	16.4	70597.1	12.7
b. Saving and Call Deposits	1512043.7	1914855.2	1665924.0	1749220.2	402811.5	26.6	-248931.2	-13.0	83296.2	5.0
3.2. Time Deposits	1862665.2	2190587.8	2830919.0	3319355.9	327922.5	17.6	640331.2	29.2	488436.9	17.3
4. Broad Money Liquidity (M3)	4337663.0	5246647.7	5666891.3	6343104.7	908984.7	21.0	420243.5	8.0	676213.4	11.9

E=Estimated, Proj= Projection

<sup>/1</sup> Adjusting the exchange valuation loss of Rs. 6044.35 million

<sup>/2</sup> Adjusting the exchange valuation gain of Rs. 35000.00 million

## Appendix-2

### Progress Matrix of Programs Provisioned in Monetary Policy for 2021/22

S.N.	Point No.	Objectives/Programs	Implementation Status
1	74	<p>The annual average consumer inflation will be contained within 6.5 percent for 2021/22.</p> <p>Liquidity will be managed to support the expansion of the economy by emphasizing on economic recovery.</p>	<p>Average inflation rate stood 6.09 percent during eleven months of 2021/22.</p> <p>During 2021/22, net liquidity of Rs. 9642.41 billion injected through different instruments.</p>
2.	75	<p>Monetary and external sector management will be carried out to maintain foreign exchange reserves sufficient to cover the prospective imports of merchandise and services for at least 7 months in 2021/22.</p>	<p>The foreign exchange reserve stood at USD 9.45 billion in mid-June 2022. Such reserve is sufficient to cover the prospective imports of goods and services for 6.7 months.</p>
3.	76	<p>The growth of broad money (M2) and private sector credit will be maintained within 18.0 percent and 19.0 percent respectively for 2021/22.</p>	<p>On y-o-y basis, broad money and monetary sector's claims on private sector increased 9.0 percent and 16.0 percent respectively in mid-June 2022.</p> <p>Regular monitoring is being done during off-site supervision.</p>
4.	79	<p>Deposit collection rate as the lower bound of IRC will be revised from 1 percent to 2 percent and Repo rate as the policy rate will be revised from 3 percent to 3.5 percent.</p> <p>The IRC will be made effective through more proactive Open Market Operation (OMO).</p>	<p>Circular issued on 24 August 2021.</p> <p>Open Market Operation Procedure, 2021 is issued incorporating Interest Rate Corridor Procedure.</p> <p>In the midterm review of monetary policy, the Standing Liquidity Facility (SLF) rate, policy (repo) rate and deposit collection rate related to Interest Rate Corridor were maintained at 7.0 percent, 5.5 percent and 4.0 percent respectively and monetary instruments are being issued accordingly at various time. Weighted average interbank rate of BFIs stood at 7 percent at mid July 2022.</p>



<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
5.	81	A provision will be made for the national level development banks, finance companies, and wholesale lending MFIs in addition to commercial banks to issue debenture up to 25 percent of their paid-up capital.	Circular for commercial banks, development banks, finance companies issued during 2019/20 and circular for MFIs issued on November 23, 2021
6.	83	A provision will be made to provide an additional interest rate of at least 1 percentage point on the deposits in the BFIs, which comes from remittances.	Circular issued on 24 August 2021.
7.	85	A provision will be made for commercial banks to establish the focal desk in their branches, which are carrying out the government transactions of rural municipalities and municipalities. This provision aims to promote additional credit in agriculture, micro and cottage industries.	Circular issued on 24 August 2021. Regular monitoring during off-site supervision.
8.	86	The existing provisions related to the deprived sector lending will be revised and gradually adjusted in the credit to micro, cottage, small and medium scale industries.	Circular issued on 24 August 2021. As of mid-June 2022, BFIs have disbursed 9.62 percent of their total credit in micro, cottage, small and medium scale industries.
9.	87	The loans up to Rs.1.5 million, provided to individuals who have lost their jobs in the tourism sectors due to the COVID-19 for the operation of self-employed business, will be counted under the deprived sector lending.	Circular issued on 24 August 2021. As of mid-April 2022, BFIs have disbursed 7.88 percent of their total credit in the deprived sector.
10.	88	A provision will be made to count the loans up to Rs. 2.5 million, provided to borrowers who aim to be self-employed by purchasing transport vehicles, under the deprived sector lending.	Circular issued on 24 August 2021. As of mid-April 2022, BFIs have disbursed 7.88 percent of their total credit in the deprived sector.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
11.	89	A provision will be made to count the project-based loans, provided to women entrepreneurs up to Rs.2 million to operate micro-enterprise and self-employed businesses under the deprived sector lending. An arrangement will be made for the mandatory insurance of such loans.	Circular issued on 24 August 2021. As of mid-April 2022, BFIs have disbursed 7.88 percent of their total credit in the deprived sector.
12.	90	A provision will be made to count the project-based loans, provided to agriculture farmers up to Rs.2 million for the operation of the agricultural business under the deprived sector lending. An arrangement will be made for the mandatory insurance of such loans.	Circular issued on 24 August 2021. As of mid-April 2022, BFIs have disbursed 7.88 percent of their total credit in the deprived sector.
13.	91	To expand the productive economy through enhancing production, generating employment, and developing entrepreneurship, the concessional loan program will be implemented effectively as per the unified procedure of the Government of Nepal related to interest subsidies on concessional loans.	Loans are being disbursed as per the existing procedure while suggestions have been sent to Ministry of Finance for the amendment of the procedure to include the programs mentioned in budget speech of 2021/22. As of mid-June 2022, 147,147 people have availed such concessional loan amounting 215.91 billion.
14.	92	The existing refinance facility for the speedy recovery of the COVID-19 affected industries/businesses will be continued. Accordingly, an arrangement will be made to provide refinance facilities not exceeding the maximum limit set in the previous year.	Such a provision has been made in Refinance Procedure, 2020 (Third Amendment 2021) issued on July 19, 2021. In 2021/22, total refinance of Rs. 115.70 billion has been approved to 24,305 borrowers. As of mid-July 2022, outstanding refinance is Rs. 111.96 billion.
15.	93	The business continuity loan program will be implemented effectively for the recovery of businesses affected by the COVID-19 pandemic including tourism businesses, communication,	Loans are being disbursed as per the existing Business Continuity Loan Procedure, 2020. As of mid-June 2022, such loan amounting Rs. 1.15 billion has been approved.

S.N.	Point No.	Objectives/Programs	Implementation Status
		transportation, party palaces, gyms, cinemas and recreation businesses.	
16.	94	Considering the fact that the COVID-19 has affected the overall economy, the existing provision of classifying borrowing firms, companies, or institutions by the BFIs into the watch list category if they incur loss for subsequent 2 years will be changed and such firms will be classified into watch list category only if they incur loss for subsequent 3 years.	Circular issued on 24 August 2021.
17.	95	A provision will be made in which banks and financial institutions can reduce the size of installment and extend the maturity period of the loan of the borrowers after their assessment whose financial situation and cash flows are affected by COVID-19.	Circular issued on 24 August 2021.
18.	96	A provision will be made in which banks and financial institutions can extend the payment period to mid-January 2022 after the assessment of those borrowers who were unable to pay EMI/EQI, or other principal/interest of the lockdown period to be paid by mid-July 2021.	Circular issued on 24 August 2021.
19.	97	A provision will be made to maintain a separate account for the interest accrued up to mid-July 2022 on business loans to borrowers after assessing the need and their financial status, in the hard-hit sectors by COVID-19 including hotel, travel, trekking, and airlines that rely on foreign	Circular issued on 24 August 2021.

S.N.	Point No.	Objectives/Programs	Implementation Status
		tourists as it does not seem that there will be adequate tourists arrivals until the international travel return back to normal. Also, additional fees and penalties will not be applicable on such amount.	
20.	98	A provision will be made in which borrowers are in the COVID-19 hard-hit sectors including restaurant, party palace, public transportation, educational institution and entertainment businesses can get an additional one year to repay the principal and interest of loans, which is going to be matured by mid-Jan 2022. Under this facility, such loans can be repaid in at least four installments. This provision will also be applicable to micro, cottage, small, and medium enterprises whose cash flow has been affected by the COVID-19 pandemic.	Circular issued on 24 August 2021.
21.	99	Banks and financial institutions can restructure and reschedule their loans by mid January 2022 provided to the hard-hit sectors by COVID-19 including tourism, cinema, party palace, public transportation, and education sectors.	Circular issued on 24 August 2021.
22.	100	A provision will be made in which banks and financial institutions can extend an additional loan of Rs. 0.2 million per vehicle for the operation and maintenance of public vehicles, highly affected by the COVID-19.	Circular issued on 24 August 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
23.	101	BFIs will be required to limit the credit-deposit ratio (CD Ratio) maximum at 90 percent by mid-July 2022. And, the existing provision of CCD ratio will be abolished. An arrangement will be made to adjust the bonds and borrowings other than the capital fund and those bonds and borrowings as a part of the capital fund in the credit-deposit ratio.	Circular issued on 24 August 2021. Credit-deposit ratio of BFIs remained 86.22 percent in mid-July 2022.
24.	102	The existing mandatory limit for the BFIs to go into consortium financing for loans of more than Rs. 1 billion will be increased to Rs. 2 billion.	Circular issued on 24 August 2021.
25.	103	Special refinance will be provided to internet service providers who are providing services in remote areas to enhance internet access to the general public by promoting broadband.	Provision for the same has been made in “Nepal Rastra Bank Refinance Procedure, 2077 (Third Amendment, 2078)” issued on 23 September 2021.
26.	104	Considering the COVID-19 pandemic, a provision will be made for the commercial banks so that they can maintain sectoral credit ratio to be compiled by mid-July 2021 to mid-July 2022 as a whole.	Circular issued on 24 August 2021.
27.	105	The interest accrued up to mid-July 2022 can be capitalized for the loans provided to the projects under construction which are under the grace period and have prior approval from this bank for interest capitalization.	Circular issued on 24 August 2021.
28.	106	A provision will be made in which the BFIs can capitalize the interest earned on loans during the grace period, which is flowed to long-term agricultural projects including fruits, spices, and herbs.	Circular issued on 24 August 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
29.	107	An arrangement will be made for the BFIs to provide loans at the base rate for the establishment of industries producing vaccines approved by the Government of Nepal to treat epidemic diseases.	Circular issued on 24 August 2021.
30.	108	Necessary policy provisions will be made to facilitate the availability of loans to the micro, cottage, small, and medium entrepreneurs who want to change their business due to the COVID-19 pandemic.	Circular issued on 24 August 2021.
31.	110	A provision will be made in which an individual or institution can take margin nature loans against the collateral of shares up to Rs. 40 million from one financial institution and Rs. 120 million from the entire financial system. This provision is supposed to minimize the credit risks of such margin nature loans and enhance access to small investors. In the case that existing borrowers exceeded such loan limits, appropriate time will be provided to bring such loans to the desired limit.	Circular issued on 24 August 2021.
32.	111	A provision will be made to provide loans up to a certain limit to the business professions affected by the COVID-19.	Circular issued on 24 August 2021.
33.	112	The existing loan to value (LTV) ratio for the purchase of electric vehicles has been kept unchanged. A provision will be made to provide refinancing facilities to the loans for the establishment of charging stations required for electric vehicles.	Provision for the same has been made in “Nepal Rastra Bank Refinance Procedure, 2077 (Third Amendment, 2078)” issued on 23 September, 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
34.	113	An arrangement will be made to provide easy availability of loans to establish hospitals up to 100 beds at local levels which do not have hospitals.	Circular issued on 24 August 2021.
35.	114	An arrangement will be made for the easy availability of loans from the BFIs to the institutions providing technical and vocational training.	Circular issued on 24 August 2021.
36.	115	An arrangement will be made to facilitate the availability of financial resources for the establishment and operation of industries based on domestic raw materials.	Circular issued on 24 August 2021.
37.	116	The second Financial Sector Development Strategy and fourth Strategic Plan of the NRB will be formulated and implemented.	Draft of second Financial Sector Development Strategy has been prepared and submitted to the Government of Nepal, Ministry of Finance. The fourth Strategic Plan of the NRB has been formulated and is under implementation.
38.	117	The process of amendment of the Foreign Exchange Regulation Act, 1962, Negotiable Instrument Act, 1977, and Banking Offence and Punishment Act, 2006 will be initiated.	Foreign Exchange (Regulation) Act, 1962 has been repealed and draft of new act has been presented to Government of Nepal, Ministry of Finance. Draft of amendments in Negotiable Instruments Act, 1978 and Banking Offence and Punishment Act, 2008 are under discussion in the Management Committee of this bank.
39.	119	Commercial banks will be provided the following additional incentives and concessions till mid-July 2023 if they commence joint operation by participating in the merger and acquisition process by fiscal year 2021/22: a. The deadline to meet existing provisions for the specified sectoral lending ratio will be extended by one year.	Circular issued on 24 August 2021. One commercial bank acquired another commercial bank in fiscal year 2021/22. Likewise, letter of intent (LOI) has been provided for the merger of 4 commercial bank to become 2 commercial banks. Also, Memorandum of Understanding (MOU) has been received for the merger/acquisition of 2 commercial banks.

S.N.	Point No.	Objectives/Programs	Implementation Status
		<p>b. Cash Reserve Ratio will be waived by 0.5 percentage points for one-year period after the commencement of joint operation.</p> <p>c. Statutory Liquidity Ratio will be waived by 1 percentage point for one-year period after the commencement of joint operation.</p> <p>d. Limit on individual institution's deposit will be increased by 5 percentage points.</p> <p>e. The existing provision of a cooling period of six months will not be applicable for the members of the board of directors and senior officers while joining other institutions licensed by this bank.</p> <p>f. The existing provision on spread rate between lending and deposit interest rate will be waived by 1 percentage point.</p> <p>g. If the credit-to-deposit ratio exceeds the prescribed limit on commencement of joint operation, one year will be provided to meet the limit.</p> <p>h. An arrangement will be made to maintain one of the branch offices and to merge or close other branches within 1 K.M. distance during the process of joint operation without the approval of this bank.</p> <p>i. Provision will be made in which fit and proper test will not be mandatory when the shareholders of the promoter group holding 0.10 percent or less of the shares of the commercial bank sell such shares.</p>	



<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
40.	120	If licensed BFIs acquire the development banks and finance companies that have been declared problematic by this bank, they will be provided same incentives and concessions when commercial banks are involved in the merger and acquisition process.	Circular issued on 24 August 2021.
41.	121	To encourage the merger of the BFIs further, an arrangement will be made for the shareholders holding both public and promoter shares to file the nomination for the board of directors from only one of their selected groups after the merger and acquisition of the BFIs.	Circular issued on 24 August 2021.
42.	122	Approval will be given to establish a corporate office in a suitable place within the working area and open a contact office in the provincial capital and Kathmandu, if the development banks operating at the provincial level are involved in the merger or acquisition and commence integrated operation.	Circular issued on 24 August 2021.
43.	124	A provision will be made for the BFIs to provide term loans at fixed interest rates as well. An arrangement will also be made for the BFIs to publish such interest rates while publishing the interest rates details.	Circular issued on 24 August 2021.
44.	126	The existing method of base rate calculation will be revised. In case of borrowers utilizing loans of Rs.10 million or less to run a business, a provision will be made to add a maximum premium of 2 percent point in the base rate.	Revision of base rates not required as they increased. Circular issued on 24 August 2021. Regular monitoring is being done via off-site and on-site supervisions.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
45.	127	The provision of project-based credit will be made more effective to encourage innovation, skill and entrepreneurship development.	Circular issued on 24 August 2021.
46.	128	A guideline related to the working capital loan will be issued to make overdraft and working capital loans provided by the BFIs more transparent and effective.	The draft guideline on working capital loans has been published for feedback.
47.	129	A provision will be made to submit the data and information from commercial banks, development banks, finance companies, and infrastructure development bank to this bank through Supervisory Information System (SIS).	Circular issued on 24 August 2021. Commercial banks and Infrastructure Development Bank have been reporting directly through the Supervisory Information System since March 1, 2021. Up to now, 48 XBRL returns/forms and 23 Non-XBRL return/forms are being reported directly.
48.	130	Coordination will be made with other regulatory and concerned bodies to make integrated supervision of subsidiaries of banks and financial institutions effective.	Coordinating with other regulatory and relevant agencies as required.
49.	131	Essential policy coordination will be made and technical assistance will be provided to the regulatory bodies of savings and credit cooperative institutions for enhancing their regulatory and supervisory capacity.	Technical assistance has been provided regularly on request.
50.	132	The existing provision of blacklisting of customers by banks and financial institutions will be reviewed.	A draft has been prepared to review the existing provision of blacklisting.
51	133	The existing regulatory provision related to the institutions licensed by this bank conducting hire purchase business will be revised	The existing regulatory provision for institutions conducting hire purchase business has been revised.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
52	134	An arrangement will be made for an independent audit to ensure the effectiveness and proper utilization of refinancing, business continuity loan, and concessional loan provided for the recovery of professions and businesses affected by the COVID-19 pandemic.	Service purchase process for the required independent audit is in progress.
53	135	A guideline will be issued to manage the expenditures under the corporate social responsibility of the BFIs.	A draft of corporate social responsibility related guidelines for BFI's is made public for necessary feedback.
54	136	A provision will be made for the BFIs to open contact offices in Karnali and Sudur Pashchim Provinces without approval from this bank.	Circular issued on 11 October 2021.
55	137	Electronic-based Know Your Customer (E-KYC) will be developed by simplifying the provisions related to customer identification.	After the issuance of directive regarding electronic-based E-KYC, BFI's has started opening accounts with online verification of KYC.
56	138	Necessary coordination will be made with the Institute of Chartered Accountants of Nepal regarding the maximum number of the BFIs that an audit firm can audit annually.	Study in progress.
57	139	After the merger and acquisition between the micro finance financial institutions (MFIs) providing wholesale lending and those providing retail lending, the newly created MFI will be allowed to act as a retail lending institution.	Circular issued on 24 August 2021.
58	140	A provision will be made for the merger of MFIs that have cross-holding of commercial banks, development banks, and financial companies by mid-July 2022.	Circular issued on 3 January 2022.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
59	141	A provision will be made in which commercial banks, development banks, and finance companies can provide loans to sector specific cooperatives excluding the savings and credit cooperatives to avail loans not exceeding Rs. 0.5 million per member for collective farming and animal husbandry.	Necessary provision is made on the Unified Directives for implementation.
60	142	A necessary study regarding the MFIs to act as financial representatives of the commercial banks will be conducted.	First draft of study report received.
61	143	A provision will be made for the national level MFIs to publish financial statements according to Nepal Financial Reporting Standard.	Circular issued on 25 August 2021.
62	145	A national payment switch will be established to settle and record the payment transactions within Nepal by creating inter-operability among instruments of e-payments and to start the use of Nepal's own payment card.	Under a National Payment Switch System, Retail Payment Switch is established and is in operation. Remaining tasks are being carried out by Nepal Clearing House Limited.
63	146	Special refinance will be provided to the payment service providers, payment system operators, and telecom service providers to invest in development and promotion of the overall ecosystem of the e-payment system.	Necessary amendments are made through issuance of "Nepal Rastra Bank, Refinancing Guideline, 2021 (Third Amendment)" on September 23, 2021 by Bank and Financial Institutions Regulation Department.
64	147	The transaction limits of various modes of payment will be reviewed to promote e-payment transactions. A policy provision will be made to contain fees relating to e-payment transactions at an appropriate level.	Circular issued on 2 March 2022. Fees on various payment services are fixed.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
65	148	Revenue and all payments of the Government of Nepal will be facilitated through the banking and electronic means of payments.	Initiatives are taken to collect government revenues through electronic means like BFI's digital wallet. Service fees taken by the institutions on such revenue collection is fixed by the NRB. Maximum number of payments made by the government is done through electronic medium. Work to establish linkages between bank's RTGS and government's EFT is in progress. Threshold of government revenue payment is increased substantially. Service time is increased by operation of RTGS in two shifts.
66	149	An arrangement will be made to receive social security allowance by respective person through the means of e-payments from the bank branches undertaking government transactions.	Ongoing. Regular inspections are carried out during field visits.
67	150	Given the Covid-19 pandemic, the deadline to meet the target of minimum transactions and number of customers by Mid-July 2021 by Payment Service Providers and Payment Service Operators has been extended to Mid-July 2022.	Directive number 15/078 point (1) of "Unified Directive Related to Payment Services, 2022" issued.
68	151	The scope of transaction of payment service providers and payment system operators will be widened to promote e-payment services among the customers of the MFIs and Cooperatives. In addition, necessary coordination will be done to effectively implement the existing ceiling of cash transactions among Saving and Credit Cooperative Societies.	Directive number 15/078 point (4) of "Unified Directive Related to Payment Services, 2022" issued. Likewise, process of giving Payment Service Providers' license to the MFIs has started. Suggestion on necessary works for supervision of Saving and Credit Cooperatives is provided in Financial Sector Development Strategy.
69	152	Digital Lending Framework will be formulated and implemented in order to facilitate the entire process electronically from loan application to its approval in the BFIs.	Digital Lending Guidelines issued and implemented.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
70	153	A feasibility study of Central Bank Digital Currency (CBDC) in Nepal will be conducted in the context of worldwide study regarding the usage and feasibility of digital currency.	Preliminary draft of feasibility study of Central Bank Digital Currency has been prepared.
71	154	A provision will be made to submit application of Citizen Saving Bond and Foreign Employment Saving Bond electronically.	For online application submission of Citizen Saving Bond and Foreign Employment Saving Bond, Online Application System was developed on OBBS. The application for the Citizen Saving Bond, issued on third quarter and the Citizen Saving Bond and Foreign Employment Saving Bond, issued on fourth quarter of the previous fiscal year were received through same system.
72	155	A necessary study will be conducted regarding the usage of cloud infrastructure to safely manage statistics and information including payment system.	Draft of the Report is ready.
73	156	A study will be conducted relating to the concept of digital banking and micro-lending provision by payment service providers up to a certain amount to promote micro, SMEs, and Start-ups.	Draft of the study report has been prepared.
74	157	An arrangement will be made for the payment service providers excluding the BFIs and payment service operators to submit the report of transactions above the certain limit and suspicious transactions to the Financial Information Unit.	Directive number 14/078 point of "Unified Directive Related to Payment Services, 2022" issued. Additional directives on the matter are issued on May 30, 2021.
75	158	The exchange facility provided by the commercial banks to Nepalese institutions for the service imports through service contracts will be revised.	Circular issued on 13 December 2021 and 31 December 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
76	159	An arrangement will be made to provide foreign currency exchange facilities through commercial banks up to USD 25 thousand based on specified documents for the service imports to institutions providing air transportations.	Circular issued on 27 August 2021.
77	160	An arrangement will be made to make business credit information not mandatory for the payments made via draft/TT up to a specified limit.	Circular issued on 27 August 2021.
78	161	An arrangement will be made for the national priority projects to provide payments for services received from foreign institutions directly through the commercial banks based on the specified documents.	Circular issued on 9 September 2021.
79	162	A necessary adjustment will be made by revising the existing list of commodities, including industrial raw materials and machinery, which can be imported from India using convertible foreign currencies.	Circular issued on 9 September 2021. Fifteen commodities are added to the list of commodities, which can be imported from India using convertible foreign currencies, which makes the total number to 182.
80	163	The renewal fee for the "foreign currency transactions license" will be waived until July 2022 for the institutions approved by this bank to conduct foreign currency transactions including moneychangers, remittance companies, hotels, travel agencies, trekking, cargos, and airlines.	Circular issued on 27 August 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
81	164	Foreign currency payments for the imports of services including the advertisement, and purchases of applications and software by firms, companies, and other institutions will be further managed in coordination with respective regulators/stakeholders.	Circular issued on 7 January 2022.
82	165	Necessary arrangements will be made for the merger and acquisitions of remittances service companies in order to strengthen these institutions.	Amendment draft of "Nepal Rastra Bank Remittance Bylaws, 2010" is ready and this subject is addressed in the proposed amendment.
83	166	An existing provision related to convertible foreign currency including the maximum limit and time period that Nepalese citizens can hold convertible currency in the form of cash will be reviewed.	Circular issued on 13 December 2021.
84	167	The existing provisions related to the imports of life-saving drugs and medical equipment for the treatment of COVID-19 induced health problems will be further facilitated through its revision.	Circular issued on 27 August 2021.
85	168	A study will be conducted regarding a provision in which remittance companies of the countries, from where it is difficult to transfer remittances in USD to Nepal, can transfer remittances through this bank's agency account by depositing money in local currency.	Preliminary study is completed.
86	169	The use and implementation status of the USD 500 card issued last year for the promotion of e-commerce will be studied and made more effective.	Study is completed.



<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
87	170	A study will be done on the implementation status of Foreign Investment and Borrowing Management Regulations 2022.	Based on the study related to interest rate and service fee on foreign currency denominated loans, Annexure-10 of related regulations is amended.
88	171	A draft will be prepared for the law related to financial consumer protection to protect the interest of financial customers of licensed institutions.	Amendment is in progress with discussion on draft with the stakeholders.
89	172	To ensure easy access of disabled persons in the financial services, a provision will be made in which the BFIs require to have at least one branch disable-friendly in local level where there are branches more than certain number and one ATM disabled-friendly in ATM lounge.	Circular issued on 24 August 2021.
90	173	To facilitate the hearing of complaints related to the activities of the BFIs, an arrangement will be made for the BFIs to put the link of NRB's grievance portal on their websites.	Circular issued on 24 August 2021.
91	174	Necessary arrangements will be made to ensure uniformity about the credit disbursal and KYC documents used by the BFIs.	Service purchase for implementation is in progress.
92	175	A necessary study will be conducted regarding the presence of Provincial Financial Institutions with an aim of increasing access to finance in Karnali and Far Western Provinces where access to financial services is low.	Study is initiated with joint coordination of Economic Research Department and related provincial offices of the bank.
93	176	To identify measure, evaluate and manage the risks inherent in the high-risk areas pointed out in the asset laundering related National Risk Assessment Report (NRA, 2020), special inspection and monitoring of reporting entities will be carried out.	Use of AML/CFT Supervision Manual with ML Vulnerability Assessment Tool by the BFI's. ML Monitoring Unit established under Bank Supervision Department is conducting inspections related to AML/CFT in commercial banks to create ML Vulnerability Profile.

### Progress Matrix of Programs Provisioned in the First Quarter Review of Monetary Policy for 2021/22

S.N.	Point No.	Objectives/Programs	Implementation Status
1.	62	Bank and Financial Institution are required to approve action plan with the provision maintaining Credit Deposit Ratio within the prescribed limit from the Board of Director and submit to the bank by Mid-July 2022.	Circular issued on 16 December 2021. The 17 Banks, which were not able to maintain Credit Deposit Ratio within the prescribed time has submitted the action plan along with the approval from the Board of Director.
2.	63	Considering the current foreign exchange reserve position, provisions has been made to maintain cash margin for the specified items to import through Letter of Credit.	Circular issued on 20 December 2021 and 9 February 2022. Monitoring during on-site supervision.
3.	64.	Existing limit on Document Against Payment/ Document Against Acceptance will be reviewed	Circular issued on 29 November 2021.
4.	65.	Arrangement will be made regarding the exchange facility provided for importing silver only up to the maximum amount provided for imports through Draft/ T.T.	Circular issued on 29 November 2021.
5.	66.	Provisions will be made to issue bank guarantee from commercial banks for Nepalese firms and companies (related to commercial agriculture, manufacturing industry, infrastructure construction and tourism) willing to take institutional loans from abroad.	Circular issued on 29 November 2021.
6.	67.	Existing provisions regarding interest rate and fees on the loan taken in foreign currency will be reviewed.	Based on the decision of management committee dated 11th January, 2022; Annex 10 of “Nepal Rastra Bank Foreign Investment and Foreign Debt Management Bylaws, 2021” was amended on 23rd January, 2022.
7.	68.	Provision to collect the deposits in foreign currency from Non-resident Nepalese and institutions involving Nonresident Nepalese will be simplified.	Circular issued on 29 November 2021.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
8.	69.	Existing provisions regarding the limit on non-deliverable forward transactions in foreign currency will be reviewed.	Circular issued on 29 November 2021.

### Progress Matrix of programs provisioned in the Mid-Term Review of Monetary Policy 2021/22

S.N.	Point No.	Objectives/Programs	Implementation Status
1.	69	Bank rate will be changed to 7 percent adding 2 percent from existing 5 percent as the direction of monetary policy instance.	Circular issued on 23 February 2022.
2.	69	Standing Liquidity Facility as upper bound of interest rate corridor shall be maintained at 7 percent, policy repo rate at 5.5 percent and deposit collection rate at 4 percent.	Circular issued on 23 February 2022.
3.	70	The maximum interest rate to charge for customer under re-finance facility provided by the bank and financial institutions against the collateral of good loan will be maintained at 7 percent.	Provisions regarding this has been made in the “Nepal Rastra Bank Refinance Procedures, 2020, (Fourth Amendment, 2022), issued on 22 March 2022.
4.	71.	Study shall be conducted to maintain lower interest rate for productive sector loan than the loans provided in other sectors by the banks and financial institutions. This arrangement shall be implemented from next quarter taking any one area as a sample.	As per the circular issued on 26 May 2022 after the study, arrangements have been made that banks and financial institutions should provide projects loans by adding a maximum of 2 percentage points to the base rate for the production of fruits and herbs and/or for processing of the fruits and herbs completely produced in our country. Arrangements have been made that such interest rate shall not be applicable to the loans provided for purchase of lands.
5.	72.	Risk weights of import loans including trust receipt, personal overdraft loans, real estate loans relating to land plotting, personal hire purchase loan and margin loans provided by the banks and financial institutions shall be reviewed.	Circular issued on 23 February 2022. Provision has been made to maintain 120 percent risk weights on trust receipt loan and 150 risk weights on personal overdraft loan, real estate loans relating to land plotting, personal hire purchase loan and margin loan.
6.	73.	Arrangements will be made for Infrastructure Development Bank also to issue energy bonds.	Circular issued on 23 February 2022. Approval has been given for issuing of Energy Bonds worth NRs. 5 Billion to Infrastructure Development Bank.

<b>S.N.</b>	<b>Point No.</b>	<b>Objectives/Programs</b>	<b>Implementation Status</b>
7.	74.	Limits for specified sector including agriculture, energy and micro, cottage, small and medium enterprise loan shall be reviewed as per the expertise of commercial banks considering the effects of covid-19.	Circular issued on 23 February 2022.
8.	75.	The existing arrangements of importing goods from India on credit facility shall be reviewed.	Circular issued on 2 March 2022.
9.	76.	The existing arrangements regarding opening of accounts in foreign currency in the name of Non-Resident Nepalese shall be reviewed.	Circular issued on 2 March 2022.
10.	77.	The limits of fund transfer done by Remittance companies through their agents and sub-agents within the country shall be reviewed.	Circular issued on 2 March 2022.

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**Table 1**  
**Gross Domestic Product**

(At 2010/11 Price)

Sectors	Rs. Million						Percentage Change				
	2016/17	2017/18	2018/19	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>	2017/18	2018/19	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>
<b>Agriculture</b>	<b>569,312.0</b>	<b>584,166.8</b>	<b>614,291.9</b>	<b>629,229.4</b>	<b>647,149.8</b>	<b>662,005.5</b>	<b>2.6</b>	<b>5.2</b>	<b>2.4</b>	<b>2.8</b>	<b>2.3</b>
Agriculture, Forestry and Fishing	569,312.0	584,166.8	614,291.9	629,229.4	647,149.8	662,005.5	2.6	5.2	2.4	2.8	2.3
<b>Non-agriculture</b>	<b>1,277,194.0</b>	<b>1,398,486.3</b>	<b>1,494,971.2</b>	<b>1,428,920.0</b>	<b>1,489,842.5</b>	<b>1,592,308.0</b>	<b>9.5</b>	<b>6.9</b>	<b>-4.4</b>	<b>4.3</b>	<b>6.9</b>
<b>Industry</b>	<b>279,697.0</b>	<b>308,686.2</b>	<b>331,465.1</b>	<b>318,128.7</b>	<b>332,469.2</b>	<b>366,343.2</b>	<b>10.4</b>	<b>7.4</b>	<b>-4.0</b>	<b>4.5</b>	<b>10.2</b>
Mining and quarrying	11,761.5	12,866.5	15,134.0	14,796.6	15,907.0	17,204.2	9.4	17.6	-2.2	7.5	8.2
Manufacturing	106,939.9	116,785.5	124,403.0	113,170.7	117,853.7	125,090.0	9.2	6.5	-9.0	4.1	6.1
Electricity, gas, steam and air conditioning supply	19,520.2	21,546.3	23,617.3	28,223.9	28,948.8	39,564.4	10.4	9.6	19.5	2.6	36.7
Water supply; sewerage, waste management and remediation activities	14,653.4	15,322.4	15,509.6	15,842.8	16,078.6	16,195.0	4.6	1.2	2.1	1.5	0.7
Construction	126,822.1	142,165.5	152,801.1	146,094.8	153,681.2	168,289.6	12.1	7.5	-4.4	5.2	9.5
<b>Services</b>	<b>997,497.0</b>	<b>1,089,800.1</b>	<b>1,163,506.1</b>	<b>1,110,791.3</b>	<b>1,157,373.4</b>	<b>1,225,964.9</b>	<b>9.3</b>	<b>6.8</b>	<b>-4.5</b>	<b>4.2</b>	<b>5.9</b>
Wholesale and Retail Trade; repair of motor vehicle and motorcycle	277,883.6	325,766.9	352,194.0	312,080.5	329,993.0	360,099.0	17.2	8.1	-11.4	5.7	9.1
Transportation and storage	105,258.2	117,552.5	127,863.0	112,782.8	117,777.3	123,126.0	11.7	8.8	-11.8	4.4	4.5
Accommodation and food service activities	31,091.7	34,887.0	38,348.3	24,245.1	26,846.4	29,913.2	12.2	9.9	-36.8	10.7	11.4
Information and communication	71,416.1	72,941.9	78,084.2	79,661.8	81,070.5	83,976.8	2.1	7.0	2.0	1.8	3.6
Financial Intermediation	96,809.7	105,940.5	112,666.7	112,273.8	116,816.7	123,892.9	9.4	6.3	-0.3	4.0	6.1
Real state activities	159,688.6	162,181.4	168,268.8	171,766.2	175,622.7	182,339.1	1.6	3.8	2.1	2.2	3.8
Professional, scientific and technical activities	17,308.7	18,165.3	19,183.8	19,475.9	19,937.7	20,691.1	4.9	5.6	1.5	2.4	3.8
Administration and support service activities	11,858.6	14,066.7	14,972.1	15,299.6	15,650.9	16,340.0	18.6	6.4	2.2	2.3	4.4
Public Administration and Defence; compulsory social security	87,095.3	91,199.9	95,865.1	101,768.6	105,212.5	109,473.0	4.7	5.1	6.2	3.4	4.0
Education	107,048.4	113,288.4	120,060.1	123,903.8	128,759.7	134,008.6	5.8	6.0	3.2	3.9	4.1
Human health and social work activities and other service activities	23,143.6	24,503.3	26,142.6	27,501.9	29,315.7	31,342.0	5.9	6.7	5.2	6.6	6.9
Other economic activities	8,894.5	9,306.3	9,857.3	10,031.3	10,370.4	10,763.0	4.6	5.9	1.8	3.4	3.8
<b>Gross Domestic Product (GDP) at basic price</b>	<b>1,846,506.0</b>	<b>1,982,653.1</b>	<b>2,109,263.1</b>	<b>2,058,149.4</b>	<b>2,136,992.4</b>	<b>2,254,313.6</b>	<b>7.4</b>	<b>6.4</b>	<b>-2.4</b>	<b>3.8</b>	<b>5.5</b>
Taxes less subsidies on products	191,830.7	211,053.4	230,479.6	226,150.3	244,320.1	266,008.4	10.0	9.2	-1.9	8.0	8.9
<b>Gross Domestic Product (GDP)</b>	<b>2,038,336.7</b>	<b>2,193,706.4</b>	<b>2,339,742.7</b>	<b>2,284,299.7</b>	<b>2,381,312.5</b>	<b>2,520,322.0</b>	<b>7.6</b>	<b>6.7</b>	<b>-2.4</b>	<b>4.2</b>	<b>5.8</b>

R= Revised Estimate

P= Preliminary Estimate

Source: Central Bureau of Statistics

**Table 2**  
**Gross Domestic Product**

(At Current Price)

Sectors	Rs. Million						Percentage Change				
	2016/17	2017/18	2018/19	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>	2017/18	2018/19	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>
<b>Agriculture</b>	<b>729,269.5</b>	<b>771,874.9</b>	<b>832,887.3</b>	<b>862,518.0</b>	<b>911,916.0</b>	<b>983,232.8</b>	<b>5.8</b>	<b>7.9</b>	<b>3.6</b>	<b>5.7</b>	<b>7.8</b>
Agriculture, Forestry and Fishing	729,269.5	771,874.9	832,887.3	862,518.0	911,916.0	983,232.8	5.8	7.9	3.6	5.7	7.8
<b>Non-agriculture</b>	<b>1,991,293.3</b>	<b>2,239,147.0</b>	<b>2,509,593.3</b>	<b>2,566,006.5</b>	<b>2,750,581.7</b>	<b>3,122,308.6</b>	<b>12.4</b>	<b>12.1</b>	<b>2.2</b>	<b>7.2</b>	<b>13.5</b>
<b>Industry</b>	<b>395,800.4</b>	<b>456,207.4</b>	<b>502,072.9</b>	<b>468,484.6</b>	<b>501,407.4</b>	<b>586,603.9</b>	<b>15.3</b>	<b>10.1</b>	<b>-6.7</b>	<b>7.0</b>	<b>17.0</b>
Mining and quarrying	15,668.0	18,449.5	21,998.7	20,442.9	21,532.5	23,960.3	17.8	19.2	-7.1	5.3	11.3
Manufacturing	149,416.1	169,565.3	192,230.4	174,013.8	199,561.7	231,771.6	13.5	13.4	-9.5	14.7	16.1
Electricity, gas, steam and air conditioning supply	29,071.6	30,981.4	33,859.2	40,374.8	41,782.6	56,380.8	6.6	9.3	19.2	3.5	34.9
Water supply; sewerage, waste management and remediation activities	18,668.6	19,487.8	19,724.3	20,123.5	20,624.8	20,994.9	4.4	1.2	2.0	2.5	1.8
Construction	182,976.0	217,723.4	234,260.4	213,529.6	217,905.7	253,496.3	19.0	7.6	-8.8	2.0	16.3
<b>Services</b>	<b>1,595,492.9</b>	<b>1,782,939.6</b>	<b>2,007,520.4</b>	<b>2,097,521.9</b>	<b>2,249,174.4</b>	<b>2,535,704.7</b>	<b>11.7</b>	<b>12.6</b>	<b>4.5</b>	<b>7.2</b>	<b>12.7</b>
Wholesale and Retail Trade; repair of motor vehicle and motorcycle	401,488.9	473,651.9	543,044.8	514,977.1	584,390.0	673,138.4	18.0	14.7	-5.2	13.5	15.2
Transportation and storage	184,092.0	197,866.4	215,796.7	180,322.9	196,368.2	245,413.6	7.5	9.1	-16.4	8.9	25.0
Accommodation and food service activities	56,148.5	67,315.3	75,650.3	50,432.6	58,778.6	67,945.2	19.9	12.4	-33.3	16.5	15.6
Information and communication	68,467.6	70,276.1	74,121.7	76,955.8	81,172.2	85,713.5	2.6	5.5	3.8	5.5	5.6
Financial Intermediation	158,243.4	186,656.6	207,134.3	241,945.0	256,723.6	281,609.4	18.0	11.0	16.8	6.1	9.7
Real state activities	244,110.0	264,377.0	295,714.4	322,955.8	332,991.5	360,699.3	8.3	11.9	9.2	3.1	8.3
Professional, scientific and technical activities	26,960.9	29,784.1	32,722.3	35,351.4	37,097.2	40,734.9	10.5	9.9	8.0	4.9	9.8
Administration and support service activities	16,970.3	19,699.4	25,471.0	27,770.9	29,120.9	32,168.9	16.1	29.3	9.0	4.9	10.5
Public Administration and Defence; compulsory social security	184,940.8	193,656.8	218,570.6	276,659.6	287,656.3	317,288.2	4.7	12.9	26.6	4.0	10.3
Education	197,828.9	219,543.9	251,585.8	288,459.3	296,664.0	332,441.9	11.0	14.6	14.7	2.8	12.1
Human health and social work activities and other service activities	41,454.7	44,061.7	49,775.8	60,328.1	65,278.5	73,657.6	6.3	13.0	21.2	8.2	12.8
Other economic activities	14,787.0	16,050.3	17,932.9	21,363.3	22,933.3	24,893.9	8.5	11.7	19.1	7.3	8.5
<b>Gross Domestic Product (GDP) at basic price</b>	<b>2,720,562.8</b>	<b>3,011,021.9</b>	<b>3,342,480.7</b>	<b>3,428,524.4</b>	<b>3,662,497.8</b>	<b>4,105,541.4</b>	<b>10.7</b>	<b>11.0</b>	<b>2.6</b>	<b>6.8</b>	<b>12.1</b>
Taxes less subsidies on products	356,582.1	444,927.4	516,449.7	460,179.2	614,804.1	746,083.3	24.8	16.1	-10.9	33.6	21.4
<b>Gross Domestic Product (GDP)</b>	<b>3,077,144.9</b>	<b>3,455,949.3</b>	<b>3,858,930.4</b>	<b>3,888,703.7</b>	<b>4,277,301.9</b>	<b>4,851,624.7</b>	<b>12.3</b>	<b>11.7</b>	<b>0.8</b>	<b>10.0</b>	<b>13.4</b>

R= Revised Estimate

P= Preliminary Estimate

Source: Central Bureau of Statistics



**Table 3**  
**Gross National Income, Investment and Saving**

(At Current Prices)

Sectors	Rs. Million						Percent of GDP		
	2016/17	2017/18	2018/19	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>
<b>Consumption</b>	<b>2,677,585.2</b>	<b>2,944,758.7</b>	<b>3,268,382.6</b>	<b>3,666,294.8</b>	<b>3,947,604.8</b>	<b>4,401,671.1</b>	<b>94.3</b>	<b>92.3</b>	<b>90.7</b>
Government consumption	262,127.8	278,602.6	313,233.1	352,617.2	359,260.0	399,764.7	9.1	8.4	8.2
Private consumption	2,370,592.1	2,617,170.7	2,896,379.6	3,246,421.7	3,514,604.0	3,918,563.5	83.5	82.2	80.8
Non-profit institutions serving households	44,865.4	48,985.4	58,769.9	67,255.9	73,740.9	83,343.0	1.7	1.7	1.7
<b>Gross Capital Formation</b>	<b>1,148,546.0</b>	<b>1,366,751.9</b>	<b>1,596,776.8</b>	<b>1,183,732.3</b>	<b>1,530,513.2</b>	<b>1,807,290.4</b>	<b>30.4</b>	<b>35.8</b>	<b>37.3</b>
Gross Fixed Capital Formation	940,850.5	1,120,863.9	1,304,902.2	1,184,857.7	1,276,857.2	1,425,077.3	30.5	29.9	29.4
Government	243,535.8	253,228.9	221,875.4	206,829.6	270,683.9	275,654.4	5.3	6.3	5.7
Government enterprise	141,642.4	89,184.0	99,681.7	93,024.8	88,957.2	85,067.3	2.4	2.1	1.8
Private	555,672.3	778,451.0	983,345.0	885,003.2	917,216.1	1,064,355.6	22.8	21.4	21.9
Change in stock	207,695.5	245,888.0	291,874.6	(1,125.4)	253,656.1	382,213.1	0.0	5.9	7.9
<b>Total Domestic Demand</b>	<b>3,826,131.2</b>	<b>4,311,510.6</b>	<b>4,865,159.4</b>	<b>4,850,027.1</b>	<b>5,478,118.0</b>	<b>6,208,961.5</b>	<b>124.7</b>	<b>128.1</b>	<b>128.0</b>
Export of goods and services	240,392.4	270,104.6	300,222.3	264,637.6	222,814.5	320,705.2	6.8	5.2	6.6
Import of goods and services	1,133,319.3	1,404,212.5	1,600,282.6	1,326,575.9	1,651,124.0	2,012,721.0	34.1	38.6	41.5
Net exports of goods and services	-892926.9	-1134107.9	-1300060.3	-1061938.3	-1428309.5	-1692015.8	-27.3	-33.4	-34.9
<b>Gross Domestic Product (GDP)</b>	<b>3,077,144.9</b>	<b>3,455,949.3</b>	<b>3,858,930.4</b>	<b>3,888,703.7</b>	<b>4,277,301.9</b>	<b>4,851,624.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Net factor income	30,995.1	22,614.8	39,915.5	46,101.3	23,285.5	56,866.9	1.2	0.5	1.2
<b>Gross National Income (GNI)</b>	<b>3,108,140.0</b>	<b>3,478,564.1</b>	<b>3,898,845.9</b>	<b>3,934,804.9</b>	<b>4,300,587.4</b>	<b>4,882,597.5</b>	<b>101.2</b>	<b>100.5</b>	<b>100.6</b>
Net transfer	851,801.3	864,670.9	994,785.1	982,221.3	1,071,352.0	1,069,202.0	25.3	25.0	22.0
<b>Gross National Disposable Income</b>	<b>3,959,941.2</b>	<b>4,343,235.0</b>	<b>4,893,631.1</b>	<b>4,917,026.2</b>	<b>5,371,939.4</b>	<b>5,951,799.5</b>	<b>126.4</b>	<b>125.6</b>	<b>122.7</b>
<b>Gross Domestic Saving</b>	<b>399,559.7</b>	<b>511,190.6</b>	<b>590,547.8</b>	<b>222,408.9</b>	<b>329,697.1</b>	<b>449,953.5</b>	<b>5.7</b>	<b>7.7</b>	<b>9.3</b>
<b>Gross National Saving</b>	<b>1,282,356.1</b>	<b>1,398,476.3</b>	<b>1,625,248.5</b>	<b>1,250,731.4</b>	<b>1,424,334.6</b>	<b>1,550,128.4</b>	<b>32.2</b>	<b>33.3</b>	<b>32.0</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	2018/19		2019/20		2020/21		2021/20	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
August	123.3	4.2	131.9	7.0	136.5	3.5	142.4	4.4
September	124.0	3.9	131.7	6.2	137.6	4.5	142.4	3.5
October	124.8	4.7	132.6	6.2	137.6	3.8	143.4	4.2
November	125.6	4.1	132.8	5.8	138.2	4.1	145.5	5.3
December	124.4	3.7	132.5	6.6	136.4	2.9	146.1	7.1
January	123.9	4.6	132.4	6.8	137.1	3.6	144.8	5.7
February	124.2	4.4	132.8	6.9	136.3	2.7	144.5	6.0
March	124.1	4.2	132.4	6.7	136.4	3.0	146.2	7.1
April	124.8	4.4	133.2	6.7	137.4	3.1	147.3	7.3
May	126.3	5.3	133.7	5.8	138.5	3.7	149.4	7.9
June	127.7	6.2	133.5	4.5	139.1	4.2	151.0	8.6
July	128.6	6.0	134.7	4.8	140.3	4.2	-	-
<b>Annual Average</b>	<b>125.1</b>	<b>4.6</b>	<b>132.8</b>	<b>6.2</b>	<b>137.6</b>	<b>3.6</b>	<b>145.7*</b>	<b>6.1*</b>

\* Eleven Months Avarage

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

*(Rs. in million)*

Monetary Aggregates	2020 Jul	2021 Jun	2021 Jul (R)	2022 Jun (P)	Changes during eleven months			
					2020/21		2021/22	
					Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1328349.0	1305166.0	1335620.1	1086974.5	-15147.4 <sup>1/</sup>	-1.1	-269806.8 <sup>2/</sup>	-20.2
1.1 Foreign Assets	1449927.6	1420922.0	1453294.9	1265901.1	-29005.6	-2.0	-187393.8	-12.9
1.2 Foreign Liabilities	121578.6	115756.0	117674.8	178926.7	-5822.6	-4.8	61251.9	52.1
a. Deposits	106693.2	92041.1	91794.6	98891.0	-14652.1	-13.7	7096.4	7.7
b. Other	14885.3	23714.9	25880.2	80035.7	8829.6	59.3	54155.5	209.3
2. Net Domestic Assets	2902620.7	3605271.3	3819233.1	4266576.4	694614.9 <sup>1/</sup>	23.9	468504.5 <sup>2/</sup>	12.3
2.1 Domestic Credit	3897627.9	4749996.8	4955476.5	5571777.6	852368.9	21.9	616301.1	12.4
a. Net Claims on Government	461404.1	423862.4	588866.2	572529.1	-37541.7	-8.1	-16337.1	-2.8
Claims on Government	602216.1	714462.5	787627.5	924441.7	112246.4	18.6	136814.2	17.4
Government Deposits	140812.0	290600.2	198761.3	351912.6	149788.2	106.4	153151.3	77.1
b. Claims on Non-Financial Government Enterprises	8702.6	9857.8	7512.6	3635.1	1155.2	13.3	-3877.5	-51.6
c. Claims on Other Financial Institutions	150629.2	212200.0	219542.3	236263.0	61570.8	40.9	16720.8	7.6
Government	1560.4	1675.8	1615.7	1485.6	115.4	7.4	-130.1	-8.1
Non-Government	149068.7	210524.2	217926.6	234777.4	61455.4	41.2	16850.9	7.7
d. Claims on Private Sector	3276892.0	4104076.6	4139555.4	4759350.3	827184.6	25.2	619794.9	15.0
2.2 Net Non-Monetary Liabilities	995007.1	1144725.5	1136243.4	1305201.2	157754.0 <sup>1/</sup>	15.9	147796.5 <sup>2/</sup>	13.0
3. Broad Money (M2)	4230969.8	4910437.2	5154853.2	5353550.9	679467.5	16.1	198697.7	3.9
3.1 Money Supply (a+b), M1+	2368304.5	2765753.9	2964265.4	2531401.5	397449.4	16.8	-432863.9	-14.6
a. Money Supply (M1)	856260.8	935824.1	1049410.2	937870.7	79563.3	9.3	-111539.5	-10.6
Currency	490396.4	562162.3	571971.8	513400.5	71765.9	14.6	-58571.3	-10.2
Demand Deposits	365864.4	373661.8	477438.4	424470.1	7797.4	2.1	-52968.3	-11.1
b. Saving and Call Deposits	1512043.7	1829929.8	1914855.2	1593530.8	317886.1	21.0	-321324.4	-16.8
3.2 Time Deposits	1862665.2	2144683.3	2190587.8	2822149.4	282018.1	15.1	631561.6	28.8
4. Broad Money Liquidity (M3)	4337663.0	5002478.4	5246647.7	5452441.8	664815.3	15.3	205794.1	3.9

<sup>1/</sup> Adjusting the exchange valuation gain (+)/loss (-) of Rs. -8035.7 million

<sup>2/</sup> Adjusting the exchange valuation gain (+)/loss (-) of Rs. 21161.2 million

R= Revised, P = Provisional

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

(Rs. in million)

Monetary aggregates	2020 Jun	2021 Jun	2022 Jun (P)	Changes			
				2020/21		2021/22	
				Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1227506.9	1305166.0	1086974.5	77659.0	6.3	-218191.5	-16.7
1.1 Foreign Assets	1353065.3	1420922.0	1265901.1	67856.7	5.0	-155020.8	-10.9
1.2 Foreign Liabilities	125558.3	115756.0	178926.7	-9802.3	-7.8	63170.7	54.6
a. Deposits	112889.0	92041.1	98891.0	-20847.9	-18.5	6849.9	7.4
b. Other	12669.3	23714.9	80035.7	11045.6	87.2	56320.8	237.5
2. Net Domestic Assets	2816576.8	3605271.3	4266576.4	788694.5	28.0	661305.1	18.3
2.1 Domestic Credit	3866983.1	4749996.8	5571777.6	883013.7	22.8	821780.8	17.3
a. Net Claims on Government	420697.4	423862.4	572529.1	3165.0	0.8	148666.8	35.1
Claims on Government	585202.2	714462.5	924441.7	129260.3	22.1	209979.2	29.4
Government Deposits	164504.8	290600.2	351912.6	126095.4	76.7	61312.4	21.1
b. Claims on Non-Financial Government Enterprises	9754.8	9857.8	3635.1	103.1	1.1	-6222.7	-63.1
c. Claims on Other Financial Institutions	141769.5	212200.0	236263.0	70430.4	49.7	24063.1	11.3
Government	1511.4	1675.8	1485.6	164.4	10.9	-190.2	-11.4
Non-Government	140258.1	210524.2	234777.4	70266.1	50.1	24253.3	11.5
d. Claims on Private Sector	3294761.4	4104076.6	4759350.3	809315.3	24.6	655273.7	16.0
2.2 Net Non-Monetary Liabilities	1050406.3	1144725.5	1305201.2	94319.2	9.0	160475.7	14.0
3. Broad Money (M2)	4044083.7	4910437.2	5353550.9	866353.6	21.4	443113.6	9.0
3.1 Money Supply (a + b), M1+	2281568.3	2765753.9	2531401.5	484185.6	21.2	-234352.4	-8.5
a. Money Supply (M1)	782883.4	935824.1	937870.7	152940.7	19.5	2046.5	0.2
Currency	482686.6	562162.3	513400.5	79475.7	16.5	-48761.8	-8.7
Demand Deposits	300196.8	373661.8	424470.1	73465.1	24.5	50808.3	13.6
b. Saving and Call Deposits	1498684.9	1829929.8	1593530.8	331244.9	22.1	-236399.0	-12.9
3.2 Time Deposits	1762515.4	2144683.3	2822149.4	382167.9	21.7	677466.0	31.6
4. Broad Money Liquidity (M3)	4156972.7	5002478.4	5452441.8	845505.7	20.3	449963.5	9.0

P = Provisional

**Table 7**  
**Structure of Interest Rate**

(Percent per annum)

Year	2019 Jul	2020 Jul	2021 Jun	2021 Jul	2021 Oct	2022 Jan	2022 Apr	2022 Jun	2022 Jul
<b>A. Policy Rates</b>									
Fixed Repo Rate (Corridor)	5.00	3.50	3.00	3.00	3.50	3.50	5.50	5.50	5.50
Fixed Deposit Collection Rate (Corridor)	3.50	2.00	1.00	1.00	2.00	2.00	4.00	4.00	4.00
Standing Liquidity Facility (SLF) Rate <sup>^</sup>	6.50	5.00	5.00	5.00	5.00	5.00	7.00	7.00	7.00
Bank Rate	6.50	5.00	5.00	5.00	5.00	5.00	7.00	7.00	7.00
<b>B. Refinance Rates</b>									
Special Refinance	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
General Refinance	4.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00	5.00
Micro, Small and Medium Enterprise (MSME) Refinance	-	-	2.00	2.00	2.00	2.00	4.00	4.00	4.00
Export Credit in Foreign Currency <sup>#</sup>	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	LIBOR+0.25	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75
<b>C. CRR</b>									
Commercial Banks	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Development Banks	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance Companies	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>D. Government Securities</b>									
T-bills (28 days)*	4.33	0.11	2.13	4.68	-	4.72	7.39	9.27	10.14
T-bills (91 days)*	4.97	1.27	3.79	4.55	4.86	5.07	7.58	9.90	10.66
T-bills (182 days)*	5.03	1.96	3.86	4.39	4.81	5.07	7.51	9.76	10.64
T-bills (364 days)*	4.78	2.26	4.22	4.16	4.72	4.99	7.35	9.50	10.19
Development Bonds	2.65-6.5	2.65-6.97	2.65-6.97	2.65-6.97	2.65-6.97	2.65-6.97	2.65-6.97	2.65-9.20	2.65-9.20
National/Citizen SCs	8.0-9.0	8.0-9.0	8.5-9.0	8.5-9.0	8.5-9.0	8.5-9.0	8.5-9.0	8.5-10.0	8.5-10.0
<b>E. Interbank Transaction Rate (Commercial Banks)</b>									
	4.52	0.35	3.21	4.12	4.95	4.76	6.99	7.01	6.99
<b>G. Weighted Average Deposit Rate (Commercial Banks)</b>									
	6.60	6.01	4.72	4.65	5.43	6.37	7.11	7.34	-
<b>H. Weighted Average Lending Rate (Commercial Banks)</b>									
	12.13	10.11	8.46	8.46	8.69	9.44	10.78	11.54	-
<b>I. Base Rate (Commercial Banks)</b>									
	9.57	8.50	6.66	6.66	7.57	8.42	9.17	9.39	-

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

\* Weighted average interest rate.

<sup>#</sup> Effective from 1st January, 2022 which includes: Secured Overnight Financing Rate (SOFR), Sterling Overnight Interbank Average Rate (SONIA), Swiss Average Rate Overnight (SARON), Tokyo Overnight Average Rate (TONA) and Euro Short-term Rate (ESTER).

**Table 8**  
**Monetary Management**

*(Rs. In million)*

Particulars	2019/20	2020/21	2021/22
<b>A. Liquidity Injection</b>	<b>219,155.0</b>	<b>438,277.1</b>	<b>9,702,410.0</b>
1. Repo	108,550.0	50,000.0	270,000.0
2. Outright purchase	-	-	55,915.9
3. Repo Auction *	7,322.0	17,937.1	206,388.0
4. Standing Liquidity Facility	103,283.0	370,340.0	9,170,106.1
<b>B. Liquidity Absorption</b>	<b>78,000.0</b>	<b>303,290.0</b>	<b>60,000.0</b>
1. Reverse Repo	48,000.0	109,540.0	28,350.0
2. Outright Sale	-	-	-
3. Deposit collection auction	30,000.0	193,750.0	31,650.0
4. Deposit collection auction*	-	-	-
<b>C. Net liquidity</b>			
Injection(+)/Absorption(-)	<b>141,155.0</b>	<b>134,987.1</b>	<b>9,642,410.0</b>

\* Transaction under interest rate corridor

**Table 9**  
**Repo Auction**

*(Rs. in million)*

Mid-month	Repo Auction (7-Days)				Repo Auction (14-Days)			
	2020/21		2021/22		2020/21		2021/22	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-	-	-	-	-
September	-	-	20,000.0	4.75	-	-	50,000.0	4.82
October	-	-	60,000.0	4.92	-	-	20,000.0	4.96
November	-	-	10,000.0	4.96	-	-	40,000.0	4.98
December	-	-	-	-	-	-	20,000.0	4.99
January	-	-	-	-	-	-	20,000.0	4.98
February	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	30,000.0	6.98
April	-	-	-	-	-	-	-	-
May	-	-	-	-	20,000.0	3.15	-	-
June	-	-	-	-	30,000.0	3.38	-	-
July	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>90,000.0</b>	<b>4.89</b>	<b>50,000.0</b>	<b>3.29</b>	<b>180,000.0</b>	<b>5.27</b>

\*Weighted average interest rate.

**Table 10**  
**Outright Purchase Auction**

*(Rs. in million)*

Mid-month	2020/21		2021/22	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	27,215.9	4.28
January	-	-	-	-
February	-	-	-	-
March	-	-	28,700.0	4.27
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
<b>Total</b>	-	-	<b>55,915.9</b>	<b>4.27</b>

*\*Weighted average interest rate.*



**Table 11**  
**Reverse Repo Auction**

*(Rs. in million)*

Mid-month	7-Days				14-Days				28-Days				90-Days			
	2020/21		2021/22		2020/21		2021/22		2020/21		2021/22		2020/21		2021/22	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	60,000.0	0.03	-	-	-	-	28,350.0	0.60	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
January	-	-	-	-	-	-	-	-	20,000.0	0.22	-	-	9,540.0	1.29	-	-
February	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	20,000.0	0.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>80,000.0</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,350.0</b>	<b>0.60</b>	<b>20,000.0</b>	<b>0.22</b>	<b>-</b>	<b>-</b>	<b>9,540.0</b>	<b>1.29</b>	<b>-</b>	<b>-</b>

\*Weighted average interest rate.

**Table 12**  
**Deposit Collection Auction**

*(Rs. in million)*

Mid-month	7 Days				14 Days				28 Days			
	2020/21		2021/22		2020/21		2021/22		2020/21		2021/22	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	11,650.0	1.00	-	-	20,000.0	0.72	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	30,000.0	0.40	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	71,800.0	0.56	-	-
January	-	-	-	-	-	-	-	-	50,000.0	0.46	-	-
February	-	-	-	-	-	-	-	-	41,950.0	0.62	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>11,650.0</b>	<b>1.00</b>	-	-	<b>20,000.0</b>	<b>0.72</b>	<b>193,750.0</b>	<b>0.52</b>	-	-

**Table 13**  
**Interest Rate Corridor**

*(Rs. in million)*

Mid-month	Deposit Collection Auction (7 days)				Repo Auction (Overnight)			
	2020/21		2021/22		2020/21		2021/22	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	-	-	-	-	4,065.8	3.00
September	-	-	-	-	-	-	17,083.6	3.50
October	-	-	-	-	-	-	14,347.2	3.50
November	-	-	-	-	-	-	14,290.6	3.50
December	-	-	-	-	-	-	17,437.9	3.50
January	-	-	-	-	-	-	16,626.2	3.50
February	-	-	-	-	-	-	19,079.3	3.50
March	-	-	-	-	-	-	20,434.5	5.50
April	-	-	-	-	341.1	3.00	19,684.6	5.50
May	-	-	-	-	5,334.7	3.00	17,717.7	5.50
June	-	-	-	-	3,613.2	3.00	19,245.7	5.50
July	-	-	-	-	8,648.1	3.00	26,375.0	5.50
<b>Total</b>	-	-	-	-	<b>17,937.1</b>	<b>3.00</b>	<b>206,388.0</b>	<b>3.77</b>

\*Weighted average interest rate.

**Table 14**  
**Standing Liquidity Facility**

*(Rs. Million)*

Mid-month	2020/21		2021/22	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	55,550.0	5.00
September	-	-	296,740.0	5.00
October	-	-	470,385.0	5.00
November	-	-	724,375.0	5.00
December	-	-	859,567.0	5.00
January	-	-	609,273.3	5.00
February	-	-	700,006.0	5.00
March	2,000.0	5.00	905,587.0	7.00
April	5,120.0	5.00	1,152,271.5	7.00
May	67,570.0	5.00	1,142,209.8	7.00
June	58,580.0	5.00	1,160,201.5	7.00
July	237,070.0	5.00	1,093,940.0	7.00
<b>Total</b>	<b>370,340.0</b>	<b>5.00</b>	<b>9,170,106.1</b>	<b>5.87</b>

*\*Weighted average interest rate.*

**Table 15**  
**Government Budgetary Operation**

(Based on banking transactions)  
(Based on the data of End of 4th week of Asar)+

(Rs. in million)

Heads	2019/20* (July 10)	2020/21 (July 09)	2021/22 (July 08)	Percent Change	
				2020/21	2021/22
<b>Total Expenditure</b>	<b>973008.8</b>	<b>1077896.8</b>	<b>1168754.5</b>	<b>10.8</b>	<b>8.4</b>
<b>Recurrent</b>	-	-	-	-	-
<b>Capital</b>	-	-	-	-	-
<b>Financial</b>	-	-	-	-	-
<b>Total Resources</b>	<b>718997.9</b>	<b>838331.8</b>	<b>927594.8</b>	<b>16.6</b>	<b>10.6</b>
<b>Revenue and Grants</b>	673303.8	798822.8	883606.5	18.6	10.6
Revenue	741712.8	880908.3	1000704.0	18.8	13.6
Federal Government	655207.4	773036.3	876748.2	18.0	13.4
Provincial and Local government (Transfer	86505.4	107872.0	123955.8	24.7	14.9
Foreign Grants	18096.4	25786.5	6858.3	42.5	-73.4
Previous Year's Cash Balance & Beruju	45694.1	39509.0	43988.3	-13.5	11.3
<b>Deficits(-) Surplus(+)</b>	<b>-254010.9</b>	<b>-239565.0</b>	<b>-241159.7</b>	<b>5.7</b>	<b>-0.7</b>
<b>Sources of Financing</b>	<b>327299.6</b>	<b>320316.1</b>	<b>318053.3</b>	<b>-2.1</b>	<b>-0.7</b>
Internal Loans	188659.6	222998.2	220230.7	18.2	-1.2
Domestic Borrowings	190004.2	224009.2	231303.0	17.9	3.3
(i) Treasury Bills	90000.0	90000.0	103916.6	0.0	15.5
(ii) Development Bonds	100000.0	130000.0	124500.0	30.0	-4.2
(iii) National Savings Certificates	0.0	0.0	0.0	-	-
(iv) Citizen Saving Certificates	0.0	3953.9	2829.8	-	-28.4
(v) Foreign Employment Bond	4.2	55.2	56.7	1214.8	2.6
Overdrafts++	0.0	0.0	0.0	-	-
Others@	-1344.6	-1011.0	-11072.3	24.8	-995.2
Principal Refund and Share Divestment	1136.8	1138.6	2218.7	0.2	94.9
Foreign Loans	137503.2	96179.3	95603.9	-30.1	-0.6
<b>Total available resources of Federal government</b>	<b>73288.7</b>	<b>80751.1</b>	<b>76893.6</b>	<b>10.2</b>	<b>-4.8</b>
<b>Expenses of Provincial government</b>	<b>110483.7</b>	<b>159031.4</b>	<b>155566.8</b>	<b>43.9</b>	<b>-2.2</b>
Sources of provincial government	125279.7	152734.4	181234.0	21.9	18.7
i. Grants and revenue from federal government	87907.7	115279.6	137466.2	31.1	19.2
ii. Revenue and receipt	37372.0	37454.8	43767.8	0.2	16.9
<b>Provincial government budget defecits(-) Surplus</b>	<b>14796.0</b>	<b>-6297.0</b>	<b>25667.2</b>	<b>-142.6</b>	<b>507.6</b>
<b>Deposit in Local government account</b>	<b>27971.2</b>	<b>35982.6</b>	<b>-40630.3</b>	<b>28.6</b>	<b>-212.9</b>
<b>Balance in government fund account</b>	<b>-535.1</b>	<b>16048.4</b>	<b>12765.8</b>	<b>3099.1</b>	<b>-20.5</b>
V. A. T. Fund Account	352.5	762.8	719.6	116.4	-5.7
Customs Fund Account	498.5	2366.3	4199.6	374.7	77.5
Reconstruction Fund Account	0.0	0.0	0.0	-	-
Others**	-1386.1	12919.3	7846.6	1032.1	-39.3
<b>Current Balance (-Surplus)</b>	<b>115520.8</b>	<b>126485.1</b>	<b>74696.3</b>	<b>9.5</b>	<b>-40.9</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.

@ Includes the difference amount of discount rate from internal debt transactions of GoN and others.

\*\* Includes the Amount of guarantee deposits, operational funds, contingent fund, etc.

**Table 16**  
**Outstanding Domestic Debt of Government of Nepal**

(Rs. in million)

No.	Name of Bonds/Ownership	Mid-July			Change in Amount	
		2020	2021	2022	2020/21	2021/22
<b>1</b>	<b>Treasury Bills</b>	<b>215218.1</b>	<b>279591.5</b>	<b>354508.0</b>	<b>64373.4</b>	<b>74916.5</b>
	a. Nepal Rastra Bank	21319.9	15473.3	15128.3	-5846.6	-345.0
	b. Commercial Banks	183326.9	235282.1	323987.7	51955.2	88705.7
	c. Development Banks	9572.1	19063.6	10760.0	9491.5	-8303.6
	d. Finance Companies	719.2	9402.6	4132.0	8683.4	-5270.6
	e. Others	280.0	370.0	500.0	90.0	130.0
<b>2</b>	<b>Development Bond</b>	<b>389947.0</b>	<b>513947.0</b>	<b>620447.0</b>	<b>124000.0</b>	<b>106500.0</b>
	a. Nepal Rastra Bank	43556.5	41129.0	33457.0	-2427.5	-7672.0
	b. Commercial Banks	308055.3	416359.6	504842.5	108304.3	88482.9
	c. Development Banks	21815.6	37694.7	58225.4	15879.1	20530.7
	d. Finance Companies	11904.4	13038.6	18050.4	1134.2	5011.9
	e. Others	4615.2	5725.2	5871.7	1110.0	146.5
<b>3</b>	<b>National Saving Bond</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
	a. Nepal Rastra Bank	0.0	0.0	0.0	0.0	0.0
	b. Commercial Banks	0.0	0.0	0.0	0.0	0.0
	c. Development Banks	0.0	0.0	0.0	0.0	0.0
	d. Finance Companies	0.0	0.0	0.0	0.0	0.0
	e. Others	0.0	0.0	0.0	0.0	0.0
<b>4</b>	<b>Citizen Saving Bond</b>	<b>7642.0</b>	<b>6595.9</b>	<b>9140.0</b>	<b>-1046.1</b>	<b>2544.1</b>
	a. Nepal Rastra Bank	1945.6	181.2	3001.4	-1764.4	2820.2
	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	5696.4	6414.7	6138.6	718.4	-276.1
<b>5</b>	<b>Foreign Employment Bond</b>	<b>405.0</b>	<b>185.7</b>	<b>190.2</b>	<b>-219.3</b>	<b>4.5</b>
	a. Nepal Rastra Bank	10.7	3.0	3.0	-7.7	0.0
	b. Others	394.3	182.7	187.2	-211.6	4.5
<b>6</b>	<b>Total Domestic Debt</b>	<b>613212.0</b>	<b>800320.1</b>	<b>984285.2</b>	<b>187108.1</b>	<b>183965.2</b>
	a. Nepal Rastra Bank	66832.7	56786.5	51589.7	-10046.2	-5196.8
	b. Commercial Banks	491382.2	651641.6	828830.2	160259.4	177188.6
	c. Development Banks	31387.7	56758.3	68985.4	25370.6	12227.2
	d. Finance Companies	12623.6	22441.2	22182.4	9817.6	-258.7
	e. Others	10985.8	12692.6	12697.5	1706.8	4.9
<b>7</b>	<b>Balance at NRB (Overdraft (+)/Surplus (-))</b>	<b>-140812.0</b>	<b>-198761.3</b>	<b>-273457.6**</b>	<b>-57949.3</b>	<b>-74696.3</b>
<b>8</b>	<b>GDP to Total Domestic Debt Ratio (Percent)</b>	<b>15.8</b>	<b>18.7</b>	<b>20.3</b>		

\*\*Based on government finance statistics as of 8th July 2022

**Table 17**  
**Net Domestic Borrowing of Government of Nepal**

*(Rs. In million)*

		Mid-July, 2019		Mid-July, 2020		Mid-July, 2021		Mid-July, 2022	
		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>96382.0</b>	<b>2.5</b>	<b>194642.4</b>	<b>5.0</b>	<b>224009.2</b>	<b>5.2</b>	<b>231303.0</b>	<b>4.8</b>
	Treasury Bills	26435.0	0.7	93000.0	2.4	90000.0	2.1	103916.6	2.1
	Development Bond	69947.0	1.8	100000.0	2.6	130000.0	3.0	124500.0	2.6
	National Saving Bond	0.0	0.0	1605.2	0.0	0.0	0.0	0.0	0.0
	Citizen Saving Bond	0.0	0.0	0.0	0.0	3953.9	0.1	2829.8	0.1
	Foreign Employment Bond	0.0	0.0	37.1	0.0	55.2	0.0	56.7	0.0
<b>B</b>	<b>Domestic Loan Payment</b>	<b>34313.0</b>	<b>0.9</b>	<b>34397.9</b>	<b>0.9</b>	<b>36901.1</b>	<b>0.9</b>	<b>47330.4</b>	<b>1.0</b>
	Treasury Bills	24490.0	0.6	24574.8	0.6	25626.6	0.6	29000.0	0.6
	Development Bond	8500.0	0.2	7400.0	0.2	6000.0	0.1	18000.0	0.4
	National Saving Bond	907.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Citizen Saving Bond	340.0	0.0	2339.4	0.1	5000.0	0.1	285.7	0.0
	Foreign Employment Bond	76.0	0.0	83.7	0.0	274.5	0.0	44.7	0.0
<b>C</b>	<b>Net Domestic Borrowing (A-B)</b>	<b>62069.0</b>	<b>1.6</b>	<b>160244.5</b>	<b>4.1</b>	<b>187108.0</b>	<b>4.4</b>	<b>183972.6</b>	<b>3.8</b>
	Treasury Bills	1945.0	0.1	68425.2	1.8	64373.4	1.5	74916.6	1.5
	Development Bond	61447.0	1.6	92600.0	2.4	124000.0	2.9	106500.0	2.2
	National Saving Bond	-907.0	0.0	1605.2	0.0	0.0	0.0	0.0	0.0
	Citizen Saving Bond	-340.0	0.0	-2339.4	-0.1	-1046.1	0.0	2544.1	0.1
	Foreign Employment Bond	-76.0	0.0	-46.6	0.0	-219.3	0.0	12.0	0.0
<b>D</b>	<b>Gross Domestic Product</b>	<b>3858930.4</b>	<b>100.0</b>	<b>3888703.7</b>	<b>100.0</b>	<b>4277301.9</b>	<b>100.0</b>	<b>4851624.7</b>	<b>100.0</b>

**Table 18**  
**Direction of Foreign Trade\***

*(Rs. in million)*

	Annual		Eleven Months			Percent Change	
	2019/20	2020/21 <sup>R</sup>	2019/20	2020/21 <sup>R</sup>	2021/22 <sup>P</sup>	2020/21	2021/22
<b>TOTAL EXPORTS</b>	<b>97709.1</b>	<b>141124.1</b>	<b>88003.1</b>	<b>121254.0</b>	<b>185837.0</b>	<b>37.8</b>	<b>53.3</b>
To India	70108.9	106372.1	62950.2	90194.6	145901.3	43.3	61.8
To China	1191.2	1016.1	1138.6	940.3	739.1	-17.4	-21.4
To Other Countries	26409.0	33736.0	23914.3	30119.1	39196.6	25.9	30.1
<b>TOTAL IMPORTS</b>	<b>1196799.1</b>	<b>1539837.1</b>	<b>1100813.4</b>	<b>1383364.9</b>	<b>1763223.1</b>	<b>25.7</b>	<b>27.5</b>
From India	735294.8	971603.9	670598.9	886593.1	1100903.7	32.2	24.2
From China	181920.3	233923.1	169728.6	210519.9	244211.4	24.0	16.0
From Other Countries	279583.9	334310.1	260485.9	286251.9	418108.0	9.9	46.1
<b>TOTAL TRADE BALANCE</b>	<b>-1099089.9</b>	<b>-1398713.0</b>	<b>-1012810.3</b>	<b>-1262111.0</b>	<b>-1577386.1</b>	<b>24.6</b>	<b>25.0</b>
With India	-665185.9	-865231.9	-607648.7	-796398.5	-955002.4	31.1	19.9
With China	-180729.1	-232907.0	-168590.0	-209579.6	-243472.4	24.3	16.2
With Other Countries	-253174.9	-300574.1	-236571.6	-256132.8	-378911.4	8.3	47.9
<b>TOTAL FOREIGN TRADE</b>	<b>1294508.2</b>	<b>1680961.2</b>	<b>1188816.5</b>	<b>1504618.9</b>	<b>1949060.1</b>	<b>26.6</b>	<b>29.5</b>
With India	805403.7	1077976.0	733549.1	976787.7	1246805.0	33.2	27.6
With China	183111.5	234939.1	170867.2	211460.1	244950.5	23.8	15.8
With Other Countries	305993.0	368046.0	284400.2	316371.0	457304.6	11.2	44.5
<b>1. Ratio of export to import</b>	<b>8.2</b>	<b>9.2</b>	<b>8.0</b>	<b>8.8</b>	<b>10.5</b>		
India	9.5	10.9	9.4	10.2	13.3		
China	0.7	0.4	0.7	0.4	0.3		
Other Countries	9.4	10.1	9.2	10.5	9.4		
<b>2. Share in total export</b>							
India	71.8	75.4	71.5	74.4	78.5		
China	1.2	0.7	1.3	0.8	0.4		
Other Countries	27.0	23.9	27.2	24.8	21.1		
<b>3. Share in total import</b>							
India	61.4	63.1	60.9	64.1	62.4		
China	15.2	15.2	15.4	15.2	13.9		
Other Countries	23.4	21.7	23.7	20.7	23.7		
<b>4. Share in trade balance</b>							
India	60.5	61.9	60.0	63.1	60.5		
China	16.4	16.7	16.6	16.6	15.4		
Other Countries	23.0	21.5	23.4	20.3	24.0		
<b>5. Share in total trade</b>							
India	62.2	64.1	61.7	64.9	64.0		
China	14.1	14.0	14.4	14.1	12.6		
Other Countries	23.6	21.9	23.9	21.0	23.5		
<b>6. Share of export and import in total trade</b>							
Export	7.5	8.4	7.4	8.1	9.5		
Import	92.5	91.6	92.6	91.9	90.5		

\* Based on customs data

P= Provisional

R= Revised



**Table 19**  
**Summary of Balance of Payments**

(Rs. in million)

Particulars	2019/20		2020/21		2021/22 <sup>P</sup>	Percentage Change During Eleven months	
	Eleven Months	Annual	Eleven Months	Annual	Eleven Months	2020/21	2021/22
<b>A. Current Account</b>	-62591.3	-33763.1	-298107.2	-333671.9	-595731.4	376.3	99.8
Goods: Exports f.o.b.	98428.1	108288.1	123786.0	143744.6	193592.8	25.8	56.4
Oil	9527.3	9590.2	2140.4	2227.2	6906.3	-77.5	222.7
Other	88900.8	98697.9	121645.7	141517.5	186686.5	36.8	53.5
Goods: Imports f.o.b.	-1076310.5	-1169261.4	-1348679.4	-1499201.6	-1718765.5	25.3	27.4
Oil	-153420.7	-166928.6	-155784.7	-176320.3	-286117.8	1.5	83.7
Other	-922889.7	-1002332.8	-1192894.7	-1322881.2	-1432647.8	29.3	20.1
<b>Balance on Goods</b>	-977882.3	-1060973.3	-1224893.4	-1355456.9	-1525172.7	25.3	24.5
Services: Net	-1230.5	-964.7	-63888.3	-72852.5	-99928.6	-	56.4
Services: credit	145764.4	156349.8	73059.7	79069.9	103881.0	-49.9	42.2
Travel	58626.0	60885.4	6693.0	7266.3	25522.2	-88.6	281.3
Government n.i.e. (credit)	10873.4	12338.0	5666.5	6331.6	8874.3	-47.9	56.6
Other	76265.0	83126.5	60700.2	65472.0	69484.5	-20.4	14.5
Services: debit	-146994.9	-157314.5	-136947.9	-151922.4	-203809.6	-6.8	48.8
Transportation	-62714.6	-68340.4	-72040.7	-80973.5	-85006.3	14.9	18.0
Travel	-51832.6	-53137.4	-30789.1	-32800.1	-83369.5	-40.6	170.8
O/W Education	-25116.0	-25813.2	-23446.6	-24959.4	-59993.4	-6.6	155.9
Government n.i.e. (debit)	-2252.1	-2408.3	-3157.6	-3673.5	-1670.8	40.2	-47.1
Other	-30195.7	-33428.4	-30960.5	-34475.2	-33763.0	2.5	9.1
Balance on Goods and Services	-979112.8	-1061938.0	-1288781.6	-1428309.5	-1625101.3	31.6	26.1
Income: Net	44989.5	45953.6	19267.1	23285.5	23304.3	-57.2	21.0
Income: credit	64892.4	68055.4	54994.9	60878.6	47935.5	-15.3	-12.8
Income: debit	-19902.9	-22101.8	-35727.8	-37593.0	-24631.2	79.5	-31.1
Balance on Goods, Services and Income	-934123.3	-1015984.4	-1269514.6	-1405023.9	-1601797.1	35.9	26.2
Transfers: Net	871532.1	982221.3	971407.4	1071352.0	1006065.7	11.5	3.6
Current transfers: credit	876298.6	987673.5	977240.0	1077414.0	1013144.7	11.5	3.7
Grants	47975.2	51925.7	51780.3	57340.7	50360.8	7.9	-2.7
Workers' remittances	773658.5	875027.0	871302.5	961054.6	904179.8	12.6	3.8
Pensions	53809.3	57818.0	53981.8	58595.1	57015.7	0.3	5.6
Other (Indian Excise Refund)	855.5	2902.9	175.4	423.6	1588.4	-79.5	-
Current transfers: debit	-4766.5	-5452.3	-5832.6	-6062.0	-7079.1	22.4	21.4
<b>B. Capital Account (Capital Transfer)</b>	13051.0	14213.2	14151.8	15263.7	9491.8	8.4	-32.9
<b>Total, Groups A plus B</b>	-49540.3	-19549.9	-283955.4	-318408.2	-586239.6	-	106.5
<b>C. Financial Account (Excluding Group I)</b>	200257.6	278748.5	183402.2	230671.8	264021.9	-8.4	44.0
Direct investment in Nepal	18717.1	19478.7	16201.3	19512.7	17350.1	-13.4	7.1
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	-	-
Other investment: assets	1125.1	-6304.4	-40332.7	-15838.1	-18046.6	-	-55.3
Trade credits	1346.0	-6083.4	-40375.8	-15881.7	-18235.2	-	-54.8
Other	-220.9	-221.0	43.1	43.6	188.6	-	337.6
Other investment: liabilities	180415.4	265574.1	207533.5	226997.2	264718.5	15.0	27.6
Trade credits	57242.1	82238.3	133803.4	116853.4	107203.1	133.7	-19.9
Loans	85457.1	149599.3	79559.4	114054.3	96263.5	-6.9	21.0
General Government	77471.1	139015.9	70052.4	103907.6	79524.3	-9.6	13.5
Drawings	96842.2	162576.3	86590.6	127176.2	96491.2	-10.6	11.4
Repayments	-19371.1	-23560.4	-16538.2	-23268.6	-16966.9	-14.6	2.6
Other sectors	7985.9	10583.4	9507.0	10146.7	16739.2	19.0	76.1
Currency and deposits	37685.9	33706.2	-5822.6	-3903.8	24991.8	-	-
Nepal Rastra Bank	26.9	26.0	64.0	22.6	-43.6	137.6	-
Deposit money banks	37659.0	33680.2	-5886.6	-3926.4	25035.4	-	-
Other liabilities	30.3	30.3	-6.7	-6.7	36260.0	-	-
<b>Total, Group A through C</b>	150717.3	259198.5	-100553.3	-87736.4	-322217.7	-	220.4
<b>D. Miscellaneous Items, Net</b>	66340.8	56917.2	79583.3	85059.4	113662.7	20.0	42.8
<b>Total, Group A through D</b>	217058.1	316115.7	-20970.0	-2677.0	-208555.0	-	-
<b>E. Reserves and Related Items</b>	-217058.1	-316115.7	20970.0	2677.0	208555.0	-	-
Reserve assets	-216187.1	-315244.7	20970.0	2677.0	208555.0	-	-
Nepal Rastra Bank	-189175.6	-276220.9	13034.0	-18889.3	198933.4	-	-
Deposit money banks	-27011.4	-39023.8	7936.0	21566.3	9621.6	-	21.2
Use of Fund Credit and Loans	-871.0	-871.0	0.0	0.0	0.0	-	-
<b>Changes in reserve net (- increase)</b>	-179372.2	-282409.5	15147.4	-1226.7	269806.8	-	-

P= Provisional

**Table 20**  
**Gross Foreign Assets of the Banking Sector**

(Rs. in million)

	Mid-July 2020	Mid-June 2021	Mid-July 2021	Mid-June 2022 <sup>P</sup>	Percent Change Mid-July To Mid-June	
					2020/21	2021/22
<b>A. Nepal Rastra Bank (1+2)</b>	<b>1274213.7</b>	<b>1252924.4</b>	<b>1298903.2</b>	<b>1120948.0</b>	<b>-1.7</b>	<b>-13.7</b>
<b>1. Gold, SDR, IMF Reserve Position</b>	48091.4	55273.7	54269.6	89056.9	14.9	64.1
<b>2. Foreign Exchange Reserve</b>	<b>1226122.3</b>	<b>1197650.7</b>	<b>1244633.6</b>	<b>1031891.1</b>	<b>-2.3</b>	<b>-17.1</b>
Convertible	921000.7	873286.1	925919.4	751250.4	-5.2	-18.9
Inconvertible	305121.6	324364.6	318714.2	280640.7	6.3	-11.9
<b>B. Bank and Financial Institutions *</b>	<b>175713.9</b>	<b>167997.5</b>	<b>154391.7</b>	<b>144953.1</b>	<b>-4.4</b>	<b>-6.1</b>
Convertible	161285.7	156235.5	137938.9	131602.4	-3.1	-4.6
Inconvertible	14428.2	11762.0	16452.8	13350.8	-18.5	-18.9
<b>C. Gross Foreign Exchange Reserve</b>	<b>1401836.3</b>	<b>1365648.2</b>	<b>1399025.3</b>	<b>1176844.2</b>	<b>-2.6</b>	<b>-15.9</b>
Convertible	1082286.4	1029521.6	1063858.3	882852.8	-4.9	-17.0
Share in total (in percent)	77.2	75.4	76.0	75.0	-	-
Inconvertible	319549.8	336126.6	335167.0	293991.4	5.2	-12.3
Share in total (in percent)	22.8	24.6	24.0	25.0	-	-
<b>D. Gross Foreign Assets (A+B)</b>	<b>1449927.6</b>	<b>1420922.0</b>	<b>1453294.9</b>	<b>1265901.1</b>	<b>-2.0</b>	<b>-12.9</b>
<b>Import Capacity in Months</b>						
<b>Gross Foreign Exchange Reserve</b>						
Merchandise	14.4	11.1	11.2	7.5	-	-
Merchandise and Services	12.7	10.1	10.2	6.7	-	-
<b>Gross Foreign Assets</b>						
Merchandise	14.9	11.6	11.6	8.1	-	-
Merchandise and Services	13.1	10.5	10.6	7.2	-	-
E. Foreign Liabilities	121578.6	115756.0	117674.8	178926.7	-4.8	52.1
F. Net Foreign Assets(D-E)	1328349.0	1305166.0	1335620.1	1086974.5	-1.7	-18.6
G. Change in NFA (before adj. ex. val.)**	-343565.9	23183.1	-7271.0	248645.6	-	-
H. Exchange Valuation	61156.4	-8035.7	6044.3	21161.2	-	-
<b>I. Change in NFA (6+7)***</b>	<b>-282409.5</b>	<b>15147.4</b>	<b>-1226.7</b>	<b>269806.8</b>	<b>-</b>	<b>-</b>
Period-end Buying Rate (Rs/USD)	120.4	116.6	119.0	124.6		

P= Provisional

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

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

\*\*\* After adjusting exchange valuation gain/loss

**Table 21**  
**Purchase/Sale of Foreign Currency**

*(Amount in million)*

Mid-month	Purchase/Sale of Convertible Currency												IC Purchase			
	2020/21						2021/22						2020/21		2021/22	
	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	435.7	52,194.6	-	-	435.7	52,194.6	80.4	9,570.1	20.92	2,492.50	59.5	7,077.6	23,980.2	320.0	31,252.4	420.0
September	279.4	33,076.1	-	-	279.4	33,076.1	38.0	4,505.7	101.4	11,884.1	63.4	7,378.4	16,260.5	220.0	11,762.2	160.0
October	529.0	62,160.8	-	-	529.0	62,160.8	251.4	30,029.7	-	-	251.4	30,029.7	22,036.1	300.0	26,694.1	360.0
November	452.9	53,624.4	-	-	452.9	53,624.4	165.9	19,864.3	-	-	165.9	19,864.3	28,154.4	380.0	31,439.6	420.0
December	175.7	20,785.9	-	-	175.7	20,785.9	139.3	16,836.8	-	-	139.3	16,836.8	29,541.7	400.0	34,419.3	460.0
January	248.5	29,173.8	-	-	248.5	29,173.8	114.6	13,831.6	-	-	114.6	13,831.6	30,847.3	420.0	26,976.4	360.0
February	135.9	15,851.6	20.4	2,377.6	115.5	13,474.0	234.8	28,058.0	-	-	234.8	28,058.0	26,302.2	360.0	31,345.9	420.2
March	190.2	22,185.9	-	-	190.2	22,185.9	319.7	38,821.1	-	-	319.7	38,821.1	32,031.0	440.0	37,749.1	500.0
April	335.0	39,605.0	11.7	1,361.4	323.3	38,243.6	461.3	55,950.7	-	-	461.3	55,950.7	43,782.6	600.0	30,347.5	400.0
May	260.8	31,049.0	-	-	260.8	31,049.0	437.2	53,639.4	-	-	437.2	53,639.4	37,277.5	500.0	35,311.8	460.0
June	137.1	16,003.5	15.4	1,793.8	121.7	14,209.8	346.2	42,889.2	-	-	346.2	42,889.2	16,022.1	220.0	33,792.1	435.0
July	469.3	55,760.1	-	-	469.3	55,760.1	442.6	55,947.9	-	-	442.6	55,947.9	28,280.2	380.0	40,926.5	520.0
<b>Total</b>	<b>3,649.5</b>	<b>431,470.7</b>	<b>47.5</b>	<b>5,532.8</b>	<b>3,602.0</b>	<b>425,937.9</b>	<b>3,031.4</b>	<b>369,944.5</b>	<b>122.3</b>	<b>14,376.6</b>	<b>2,909.1</b>	<b>355,567.9</b>	<b>334,515.7</b>	<b>4,540.0</b>	<b>372,016.7</b>	<b>4,915.2</b>