

Unofficial Translation

Monetary Policy for 2024/25



Nepal Rastra Bank
Central Office
Baluwatar, Kathmandu

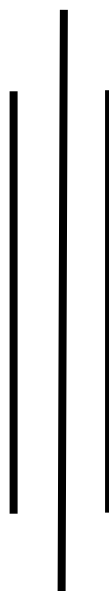
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Nepal Rastra Bank

Monetary Policy for 2024/25

Delivered by
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Central Office
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Monetary Policy for 2024/25

Background

1. The primary objective of Nepal Rastra Bank is to maintain price and balance of payments (BoP) stability for ensuring economic stability and sustainable economic development, by formulating and managing necessary monetary and foreign exchange policies, as mandated by the Nepal Rastra Bank Act, 2002. The bank has been announcing monetary policy every year since 2002/03. The monetary policy for 2024/25 has been formulated by incorporating review of the previous year's policy measures, assessing the rationale and analysis of the proposed policy measures for the current fiscal year, and considering the policy provisions related to regulatory, foreign exchange and payment systems.
2. Despite some challenges, the domestic macroeconomic situation continues to recover. The eleven months' data of 2023/24 shows that inflation is subdued and the external sector is robust. The interest rates on deposit and lending are declining due to the excess liquidity in the banking system. The gross domestic product (GDP) growth further improved compared to the previous year. However, the fiscal sector performed suboptimal, as both expenditure and revenue mobilization of the Government of Nepal (GoN) are below the target. Similarly, the credit expansion by banks and financial institutions (BFIs) appears to be slower than expected while the ratio of non-performing loans (NPLs) has increased.
3. Despite gradual improvement, the pace of the global economic recovery has remained sluggish and diverging. While the economic growth and inflation in developed economies are nearing to pre-COVID-19 level, majority of the emerging and developing countries are still in recovery phase, with inflation still being at a higher level. As a result, a number of central banks around the world have kept policy rate persistently at elevated levels.
4. Monetary policy is formulated based on the domestic as well as external economic and financial situation and outlook along with considering the objectives and priorities of the bank, and the implementation status of the monetary policy for 2023/24. The objectives, priorities, and programs set out in the government budget for 2024/25, the sixteenth periodic plan, the bank's fourth strategic plan are duly considered. Further, suggestions received from the Monetary Policy Advisory Committee (MPAC), and the feedback/suggestions received from various stakeholders have also been taken into account while formulating policy for 2024/25.

Review of Monetary Policy for 2023/24

Economic and Monetary Targets

5. The policy was set to maintain monetary management to contain inflation within 6.5 percent for 2023/24. The average inflation up to eleven months stood at 5.62 percent. The y-o-y inflation stood at 4.17 percent in mid-June 2024. The annual average inflation in 2023/24 is expected to remain within the target.
6. The foreign exchange reserves available as of eleven months of 2023/24 remained sufficient to cover 12.6 months' imports of goods and services, against the target to cover 7 months' imports of goods and services in the monetary policy for 2023/24. The foreign exchange reserves are expected to remain above the target in 2023/24.
7. The weighted average interbank rate for 2023/24 is recorded at 3.36 percent against the revised operating target of maintaining the weighted average interbank rate of BFIs within the range of 3.0 percent to 7.0 percent. The liquidity absorption instruments have been used to absorb the upsurge in the liquidity in the banking system, build up due to the improvements in the external sector. The weighted average interbank rate has remained within the interest rate corridor due to the implementation of the standing deposit facility as a new instrument.

Liquidity Management and Interest Rate

8. In 2023/24, a total of Rs.4673.60 billion liquidity was absorbed on transaction basis, Rs.3522.35 billion from the standing deposit facility (SDF), and Rs.1151.25 billion from the deposit collection auctions. In 2023/24, the BFIs utilized a total of Rs.804.76 billion liquidity on transaction basis, of which Rs.1.20 billion was through the standing liquidity facility (SLF) and Rs.803.56 billion through the overnight liquidity facility (OLF). As a result, the net liquidity absorption remained at Rs.3868.84 billion in the review year. In the previous fiscal year, the net liquidity of Rs.5409.99 billion was injected through various instruments, including open market operations and the SLF.
9. In 2023/24, liquidity amounting to Rs.783.47 billion was injected through the net purchase of the United States Dollars (USD) from the foreign exchange market. In the previous fiscal year, liquidity of Rs.712.50 billion was injected through such transactions.
10. With the improvement in the external sector, liquidity in the banking sector has increased, resulting to a decline in short-term interest rates. The weighted average interbank rate among commercial banks stood at 2.99 percent in mid-July 2024. In the corresponding month of the previous year, such interbank rate was 2.98 percent. Similarly, the weighted

average interest rate on 91-day treasury bills stood at 3.0 percent in mid-July 2024, compared to the 6.35 percent in mid-July 2023.

11. The interest rates in the banking system have also declined in line with the decrease in the short-term interest rates. The average base rate of commercial banks, development banks, and finance companies stood at 8.17 percent, 9.96 percent, and 11.46 percent respectively in mid-June 2024, which were 10.18 percent, 12.47 percent, and 13.55 percent respectively in mid-June 2023. The weighted average deposit rate for commercial banks, development banks, and finance companies stood at 6.17 percent, 7.07 percent, and 8.28 percent respectively in mid-June 2024. The deposit rates of commercial banks, development banks and finance companies were 7.99 percent, 9.45 percent, and 10.18 percent respectively in mid-June 2023. Similarly, the weighted average lending rate stood at 10.15 percent for commercial banks, 11.63 percent for development banks, and 12.85 for finance companies in mid-June 2023, which remained at 12.53 percent for commercial banks, 14.47 percent for development banks, and 15.06 for finance companies in mid-June 2023.

Sectoral Credit, Deprived Sector and Concessional Loan

12. Out of the total outstanding loans, commercial banks have extended 13.2 percent (Rs. 582.49 billion) to the agricultural sector, 7.9 percent (Rs.350.74 billion) to the energy sector, and 9.2 percent (Rs.407.28 billion) to the micro, cottage, small and medium enterprises sector as of mid-June 2024. Similarly, development banks have extended 26 percent (Rs.125.83 billion) of their total loans in all such sectors, whereas finance companies have extended 21.6 percent (Rs.19.38 billion).
13. As of mid-June 2024, commercial banks have extended on average 5.79 percent (Rs.263.07 billion) of their total loan to the deprived sector. Similarly, development banks and finance companies have extended 8.16 percent (Rs.40.31 billion) and 6.7 percent (Rs.6.58 billion) to the deprived sector, respectively.
14. The concessional loan under the interest subsidy program of the GoN has reached to 123 thousand 656 borrowers with an outstanding amount of Rs.134.76 billion in mid-June 2024. Out of this concessional loan, Rs.92.60 billion has been disbursed to 48 thousand 142 borrowers for selected commercial agriculture and livestock businesses, and Rs.40.92 billion has been disbursed to 73 thousand 385 women entrepreneurs.

Implementation Status of Major Regulatory Provisions of Monetary Policy for 2023/24

15. NRB Open Market Operation Bylaws and Procedure have been revised and implemented to make effective implementation of interest rate corridor and effective liquidity

management through open market operations. The standing deposit facility available at the lower bound of the interest rate corridor has been in implementation as a strategy to make the interest rate corridor effective.

16. Regulatory measures have been in operation for monitoring large exposure credit, enhancing the effectiveness of regulation and supervision, reducing the over-concentration of the credit, prioritizing small and medium-sized productive loans, and enhancing the quality and access to credit, so as to promote the financial stability.
17. The measures of monetary policy 2023/24 related to prevention of money laundering; the provisions for promotion of merger and acquisitions of microfinance financial institutions; the requirement for maintaining the capital fund by national-level development banks as per the Capital Adequacy Framework 2015; the investment related provisions of the BFIs ;the provisions related to directed lending; and the mandatory requirement of Permanent Account Numbers (PAN) for borrowers using more than the certain threshold limit of the credit from the BFIs have been implemented.
18. NFRS 9-Expected Credit Loss Related Guidelines, 2024 has been issued for the implementation of the Expected Credit Loss (ECL) Model, as per the Nepal Accounting Standards.
19. The amendment on working capital guidelines; an increment in the limit for the first-homebuyer residential loans; and consideration of the loan up to Rs.20 million under regulatory retail portfolio which is extended to agriculture, small, cottage, and medium enterprises, have been implemented. Similarly, provisions to reduce the risk weights on real estate loans, hire purchase vehicle loans, and loans against shares up to Rs.5 million have been implemented. Likewise, reduction in the loan loss provision of pass category loans and increment on monthly debt-to-income ratio for real estate loans have also been implemented.
20. While the monetary survey was being published based on the balance sheets of the NRB, commercial banks, development banks and finance companies in the past; a 'Financial Corporations Survey' has been started to publish by further incorporating the balance sheets of Insurance Companies, Employee Provident Fund, Citizen Investment Trust, Microfinance Financial Institutions, Hydroelectricity Investment and Development Company Limited, and Nepal Infrastructure Bank, since 2023/24. Additionally, the 'Other Financial Corporations Survey' has also started to publish including the balance sheets of Insurance Companies, Employees Provident Fund, Citizen Investment Trust, Microfinance Financial Institutions, Hydroelectricity Investment and Development Company Limited, and Nepal Infrastructure Bank.

21. Several foreign exchange-related provisions of the monetary policy have been implemented. The key measures include: certain percentage of the foreign currency earned by industries/businesses can now be exchanged through commercial banks, based on specified documents; additional goods identified by the Nepal Trade Integrated Strategy have been added for the provision of back-to-back letter-of-credit facilities; the provisions of imports through drafts/TT and DAP/DAA have been reviewed; the foreign exchange limit under the passport facility for Nepalese citizens traveling to countries other than India have been increased; the air service providers have been allowed to directly send various service charges up to one hundred thousand US Dollars or its equivalent in other convertible foreign currencies, directly through commercial banks.
22. The details of the implementation status of the policy provisions of the Monetary Policy for 2023/24 are provided in Annex 2.

Macroeconomic Situation and Outlook

Global Economic Situation and Outlook

23. The global economy, which was pushed towards a recession due to the tight monetary policy adopted to contain higher inflation, has remained stronger than anticipated. However, the long-term effect of the Covid pandemic, along with ongoing geopolitical tensions in Russia-Ukraine and the Middle East, are expected to limit the world economic growth. The International Monetary Fund (IMF) has projected a modest improvement in the economic growth of the world economy and advanced economies in 2025; while the growth rate for emerging and developing economies will remain stable.
24. As per the IMF's projection, the world economy, which grew 3.3 percent in 2023, is expected to grow 3.2 percent in 2024, and 3.3 percent in 2025¹. The developed economies, which expanded 1.7 percent in 2023, are also projected to grow 1.7 percent in 2024, and 1.8 percent in 2025. Similarly, the emerging market and developing economies, which expanded 4.4 percent in 2023, are projected to grow 4.3 percent in both 2024 and 2025.
25. The Indian and Chinese economy are projected to grow by 7.0 percent and 5.0 percent respectively in 2024, compared to a respective growth of 8.2 percent and 5.2 percent in 2023. The Fund projects that the economies of India and China will expand by 6.5 percent and 4.5 percent, respectively in 2025.
26. Inflation, at the global level, is coming down. While inflation in developed economies has significantly improved and is approaching to target levels, inflation in emerging and

¹ The World Economic Outlook Update, July 2024, The International Monetary Fund.

developing economies still remains higher. The IMF projects that world consumer inflation, which was 6.7 percent in 2023, will be 5.9 percent in 2024, and 4.4 percent in 2025. Inflation in developed economies, which was 4.6 percent in 2023, is projected to be 2.7 percent in 2024, and 2.1 percent in 2025. Similarly, inflation in emerging and developing economies, which was 8.3 percent in 2023, is projected to be 8.2 percent in 2024, and 6.0 percent in 2025. The average inflation in India and China was 5.4 percent and 0.2 percent respectively in 2023, which is projected to be 4.6 percent and 1.0 percent respectively in 2024². The IMF projects 4.2 percent average inflation of India and 2.0 percent of China in 2025.

27. Some central banks around the world have started to ease monetary policy stance, while majority are still continuing the tight stance. The U.S. Federal Reserve which increased the federal funds rate at 5.25-5.50 percent in July 2023, has kept it unchanged. The European Central Bank, however, has lowered its policy rate as inflation has come within the targeted range. According to the latest assessment of IMF, central banks of other developed countries are expected to reduce policy rate in the near future.
28. The Reserve Bank of India reviewed its monetary policy in June 2024, and has maintained the existing policy repo rate at 6.5 percent.

Domestic Economic Situation and Outlook

Real Sector

29. National Statistics Office (NSO) has estimated economic growth of 3.87 percent for 2023/24. The growth is largely attributed to food services, electricity and gas, and transportation and storage. The construction, and manufacturing sectors, however, remained contracted.
30. The GoN has set a target of achieving 6.0 percent economic growth in the budget for 2024/25. The effective implementation of expenditures, policies, and programs outlined in the budgets of the federal, provincial, and local levels is expected to induce economic activities. Along with this, the increment in private sector investment is also expected to support the growth target.
31. According to the Department of Agriculture, Ministry of Agriculture and Livestock, about 68.6 percent of paddy plantation has been completed as of 15 July 2024 compared to the same period a year ago. With the monsoon being active and above-average rainfall expected during this period, along with easy availability of chemical fertilizers and the

² The World Economic Outlook Update, April 2024, The International Monetary Fund.

government setting a minimum support price for rice to eliminate price uncertainties, the growth rate of the agricultural sector is expected to be satisfactory in 2024/25.

32. According to the Nepal Electricity Authority (NEA), 352 MW of additional electricity has been connected to the national grid system in 2023/24, and additional 900 MW of electricity is estimated to add to the national grid system in 2024/25. Also, numerous hydropower projects, both by the Nepal Electricity Authority and the private sector are currently under construction. It is expected that the development of this sector will be speed up as the GoN, through the third investment summit, has made legislative and policy reforms to attract the domestic and foreign investors in the hydropower sector.
33. The tourist arrival improved significantly in 2023/24. The GoN has declared 2023-2033 as the Visit Nepal Decade and has set a target of attracting 1.6 million tourists in 2024/25, with various promotional programs in place like the expansion of tourism infrastructure, including hotels and airports. It is expected to contribute to a rise in foreign tourist arrival and the further expansion of the tourism sector in 2024/25.
34. Domestic demand has weakened due to a large number of young people going abroad for foreign employment and study. In this context, it seems that increasing the production capacity of the economy by spending capital expenditure on time as well as settling the payment disputes of the construction business-persons/entrepreneurs and resolving the problems seen in the savings and credit cooperatives will help increase the economic activities.

Inflation

35. Despite the pressure on prices until the first quarter of 2023/24, the y-o-y consumer price inflation gradually improved from the second quarter and remained at 4.17 percent in mid-June 2024. During this period, the inflation of the non-food and services group has witnessed more improvements than the inflation of the food and beverage group. The current disinflation in Nepal is attributed to the stable wholesale and consumer price inflation in India, decrease in growth rate of import price index and salary and wage rate index, and weak domestic demand.
36. There is, however, the risk of prices going up, emanating from possible surge in fuel and food prices in the international market due to the ongoing Russia-Ukraine war and the geopolitical tensions in the Middle East; upward pressure on wholesale inflation in Nepal; and higher price of food grains, vegetables, legumes and pulses in India. The GoN in the budget for 2024/25 has expected to contain the inflation within 5.5 percent. Although there

are emerging risks, it is projected that inflation will remain within the GoN's projected limit in 2024/25, taking into consideration the determinants of inflation in Nepal.

External Sector

37. In the eleven months of 2023/24, the total merchandise exports decreased 3 percent to Rs.139.26 billion, whereas the total merchandise imports decreased 1.8 percent to Rs.1453.70 billion. As a result, the trade deficit has improved 1.7 percent to Rs.1314.44 billion in comparison to the previous year. Given the decreasing trend in the interest rates, the available liquidity, the government's capital budget allocation and the target of the economic growth, the imports growth is projected to remain positive in 2024/25.
38. In the eleven months of 2023/24, the BoP surplus has increased significantly to Rs.425.67 billion. Similarly, the current account surplus has improved significantly to Rs.200.39 billion. In the same period of the previous year, the current account was in deficit by Rs.79.53 billion and the BoP was in surplus by Rs.224.90 billion. The current account and the BoP will remain in significant surplus towards the end of 2023/24.
39. Remittance inflows increased substantially in the eleven months of 2023/24 due to the elevated level of Nepali youths migrating abroad for foreign employment to new and higher-earning destinations, as well as the incentives provided for the remittance inflowing through the formal channels. During this period, remittance inflows increased 19.3 percent in Nepali Rupees and 17.3 percent in US Dollar. Since the number of Nepalese migrating for foreign employment is still higher, the remittance inflows are expected to remain average in 2024/25 as well.
40. The gross foreign exchange reserve increased 27.8 percent in mid-June 2024 to Rs.1967.19 billion, due to the increased remittance inflows and the contraction in imports in the eleven months of 2023/24. In the US Dollar terms, the gross foreign exchange reserves increased 25.7 percent to US Dollars 14.72 billion.
41. While the growth rate of remittance inflows is expected to remain steady, the potential expansion of imports may lead to a slight decrease in the growth rate of foreign exchange reserves in 2024/25. The credit flow is expected to expedite due to the low interest rates and excess liquidity, and the implementation of capital budgets by three tiers of the government might further boost the imports. However, considering the proposed foreign assistance and the trend of remittance inflows, the BoP is projected to remain in surplus in 2024/25.

Government Finance

42. According to the data of GoN, Ministry of Finance, Financial Comptroller General Office, the total expenditure of the federal government decreased 0.9 percent and total revenue mobilization increased 10.6 percent in 2023/24. Out of the total expenditure in 2023/24, the share of the recurrent, capital expenditure and financial provisions were 67.61 percent, 13.61 percent, and 18.78 percent, respectively.
43. The total revenue mobilization of the GoN stood at Rs.1058.90 billion in 2023/24. Out of the total revenue mobilization, the share of the tax revenue and non-tax revenue were 89.20 percent and 10.80 percent, respectively.
44. The GoN has allocated the budget of Rs.1860.30 billion for 2024/25. To cover up the budget deficit, internal debt of Rs.330 billion has been proposed. Since Rs.245.78 billion has been allocated for the repayment of internal debt, the net internal debt mobilization for 2024/25 is projected at Rs.84.22 billion.

Monetary and Financial Sector

45. The broad money supply increased 12.7 percent in mid-June 2024 on y-o-y basis, compared to an increment of 10.8 percent in the corresponding month of the previous year. Despite a modest expansion in the domestic credit, the significant increase in net foreign assets has contributed to the growth in the broad money supply for 2023/24.
46. The growth rate of the credit to private sector from the BFIs stood at 5.6 percent in mid-June 2024 on y-o-y basis. The credit grew by 3.0 percent in the corresponding month of the previous year. The inability of expected capital spending on time, low economic growth rate, inability in improvements to the economic activities as expected, and already over-indebted private sector were the reasons behind the sluggish credit expansion.
47. The deposit mobilized by the BFIs increased 12.6 percent in mid-June 2024 on y-o-y basis. Such deposits increased 12.2 percent in the corresponding month of the previous year. Despite a reduction in deposit interest rates, the improvement in remittance inflows has contributed to the increase in deposit mobilization.
48. As of mid-July 2024, claims on private sector from the monetary sector stood at Rs.5273 billion, which is approximately 92.0 percent of the gross domestic product (GDP). The total credit flow to the private sector from the entire financial sector is estimated to be around 108 percent of the GDP including the non-banking financial sector.

49. Credit to the private sector is expected to improve in 2024/25 due to the abundant liquidity, declining interest rates, and increasing tourist arrivals underpinned with political stability and a rise in government capital expenditure, which improves the investment environment, thereby boosts the investors' confidence.
50. The ratio of non-performing loans of the BFIs has increased in 2023/24 due to the sluggish domestic demand leading to economic laxity. The ratio of non-performing loans of the BFIs increased 3.98 percent in mid-June 2024 as against 3.02 percent in mid-June 2023. Debt recovery is expected to be easier if the domestic economic activities are improved, problems in savings and credit cooperatives are solved, and the remaining payments from the government are settled.

Monetary Policy Framework for 2024/25

Context and Challenges of Monetary Policy Stance

51. The stability related indicators such as inflation, reserve adequacy, and interest rate all are supportive for growth. Also, BFIs hold large amount of loanable fund. Given the excess liquidity and lower interest rate, there is lesser scope for monetary policy to boost aggregate demand. In this context, any additional loosening of monetary policy to support the growth target might affect financial stability. Thus, the challenge remains to maintain a trade-off between the short-term easing of the monetary policy and ensuring financial stability in the long-term.
52. Central banks around the world have phased out the unconventional policy measures, adopted during the financial crisis of 2008 and the Covid-19 pandemic. The NRB also adopted unconventional policy measures to support for the continuation of the economic activities during Covid-19 crisis, which has now been gradually phased out. It is witnessed that the stakeholders keep expecting to employ such measures time and again for addressing problem arising in the economy. However, the central bank needs to be responsible for fulfilling its primary objective as per the international best practices. The central bank can make efforts to facilitate the economic activities through improved credit flow while maintaining the macroeconomic and financial stability using the monetary, financial, and foreign exchange policies. Effective implementation of other policies and programs is more important to stimulate credit demand and support growth.
53. The Russia-Ukraine war that began before the full recovery of the global economy from the Covid-19 crisis, and the tensions emerged in the Middle East since the first quarter of the previous fiscal year, has been continuing. Disruptions on maritime shipping routes are ongoing. Inflation has remained above the targeted level in the emerging and developing

economies. As a result, majority of the central banks have been continuing the tightened policy stance.

54. The eleven months data of 2023/24 shows the average consumer price inflation to be within the desired level. The GoN's budget for 2024/25 has projected the annual inflation at 5.5 percent. Projecting the inflation at 4.5 percent for 2024/25, the Reserve Bank of India has continued its tightened policy stance aiming to keep inflation at the targeted 4 percent level. Based on the trend analysis of the recent inflation and the inflation outlook in India, Nepal's inflation is projected to be around 5 percent in 2024/25. However, risks of the inflationary pressure still emerging if the prices of essential commodities, such as food and fuel, rise because of the external factors.
55. The global financial crisis of 2008 has taught a lesson that maintaining financial stability requires coordination between the monetary policy and macro-prudential regulations, and it has been observed that the central banks are emphasizing to strengthening the coordination and harmonization between the monetary and macro-prudential policies. The NRB has also been emphasizing on enhancing the coordination and alignment between these policies. Even if the outstanding credit compared to the GDP remains high, there has been lower credit growth over the past two years. On the other hand, loan recovery in the banking system has been affected in the recent months, leading to an increase in the ratio of non-performing loans. In this backdrop, it is necessary to continuously harmonize regulatory policy formulation with monetary policy so as to being cautious for not allowing the pressure to the financial stability from the indicators like capital adequacy.
56. The foreign exchange reserves have remained higher due to the encouraging remittance inflows, a contraction in the imports, and an increase in the tourist arrivals. There is an opportunity to utilize these foreign exchange reserves for the construction of productive physical infrastructure, the establishment of manufacturing industries, import substitution, and export promotion.
57. The public finance is under pressure due to the poor revenue mobilisation in the context of declining and changing structure of import, along with sluggish economic activities. Consequently, the total outstanding public debt has nearly doubled in the last decade, reaching about 42.4 percent of the GDP by mid-July 2024. Although the proposed net domestic borrowing in 2024/25 may not exert pressure to the interest rates when ample liquidity in the banking system avails, it requires the productive use of the public debt.

Operational Framework and Transmission Mechanism of the Monetary Policy

58. While formulating monetary policy, the NRB has been increasingly adopting data-driven approaches, incorporating the newly developed dimensions in monetary policy and international best practices. The monetary policy focuses on managing the liquidity taking the interbank rate as an operating target. The transmission mechanism adopted is influencing the interbank rate through the policy rate thereby to the interest rates of the banking sector. In this context, monetary aggregates such as money supply and credit flow are taken as projections only, but not as the targets.
59. Given the fixed exchange rate of Nepali Rupees with Indian Rupees as a nominal anchor of monetary policy, the exchange rate peg remains as the intermediate target of the monetary policy. While the capital account is closed, the broad money supply growth is also being taken as an intermediate indicator. There is a need to determine a specific medium term inflation target as the ultimate monetary policy goal and allowing two percentage point variations to it, switching from the existing arrangement of projection.
60. The policy rate reflects the monetary stance and the policy direction of the NRB. The monetary policy transmission framework aims at achieving the ultimate goals of the price stability and external sector stability by influencing the weighted average interbank rate through changes in the policy rate, thereby transmitting it to the deposit and lending interest rates.

Monetary Policy Stance

61. The cautiously accommodative stance of the monetary policy has been continued to support economic activities given the comfortable level of foreign exchange reserve and lower inflation.
62. The regulatory measures have been formulated to ensure financial stability by emphasizing on expanding credit to the productive sector and improving the quality of the credit flow.
63. Coordination between monetary policy and regulatory policy has been maintained to facilitate the credit flow without disturbing the macroeconomic stability.

Monetary Policy Framework and Targets

64. The exchange rate peg of the Nepali Rupee vis-a-vis the Indian Rupee as a nominal anchor of the monetary policy has been kept unchanged.
65. Monetary management will be made effective so that monetary expansion will not put pressure on the price level to contain inflation around 5.0 percent.

66. The goal of the monetary policy is to keep the foreign exchange reserves at a level that is sufficient to cover at least 7 months of import of goods and services.
67. Keeping the weighted average interbank rate as an operating target of the monetary policy as it is, automatic and rule-based open market operations will be conducted to keep the interbank rate closer to the policy rate.
68. Liquidity will be managed, and the credit will be channelized towards the productive sector to facilitate attaining the desired growth target. The growth rate of the broad money supply and the credit to the private sector are projected to limit to 12.0 percent and 12.5 percent respectively in 2024/25.

Monetary Measures

69. The bank rate, the upper bound of the interest rate corridor, and the policy rate have been reduced by 50 basis points each to 6.5 percent and 5 percent, respectively. The deposit collection rate, the lower bound of the interest rate corridor, has been kept unchanged.
70. The provision of providing the standing liquidity facility (SLF) at the bank rate has been kept unchanged, and the conditions of accessing the SLF will be eased further.
71. The cash reserve ratio (CRR) and the statutory liquidity ratio (SLR) have been kept unchanged.

Financial Sector and Foreign Exchange Policies for 2024/25

72. Financial stability has been maintained because of the strengthening of the financial sector facilitated by the gradual reforms in the regulation, supervision, and institutional strengthening of the banking system. The number of BFIs has declined significantly due to the consolidation measures including mergers& acquisitions, and capital increments. The NRB needs to be vigilant at the emerging systemic risks when the size of the balance sheets of the BFIs expands, as well as the usage of the modern technologies grows. For this, a full-fledged supervisory information system has been in place to implement the macro-prudential regulations thereby further enhancing the effectiveness of the monitoring and supervision.
73. While the microfinance institutions have been providing services to the low-income individuals of the remote areas and those who lack the access to the banking services, the contribution of this sector has been undermined due to unlawful activities against those institutions. A point to note is that NRB takes regulatory action against the institutions not complying the existing regulatory provisions, and the consumer protection measures have

been in place such that any mistreated customer can file complaints at any time at NRB. Policy measures are introduced to enhance the competitiveness and effectiveness of microfinance services, and to mobilise it for the entrepreneurship development.

74. Substantial progress has been achieved in the payment system modernization in recent years. The development of payment infrastructure and instruments, along with the provision of robust legal and institutional framework, have led to significant growth and diversification in transaction volume, quality, and types of services, among others, resulting in lower transaction costs. NRB has given high priority to facilitate domestic and external payment and interoperability of settlements, while strengthening the cyber security measures.
75. Timely reform on foreign exchange management has been continued. To attract foreign investment, policies and procedures for investment and profit repatriation have been simplified. Similarly, inflow of foreign currencies earned by service providers from Nepal is being facilitated.
76. In line with the monetary policy stance for 2024/25, the following policy provisions have been provisioned related to regulatory measures of the BFIs, foreign exchange management, and payment system strengthening.

Regulation and Supervision

77. The Capital Adequacy Framework for the BFIs will be revised to align with the revision in international standards.
78. A study related to the existing provision in the base rate will be conducted to make monetary transmission more effective and ensure competitiveness in the interest rates on loans.
79. Considering the slowdown in the construction sector, following measures will be implemented to support its recovery:
 - a) The duration of the principal and interest repayment on the loans to the construction business to extend till mid-December 2024.
 - b) The construction business not to be blacklisted solely based on the cheque dishonour until another provision is made.
 - c) A separate arrangement to be made for the off-balance sheet exposure limit of construction business regarding the credit rating requirement provision.

- d) The loan, booked due to claims on guarantees provided to construction business in 2024/25, to be treated like other loans for the purpose of loan classification and loan-loss provision.
 - e) An arrangement to be made where the banking operations of a partner in a joint venture (JV), not be affected due to the blacklisting of any other partners in the same joint venture.
 - f) In case of renewal of the construction period by the GoN, a provision to be made for the renewal of the guarantee provided by the BFIs.
80. Necessary facilitation will be made in loan classification and loan-loss provisioning for the businesses, which are regularly servicing the bank loan, despite the closure of the business due to the unforeseen circumstances.
81. Considering the strain on the capital funds of the BFIs, and with the aim of further aligning monetary policy measures with macro-prudential regulations, following provisions will be made for 2024/25:
- a) Encouraging the utilization of existing capital raising tools and use of new tools.
 - b) Reducing the loan loss provision on pass loans from the existing 1.20 percent to 1.10 percent.
 - c) Revising the risk weight measures applicable to loan purchases and sales, as necessary.
 - d) Increasing the regulatory retail portfolio (RRP) limit from the current Rs.20 million to Rs.25 million.
 - e) Allowing BFIs to include designated components of the regulatory reserve in Tier 2 capital within the Capital Adequacy Framework 2015, provided it does not exceed twice of the core capital.
 - f) Regularly monitoring the impact on the financial system from the arrangement mentioned in (a) to (e) above.
82. The current provision of allowing non-performing loans, to be reclassified as pass loan category only after six months of regularization, will be revised. Under the new arrangement, such loans will initially be categorized as watch-list category for a period of six months before being reclassified as pass loan category.

83. The credit information and blacklisting related circular will be revised so as to update the existing provisions including blacklisting people solely based on cheque dishonour, and freezing the bank account of blacklisted persons being restricted from the banking transactions.
84. Considering the low credit flow witnessed during the past two years of economic slowdown, following arrangements will be made:
 - a) Implementation of deadline for the provision in the working capital guidelines to adjust loans based on the variance analysis will be extended and implemented after 15 July 2024.
 - b) The credit limit of Rs.10 million set for micro, cottage, small and medium enterprises will be reviewed.
85. The provision of not allowing to add more than 2.0 percent premium at the base rate for the loan up to Rs.20 million, extended to the micro, cottage, small, and medium enterprises, will be reviewed by adding additional sectors related to the domestic production, such as agriculture-supporting industries, agricultural tool production, information technology, and tourism.
86. A provision will be made to ensure that private equity and venture capital firms will not be blacklisted if any institution of their equity investment is blacklisted for failing to repay the loan.
87. The NRB will coordinate in the development of a system to harmonize financial statements of borrowers presented to the BFIs and the Tax Information System, as mentioned in the budget statement of GoN for 2024/25.
88. Reporting entities from various high-risk sectors will be integrated into the GoAML system to improve the efficacy of provisions made to prevent money laundering and combat the financing for terrorism.
89. A draft of the Asset Management Act will be prepared and submitted to the GoN to establish an Asset Management Company (AMC) for managing non-performing assets and non-banking assets of the BFIs.
90. An arrangement will be made to allow the BFIs to count their investment on energy-related debentures, including energy bonds issued by the specialised energy sector institutions, to the designated energy sector loan.

91. Considering the increasing use of digital technology at the licensed BFIs from the NRB, a study will be conducted on the use of artificial intelligence in the financial sector, and a guideline related to it will be formulated to identify and mitigate the potential risks.
92. The NRB will facilitate the GoN in formulating necessary laws in establishing a separate mechanism for regulating and supervising the saving and credit cooperatives.
93. An arrangement will be made to allow the BFIs to record the interest due by mid-July 2024 as the income of 2023/24, if it is received by mid-August 2024, under the provision of existing accounting standards.
94. Necessary facilitation will be made to the policies and programs adopted by the GoN to provide loans for studying practical education such as vocational education and other domestically studied medicine, engineering, information technology, and accounting.
95. The NRB has already provided consent to 34 stock brokers to encourage the concept of margin trading and to gradually decrease the lending directly from the BFIs. In the context of the margin trading not being easy and adequately managed, the current cap of Rs.200 million margin loans against the collateral of shares has been scrapped for the institutional investors, primarily established to invest in the capital market.
96. An arrangement will be made to ease the loans against the specified agricultural products as mentioned in the budget statement of the GoN for 2024/25.
97. The BFIs will be encouraged to channel loans towards the sectors contributing to innovation, as outlined in the budget statement of the GoN for 2024/25.
98. An arrangement will be made to provide collateral-free loans to individuals with foreign employment permits, based on the assurance of sending remittances to the bank accounts, as mentioned in the budget statement of the GoN for 2024/25.
99. To help solve the problems in savings and credit cooperatives, as outlined in the budget statement of the GoN for 2024/25, NRB will make necessary facilitation in implementing the provisions to refund the deposit up to Rs.500 thousand of members of the problematic cooperatives, through the collateral-backed loan taken by board members and their closed family members of such cooperatives.
100. The easy and simple access to credit will be facilitated to encourage youth towards entrepreneurship, as per the budget statement of the GoN for 2024/25.

Microfinance

101. The merger and acquisitions of the microfinance financial institutions and their branches will be promoted.
102. Necessary arrangements will be made, based on international best practices, in addressing grievances related to the service delivery of microfinance institutions, and prioritizing consumer welfare protection.
103. There will be a contemporary review of the regulatory provisions regarding the interest rates and service fees on the credit, provided by microfinance financial institutions.
104. Necessary arrangements will be made to restructure the loan of the microfinance customers, unable to repay their dues due to the unforeseen circumstances, after paying the certain percentage of the overdue interest.
105. Additional arrangements will be made to promote microfinance financial institutions to limit their working area only to the certain province or region.
106. Necessary provisions will be made to implement the NFRS in all the NRB-licensed microfinance financial institutions.

Foreign Exchange Management

107. The existing provision of foreign currency exchange, available under the passport facility, will be eased.
108. The existing limit of the exchange facility, available for imports of goods through draft/TT, will be increased from USD 35,000 to USD 50,000.
109. The existing limit of imports through Document Against Payment and Document Against Acceptance will be increased from USD 60,000 to USD 100,000.
110. The expense limit for convertible foreign currency accounts maintained in Nepal will be increased.
111. The existing list of convertible foreign currencies will be revised to further facilitate activities like inward remittances, travel, and trade.
112. The existing arrangements regarding exchange limit on service imports being provided from the BFIs will be eased by setting annual and sectoral limits.

113. To facilitate the payment of the procurements made by agencies of the GoN as per the public procurement laws, the exchange limit for draft/TT will be removed, and more than one payment mode will be allowed.
114. A study will be conducted on the existing provision regarding gold import and its sales. Likewise, existing provisions for silver import will be reviewed as needed.

Payment System

115. The arrangements regarding transactions, conducted by authorized agents of the payment service provider, will be reviewed to make their transactions more transparent, thereby enhancing their corporate governance.
116. The preparation of design characteristics for wholesale CBDC will proceed, based on the study related to central bank digital currencies (CBDC).
117. Necessary infrastructure and institutional structure will be prepared to fully operationalize the national payment switch.
118. A provision will be made where the institutions involved in payment, clearing, and settlement should compulsorily be public limited company.

Miscellaneous

119. Arrangements will be made to conduct the financial literacy program as a campaign through the BFIs, covering the topics such as consumer protection, responsibility of customers towards the BFIs and responsibility of the BFIs towards the customers, credit management, interest rates, comparative analysis of financial services, digital banking, and change in the financial behaviours through financial knowledge and attitude.
120. The publication of the Consumer Price Index and the Salary and Wage Rate Index, considering 2023/24 as the base year, will commence from 2024/25.

Finally,

121. With the implementation of this monetary policy, it is expected to promote the overall macroeconomic stability by maintaining the price and external sector stability along with the financial stability. Likewise, it is also expected, through these policy measures, to achieve the effective financial intermediation; increased financial inclusion; enhanced security, reliability, and modernization in payment system; and the policy being supportive to achieve the economic goals of the GoN.

122. NRB thanks all the stakeholders supporting in formulation of monetary policy for 2024/25, including the agencies of the GoN, organizations related to various businesses and industries, the BFIs, the Monetary Policy Advisory Committee, scholars, media, among others. NRB also expects continuous cooperation from all the stakeholders for the implementation of the policies and programs envisioned in this statement.

* * *

Appendix 1 Projection of Monetary Survey

(Rs. in million)

Monetary aggregates	2021 Jul	2022 Jul	2023 Jul ^E	2024 Jul ^{Proj}	Annual Change					
					2021/22		2022/23		2023/24	
					Amount	Percent	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1151531.6	1457563.1	1987964.7	2137964.7	285633.0	^{/1} 24.8	505000.0	^{/2} 34.6	150000.0	7.5
1.1. Foreign Assets	1304086.8	1633729.1	2159603.0	2322847.7	329642.3	25.3	525873.9	32.2	163244.7	7.6
1.2. Foreign Liabilities	152555.2	176166.1	171638.3	184883.0	23610.9	15.5	-4527.8	-2.6	13244.7	7.7
2. Net Domestic Assets	4393037.2	4707206.0	4947400.5	5629644.3	334567.2	^{/1} 7.6	265596.2	^{/2} 5.6	682243.8	13.8
2.1. Domestic Credit	5674954.4	6175524.6	6587254.5	7574430.6	500570.2	8.8	411729.9	6.7	987176.2	15.0
a. Net Claims on Government	747170.8	1011933.1	1055744.6	1360076.3	264762.3	35.4	43811.5	4.3	304331.7	28.8
b. Claims on Non-Financial Government Enterprises	3783.9	3647.9	3756.4	3942.4	-136.0	-3.6	108.4	3.0	186.1	5.0
c. Claims on Financial Institutions	235000.7	256594.8	279680.9	307584.0	21594.0	9.2	23086.1	9.0	27903.1	10.0
d. Claims on Private Sector	4688998.9	4903348.8	5248072.6	5902827.9	214349.9	4.6	344723.8	7.0	654755.3	12.5
2.2. Net Non-monetary Liabilities	1281917.2	1468318.6	1639854.0	1944786.3	166003.0	^{/1} 12.9	146133.7	^{/2} 10.0	304932.4	18.6
3. Broad Money (M2)	5544568.8	6164769.0	6935365.2	7767609.0	620200.2	11.2	770596.1	12.5	832243.8	12.0
3.1. Money Supply (M1+)	2674292.5	2789073.3	3099661.7	3471334.1	114780.8	4.3	310588.4	11.1	371672.4	12.0
a. Money Supply (M1)	953853.9	950870.3	893818.1	978730.8	-2983.6	-0.3	-57052.2	-6.0	84912.7	9.5
Currency	505902.9	514403.6	568930.4	603066.2	8500.7	1.7	54526.8	10.6	34135.8	6.0
Demand Deposits	447951.0	436466.7	324887.7	375664.6	-11484.4	-2.6	-111579.0	-25.6	50776.9	15.6
b. Saving and Call Deposits	1720438.5	1838203.0	2205843.6	2492603.3	117764.5	6.8	367640.6	20.0	286759.7	13.0
3.2. Time Deposits	2870276.3	3375695.7	3835703.5	4296274.9	505419.4	17.6	460007.7	13.6	460571.4	12.0
4. Broad Money Liquidity (M3)	5602501.5	6237487.2	7010170.6	7848301.3	634985.7	11.3	772683.3	12.4	838130.8	12.0

E=Estimated, Proj= Projection

^{/1} Adjusting the exchange valuation loss of Rs. 20398.44 million^{/2} Adjusting the exchange valuation gain of Rs. 25401.69 million

Annex 2

Progress Matrix of Programs Objectives and Programs Provisioned in Monetary Policy for 2023/24

S.N.	Point No.	Objective/ Program	Implementation Status
1.	74	The policy rate to be determined based on the import capacity of the foreign exchange reserves and the annual inflation target.	On the basis of analysis of different elements of inflation, balance of payment and growth rate in private sector credit, first quarter review of the monetary policy reduced bank rate to 7 percent from 7.5 percent, policy rate to 5.5 percent from 6.5 percent and deposit collection rate to 3.0 percent from 4.5 percent.
2.	75	Based on the status of the operating target, the interbank rate to be kept within the interest rate corridor by proactively conducting open market operations.	Through the active open market operations, monetary instruments were effectively implemented for liquidity absorption. The weighted interbank rate of the BFIs was 2.99 percent on mid-July 2024.
3.	76	The goal of the monetary policy being to keep the foreign exchange reserves at a level that is sufficient to cover at least 7 months' imports of goods and services.	Based on data of eleven months' of 2023/24, the foreign exchange reserve with banking sector is sufficient to import 15.1 months of goods and 12.6 months of goods and services.
4.	77	To contain the inflation within 6.5 percent, monetary management to be conducted so that monetary expansion will not put pressure on the price level.	The monetary management work is being done regularly. Based on the data of eleven months' of 2023/24, the CPI based annual average, and year-on-year inflation remained at 5.62 percent and 4.17 percent respectively on mid-June 2024.
5.	78	The growth rate of the broad money supply and the credit to the private sector from the BFIs projected to be 12.5 percent and 11.5 percent respectively in 2023/24.	During eleven months of 2023/24, broad money increased 9.1 percent. On y-o-y basis, broad money increased 12.7 percent on mid-June 2024. During eleven months of 2023/24, credit to private sector increased 5.1 percent. On y-o-y basis, such credit increased 5.6 percent on mid-June 2024.

S.N.	Point No.	Objective/ Program	Implementation Status
6.	79	Considering the domestic and external economic outlook, the policy rate reduced by 50 basis points to 6.5 percent. Keeping the bank rate unchanged at 7.5 percent, the deposit collection rate reduced to 4.5 percent from 5.5 percent.	Circular issued on July 28, 2023.
7.	80	Secondary open market operations and deposit collection auction to be opened if the weighted average interbank rate, taken as an operating target, becomes higher than the bank rate and lower than the deposit collection rate.	Nepal Rastra Bank Open Market Operation Bylaw and Guidelines were amended and implemented.
8.	82	A provision to be made to provide the standing deposit facility (SDF) at the lower bound of the interest rate corridor in order to make IRC more effective.	The standing deposit facility has been in effect.
9.	89	Necessary amendment process to the existing Banking Offence Act 2007 to be moved forward including the provisions for controlling the non-professional and violent activities affecting the financial sector stability.	The second amendment draft of the Banking Offence and Punishment Act, 2008 has been forwarded to the Ministry of Finance.
10.	90	The directives related to anti-money laundering to be issued based on the suggestions received from the mutual evaluation, among others. The necessary amendments to the related laws and formulation of a national strategy to be facilitated.	Related directives are being timely revised. Amendment of Money Laundering Prevention Act and other related acts for business environment promotion have been done.
11.	91	The limit of the first residential home loan to be increased from Rs.15 million to Rs.20 million.	Circular issued on July 28, 2023.
12.	92	The current provision of providing at least one percentage point additional interest rate by the BFIs for remittance account opened by Nepali people working abroad to be continued.	Regular monitoring is being done.
13.	93	The Working Capital Guideline to be reviewed on the basis of the suggestions received from the BFIs.	Circular issued on August 28, 2023, and August 30, 2023.

S.N.	Point No.	Objective/ Program	Implementation Status
14.	94	Stressed Loan Resolution Framework to be issued by incorporating the measures and procedures to be followed for the loan rescheduling, rehabilitation and other management of the borrowers who are in problem due to the natural disaster or other special circumstances.	Draft has been prepared.
15.	95	Asset Quality Review of commercial banks to be conducted.	Expansion of Interest (EOI) has been published and applications received are under review to appoint the consultant for the Loan Portfolio Review by an Independent International Third-Party Auditor.
16.	95	The guideline for Internal Credit Risk Grading of the BFIs to be formulated and implemented.	The draft of the Internal Credit Risk Grading Guideline for the BFIs is in the approval process.
17.	96	National level development banks to be required to fully comply the Capital Adequacy Framework, 2015.	Circular issued on July 28, 2023.
18.	97	Necessary policy to be formulated to implement the Expected Credit Loss (ECL) Model as per the National Financial Reporting Standards (NFRS).	NFRS 9 – Expected Credit Loss Related Guidelines, 2024 was issued on May 14, 2024.
19.	98	Provisions of lending requirement to the specified sectors to be reviewed by analysing the current situation of the credit flow.	Circular issued on October 5, 2023.
20.	99	As per the budget statement of GoN for 2023/24, the provision of compulsory requirement of the Permanent Account Number (PAN) for the borrowers utilizing credit above the certain limit from the BFIs to be reviewed.	Circular issued on July 28, 2023.
21.	100	Existing investment-related provisions to be reviewed to facilitate the investment of the BFIs to the Private Equity Fund/Venture Capital Fund approved by the Securities Board of Nepal.	Circular issued on October 5, 2023.

S.N.	Point No.	Objective/ Program	Implementation Status
22.	101	Necessary coordination to be made with other related agencies to develop a credit scoring measurement system.	Work has been progressed through the Credit Information Center.
23.	102	As per the budget statement of the GoN for 2023/24, the NRB to facilitate to establish a separate specialised regulatory agency to effectively regulate and supervise saving and credit cooperatives.	Facilitation to be made on the need basis.
24.	103	To facilitate the exchange of information of customers among the BFIs and other payment-related entities, necessary coordination to be made to develop and implement a centralized Know Your Customer (KYC) system by integrating with the National ID being issued by the GoN.	Work has been progressed through Credit Information Center.
25.	104	Financial Corporation Survey to be prepared and published to measure the financial depth by incorporating the balance sheets of microfinance financial institutions, insurance companies, Citizen Investment Trust, Employees Provident Fund, and other non-bank financial institutions, in addition to the BFIs.	Other Financial Corporation Survey/Financial Corporation Survey comprising of financial reports of non-banking institutions such as insurance companies, Citizen Investment Trust and Employee Provident Fund is prepared started to be published on a quarterly basis.
26.	105	Considering the necessity of capable human resources and their performance for the stability of the banking system, a study related to human resource development and management in the banking sector to be conducted. A provision to be made in which individuals should pass the entrance exam to enter the banking service and personnel who have completed certification courses, from institutions like National Banking Institute to get priority for further career development.	Circular issued on October 5, 2023. A study entitled “Human Resource Management Development and Development in Commercial Bank of Nepal” is undergoing with the Tribhuvan University, Central Department of Management.
27.	106	The existing risk weight provisions of margin nature loans, real estate loans and hire purchase loans to be reviewed.	Circular issued on July 28, 2023.
28.	107	Recommendations of the study report prepared by the committee formed to study the problems and suggestions related	Directives have been issued to implement short term recommendations of the study report. Other

S.N.	Point No.	Objective/ Program	Implementation Status
		to microfinance financial institutions to be gradually implemented.	recommendations shall be implemented successively on priority basis.
29.	108	Merger and acquisition of the microfinance financial institutions to be promoted by availing the existing facilities for institutions who commence joint operation by mid-July 2024.	Circular issued on August 17, 2023.
30.	109	Further actions to be taken on the basis of the study done on the issuance of Central Bank Digital Currency.	Separate Central Bank Digital Currency Division has been established under the Payment System Department and works further progressed.
31.	110	Collection of government revenue by using electronic payment instruments in the major public service delivery offices to be facilitated.	Necessary facilitation being provided through payment service providers for managing electronic/digital instruments.
32.	111	The provision of receiving foreign currency through electronic means from the export of information technology and other services to be made more effective.	Circular issued on March 15, 2024.
33.	112	The transactions of the institutions involved in electronic payment to be settled through the system of the NRB by synchronising it in line with the Principles for Financial Market Infrastructure (PFMI).	The synchronisation process is under study.
34.	113	As mentioned in the budget statement of the GoN for 2023/24, necessary amendments to be made to 'Nepal Rastra Bank Foreign Investment and Foreign Debt Management Bylaw' to simplify and facilitate the processes related to foreign investment.	Third amendment to the "Nepal Rastra Bank Foreign Investment and Foreign Debt Management Bylaw" was issued on February 9, 2024.
35.	114	A provision to be made to provide the foreign currency exchange facility through commercial banks up to a certain percentage of their foreign currency earning made by the service exporting industry/businesses like information technology, based on the specified documents. Such a foreign exchange	Circular issued on August 7, 2023.

S.N.	Point No.	Objective/ Program	Implementation Status
		facility to avail to establish contact offices in third countries, to make payments to foreign entities/ transfer the funds to their bank accounts located abroad, and to purchase software or programs and install the equipment.	
36.	115	The existing provisions related to the imports through the draft/TT and DAP/DAA to be reviewed, as necessary.	Circular issued on August 7, 2023.
37.	116	Necessary arrangements to be made to include the items identified by the Nepal Integrated Trade Strategy in the existing lists of items eligible for back-to-back letter of credit facility.	Circular issued on August 7, 2023.
38.	117	The existing provision of providing up to US Dollar 1,500 foreign exchange twice a year as a passport facility to Nepalese travelling abroad other than India to be revised to the US Dollar 2,500.	Circular issued on July 28, 2023.
39.	118	Necessary arrangements to be made to allow the air service providers to pay the various service fees abroad up to one hundred thousand US Dollars or other equivalent convertible foreign currency directly through licensed "A" class commercial banks, on the approval/recommendation of the regulatory body and presenting the other prescribed documents.	Circular issued on August 7, 2023.
40.	119	Since the spread and impact of Covid-19 has diminished, the existing provision of allowing foreign currency denominated loans to be paid in Nepali rupees to be removed.	Circular issued on December 28, 2023.
41.	120	To manage the inherent foreign exchange risks of the external loan taken by the BFIs with the approval of this bank, arrangements to be made to introduce swap and other instruments based on the study done so far.	Bylaw related to the swap transaction has already been approved.

Progress Matrix of Objectives and Programs Provisioned in the First Quarter Review of Monetary Policy for 2023/24

S.N.	Point No.	Objective/ Program	Implementation Status
1.	33	On the basis of analysing distinct factors affecting inflation, balance of payment situation and the conditions of private sector credit growth, the bank rate reduced to 7 percent from 7.5 percent, policy rate to 5.5 percent from 6.5 percent and deposit collection rate to 3.0 percent from 4.5 percent.	Circular issued on December 24, 2023.
2.	34	The provision of considering the debentures issued by the BFIs to count as their 100 percent source of fund till Mid-January 2024 to be reduced to 50 percent and allow to count until mid-July 2024.	Circular issued on December 24 2023.
3.	35	While further enhancing the effectiveness of taking actions to the wilful defaulters, the defaulters due to the unforeseen circumstances to be facilitated by means like allowing to restructure and reschedule the loans. For this, the BFIs to be allowed to restructure loans until mid-April 2024 after recovering ten percent outstanding interest based on the analysis of the applications received from the borrowers in problem. Further, sectors for restructuring to be expanded.	Circular issued on December 24, 2023.
4.	36	For the reconstruction of residential houses damaged due to the earthquake of October 2023, a provisioned that the BFIs should not add more than 2 percent premium on base rate for home loans of up to Rs.2.5 million provided to the families listed as earthquake victims by the GoN or authorities prescribed by the GoN. For this purpose, the BFIs may add additional 10 percent or more to existing loan to value ratio.	Circular issued on December 24, 2023.
5.	37	Arrangements to be made such that the BFIs to be able to allocate up to 40 percent of the amount separated as social responsibility fund from the profit of FY 2022/23 and FY 2023/24to the	Circular issued on December 24, 2023.

S.N.	Point No.	Objective/ Program	Implementation Status
		reconstruction of public schools, public hospitals, and health posts damaged by the earthquake of October 2023.	
6.	38	The risk weight of real estate loans provided by the BFIs and loan against shares of more than Rs.5 million to be reduced to 125 percent.	Circular issued on December 24, 2023.
7.	39	In the case of home loans up to Rs.5 million, the monthly debt-to-income ratio to be increased to 60 percent.	Circular issued on December 24, 2023.
8.	40	The limit of the non-deliverable forward transactions and local remittance transactions to be revised.	The provisions are being studied.
9.	41	The provision of restructuring the loan of the microfinance financial institutions regarding the borrowers who are in regular contact and are not being able to regularise their loan due to unforeseen circumstances to be made, based on the application within mid-April 2023.	Circular issued on December 24, 2023.
10.	42	Monetary Policy Advisory Committee (MPAC) to be formed including external experts for providing suggestions on direction, structure, goals, and tools of the monetary policy.	Monetary Policy Advisory Committee has been formed.

Progress Matrix of Objectives and Programs Provisioned in the Mid-Term Review of Monetary Policy for 2023/24

S.N.	Point No.	Objective/Program	Implementation Status
1.	36	In order to make interest rate corridor effective, Standing Deposit Facility to be implemented from mid-March 2024.	Standing Deposit Facility has been implemented.
2.	37	Provisions to be made allowing for determining the interest rate on institutional fixed deposit to be 1 percentage point lower than the interest rate being provided to individual fixed deposits.	Circular issued on February 22, 2024
3.	38	Arrangements to be made to allow the loan up to Rs.20 million in regulatory retail portfolio extended to the agriculture, small, cottage and medium enterprises.	Circular issued on February 22, 2024

Progress Matrix of Objectives and Programs Provisioned in the Third Quarter Review of Monetary Policy for 2023/24

S.N.	Point No.	Objective/ Program	Implementation Status
1.	37	The provisions of providing standing deposit facility to be reviewed for making interest rate corridor effective.	Nepal Rastra Bank Open Market Operations Related Guidelines” was amended for the fifth time to review the provision of providing standing deposit facility.
2	38	In relation to further strengthening the capital fund of the BFIs, necessary facilitation to be made to introduce additional instruments.	Circular Issued on June 26, 2024.
3	39	The existing provision of 125 percent risk weight of the hire purchase related vehicle loan extended by the BFIs to be reduced to 100 percent.	Circular issued on May 26, 2024.

S.N.	Point No.	Objective/ Program	Implementation Status
4	40	Arrangements to be made to allow the BFIs to sell the investment being more than one year, up to 20 percent of their primary capital in one fiscal year.	Circular issued on May 26, 2024.
5	41	The existing loan loss provision of the BFIs classified as good category to be reduced from 1.25 percent to 1.20 percent.	Circular issued on May 26, 2024.
6	42	For the purpose of purchasing of real estate, debt-to-income ratio to be eased from 50 percent to 70 percent being based on the tax clearance certificate.	Circular issued on May 26, 2024.
7	43	The existing provisions related to the import, and sales and distribution of silver to be reviewed.	The provision is being studied.

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Table 1
Gross Domestic Product
(At 2010/11 Price)

Sectors	Rs. Million						Percentage Change				
	2018/19	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P
Agriculture	614,291.9	629,229.4	647,153.6	662,371.8	680,666.9	701,396.5	2.4	2.8	2.4	2.8	3.0
Agriculture, Forestry and Fishing	614,291.9	629,229.4	647,153.6	662,371.8	680,666.9	701,396.5	2.4	2.8	2.4	2.8	3.0
Non-agriculture	1,494,971.2	1,428,920.0	1,503,343.7	1,601,607.3	1,635,668.6	1,696,929.5	-4.4	5.2	6.5	2.1	3.7
Industry	331,465.1	318,128.7	340,226.8	376,647.1	381,839.0	386,623.5	-4.0	6.9	10.7	1.4	1.3
Mining and quarrying	15,134.0	14,796.6	15,484.7	16,853.5	17,018.3	17,412.0	-2.2	4.7	8.8	1.0	2.3
Manufacturing	124,403.0	113,170.7	122,968.3	131,208.9	128,608.7	126,547.9	-9.0	8.7	6.7	-2.0	-1.6
Electricity, gas, steam and air conditioning supply	23,617.3	28,223.9	29,402.7	44,890.5	53,819.2	63,207.8	19.5	4.2	52.7	19.9	17.4
Water supply; sewerage, waste management and remediation activities	15,509.6	15,842.8	16,056.5	16,550.4	17,087.9	17,566.6	2.1	1.3	3.1	3.2	2.8
Construction	152,801.1	146,094.8	156,314.7	167,143.8	165,304.8	161,889.2	-4.4	7.0	6.9	-1.1	-2.1
Services	1,163,506.1	1,110,791.3	1,163,117.0	1,224,960.2	1,253,829.7	1,310,306.0	-4.5	4.7	5.3	2.4	4.5
Wholesale and Retail Trade; repair of motor vehicle and motorcycle	352,194.0	312,080.5	332,797.5	357,483.4	346,703.7	347,270.0	-11.4	6.6	7.4	-3.0	0.2
Transportation and storage	127,863.0	112,782.8	117,785.2	123,207.1	124,988.1	139,848.8	-11.8	4.4	4.6	1.4	11.9
Accommodation and food service activities	38,348.3	24,245.1	26,846.5	30,219.8	35,668.5	43,459.4	-36.8	10.7	12.6	18.0	21.8
Information and communication	78,084.2	79,661.8	82,589.2	86,046.2	89,619.6	94,023.9	2.0	3.7	4.2	4.2	4.9
Financial Intermediation	112,666.7	112,273.8	117,504.1	125,629.1	134,756.7	145,268.7	-0.3	4.7	6.9	7.3	7.8
Real state activities	168,268.8	171,766.2	176,516.2	179,546.1	183,457.9	188,932.2	2.1	2.8	1.7	2.2	3.0
Professional, scientific and technical activities	19,183.8	19,475.9	19,769.0	20,460.8	21,264.4	22,146.7	1.5	1.5	3.5	3.9	4.1
Administration and support service activities	14,972.1	15,299.6	15,650.9	15,898.4	16,698.0	17,372.3	2.2	2.3	1.6	5.0	4.0
Public Administration and Defence; compulsory social security	95,865.1	101,768.6	105,212.5	109,507.5	115,801.5	121,005.0	6.2	3.4	4.1	5.7	4.5
Education	120,060.1	123,903.8	128,759.7	134,760.4	140,055.5	143,844.7	3.2	3.9	4.7	3.9	2.7
Human health and social work activities and other service activities	26,142.6	27,501.9	29,315.7	31,366.1	33,427.1	35,271.2	5.2	6.6	7.0	6.6	5.5
Other economic activities	9,857.3	10,031.3	10,370.4	10,835.2	11,388.7	11,863.2	1.8	3.4	4.5	5.1	4.2
Gross Domestic Product (GDP) at basic price	2,109,263.1	2,058,149.4	2,150,497.4	2,263,979.1	2,316,335.6	2,398,326.0	-2.4	4.5	5.3	2.3	3.5
Taxes less subsidies on products	230,479.6	226,150.3	244,320.1	265,698.1	262,734.7	280,510.2	-1.9	8.0	8.7	-1.1	6.8
Gross Domestic Product (GDP)	2,339,742.7	2,284,299.3	2,394,817.5	2,529,677.2	2,579,070.3	2,678,836.1	-2.4	4.8	5.6	2.0	3.9

R= Revised Estimate

P= Preliminary Estimate

Source: National Statistics Office Nepal

Table 2
Gross Domestic Product

(At Current Price)

Sectors	Rs. Million						Percentage Change				
	2018/19	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P
Agriculture	832,887.3	862,518.0	958,494.8	1,040,815.7	1,133,329.0	1,216,647.6	3.6	11.1	8.6	8.9	7.4
Agriculture, Forestry and Fishing	832,887.3	862,518.0	958,494.8	1,040,815.7	1,133,329.0	1,216,647.6	3.6	11.1	8.6	8.9	7.4
Non-agriculture	2,509,593.3	2,566,006.5	2,756,438.5	3,215,168.9	3,605,611.7	3,833,444.7	2.2	7.4	16.6	12.1	6.3
Industry	502,072.9	468,484.6	513,254.6	606,205.9	644,691.2	656,721.1	-6.7	9.6	18.1	6.3	1.9
Mining and quarrying	21,998.7	20,442.9	20,448.3	23,253.6	24,024.8	23,821.2	-7.1	0.0	13.7	3.3	-0.8
Manufacturing	192,230.4	174,013.8	207,444.2	240,470.8	244,514.7	246,036.2	-9.5	19.2	15.9	1.7	0.6
Electricity, gas, steam and air conditioning supply	33,859.2	40,374.8	42,046.6	64,280.9	76,987.9	91,430.9	19.2	4.1	52.9	19.8	18.8
Water supply; sewerage, waste management and remediation activities	19,724.3	20,123.5	20,727.6	21,092.3	21,775.7	22,420.8	2.0	3.0	1.8	3.2	3.0
Construction	234,260.4	213,529.6	222,587.8	257,108.3	277,388.1	273,012.0	-8.8	4.2	15.5	7.9	-1.6
Services	2,007,520.4	2,097,521.9	2,243,183.9	2,608,963.1	2,960,920.5	3,176,723.6	4.5	6.9	16.3	13.5	7.3
Wholesale and Retail Trade; repair of motor vehicle and motorcycle	543,044.8	514,977.1	579,684.2	670,328.9	667,638.8	698,775.1	-5.2	12.6	15.6	-0.4	4.7
Transportation and storage	215,796.7	180,322.9	196,380.4	257,062.5	318,738.7	367,686.5	-16.4	8.9	30.9	24.0	15.4
Accommodation and food service activities	75,650.3	50,432.6	58,778.9	68,230.1	92,682.0	122,325.8	-33.3	16.5	16.1	35.8	32.0
Information and communication	74,121.7	76,955.8	82,692.8	88,002.2	92,741.3	98,010.5	3.8	7.5	6.4	5.4	5.7
Financial Intermediation	207,134.3	241,945.0	253,284.5	289,598.5	333,679.7	344,345.0	16.8	4.7	14.3	15.2	3.2
Real state activities	295,714.4	322,955.8	333,612.0	354,183.4	390,560.8	420,491.9	9.2	3.3	6.2	10.3	7.7
Professional, scientific and technical activities	32,722.3	35,351.4	37,098.2	40,771.9	45,326.6	49,915.3	8.0	4.9	9.9	11.2	10.1
Administration and support service activities	25,471.0	27,770.9	29,120.9	30,389.6	33,060.5	36,029.7	9.0	4.9	4.4	8.8	9.0
Public Administration and Defence; compulsory social security	218,570.6	276,659.6	287,656.3	373,328.0	472,495.9	486,387.0	26.6	4.0	29.8	26.6	2.9
Education	251,585.8	288,459.3	296,664.0	337,838.5	395,230.2	429,438.5	14.7	2.8	13.9	17.0	8.7
Human health and social work activities and other service activities	49,775.8	60,328.1	65,278.5	74,163.1	90,992.7	94,288.9	21.2	8.2	13.6	22.7	3.6
Other economic activities	17,932.9	21,363.3	22,933.3	25,066.5	27,773.4	29,029.6	19.1	7.3	9.3	10.8	4.5
Gross Domestic Product (GDP) at basic price	3,342,480.7	3,428,524.4	3,714,933.3	4,255,984.6	4,738,940.7	5,050,092.3	2.6	8.4	14.6	11.3	6.6
Taxes less subsidies on products	516,449.7	460,179.2	637,616.9	720,573.1	609,586.9	654,752.1	-10.9	38.6	13.0	-15.4	7.4
Gross Domestic Product (GDP)	3,858,930.4	3,888,703.7	4,352,550.2	4,976,557.7	5,348,527.6	5,704,844.4	0.8	11.9	14.3	7.5	6.7

R= Revised Estimate

P= Preliminary Estimate

Source: National Statistics Office Nepal

Table 3
Gross National Income, Investment and Saving

(At Current Prices)

Sectors	Rs. Million						Percent of GDP				
	2018/19	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P	2019/20	2020/21	2021/22	2022/23 ^R	2023/24 ^P
Consumption	3,268,382.6	3,666,294.8	4,075,168.9	4,648,915.5	4,952,326.6	5,270,387.4	94.3	93.6	93.4	92.6	92.4
Government consumption	313,233.1	352,617.2	359,260.0	418,656.0	355,555.6	359,002.5	9.1	8.3	8.4	6.6	6.3
Private consumption	2,896,379.6	3,246,421.7	3,639,525.7	4,141,515.7	4,498,356.6	4,804,075.0	83.5	83.6	83.2	84.1	84.2
Non-profit institutions serving households	58,769.9	67,255.9	76,383.2	88,743.8	98,414.3	107,310.0	1.7	1.8	1.8	1.8	1.9
Gross Capital Formation	1,596,776.8	1,183,732.3	1,530,513.2	1,873,367.8	1,693,273.5	1,741,478.7	30.4	35.2	37.6	31.7	30.5
Gross Fixed Capital Formation	1,304,902.2	1,184,857.7	1,276,857.2	1,442,210.2	1,341,255.4	1,394,905.7	30.5	29.3	29.0	25.1	24.5
Government	221,875.4	206,829.6	270,683.9	295,886.9	396,088.6	400,099.2	5.3	6.2	5.9	7.4	7.0
Government enterprise	99,681.7	93,025.0	61,161.7	66,867.7	79,984.1	97,832.6	2.4	1.4	1.3	1.5	1.7
Private	983,345.0	885,003.1	945,011.6	1,079,455.5	865,182.7	896,973.9	22.8	21.7	21.7	16.2	15.7
Change in stock	291,874.6	(1,125.4)	253,656.1	431,157.7	352,018.0	346,573.0	0.0	5.8	8.7	6.6	6.1
Total Domestic Demand	4,865,159.4	4,850,027.1	5,605,682.1	6,522,283.3	6,645,600.1	7,011,866.1	124.7	128.8	131.1	124.3	122.9
Export of goods and services	300,222.3	264,637.9	222,814.5	333,548.3	371,992.5	453,083.3	6.8	5.1	6.7	7.0	7.9
Import of goods and services	1,600,282.6	1,326,575.9	1,651,124.0	2,103,641.2	1,855,000.4	1,922,322.8	34.1	37.9	42.3	34.7	33.7
Net exports of goods and services	-1300060.3	-1061938.0	-1428309.5	-1770092.9	-1483008.0	-1469239.5	-27.3	-32.8	-35.6	-27.7	-25.8
Gross Domestic Product (GDP)	3,858,930.4	3,888,703.7	4,352,550.2	4,976,557.7	5,348,527.6	5,704,844.4	100.0	100.0	100.0	100.0	100.0
Net factor income	39,915.5	45,953.6	23,285.5	28,839.5	62,367.5	87,430.8	1.2	0.5	0.6	1.2	1.5
Gross National Income (GNI)	3,898,845.9	3,934,657.3	4,375,835.8	5,005,397.2	5,410,895.1	5,792,275.2	101.2	100.5	100.6	101.2	101.5
Net transfer	994,785.1	982,221.3	1,071,352.0	1,117,876.8	1,348,482.0	1,540,562.9	25.3	24.6	22.5	25.2	27.0
Gross National Disposable Income	4,893,631.1	4,916,878.5	5,447,187.8	6,123,274.1	6,759,377.2	7,332,838.1	126.4	125.1	123.0	126.4	128.5
Gross Domestic Saving	590,547.8	222,408.9	277,381.4	327,642.2	396,201.0	434,457.0	5.7	6.4	6.6	7.4	7.6
Gross National Saving	1,625,248.5	1,250,583.7	1,372,018.9	1,474,358.6	1,807,050.5	2,062,450.7	32.2	31.5	29.6	33.8	36.2

*R=Revised estimate**P=Preliminary estimate**Source: National Statistics Office Nepal*

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

Mid- month	2020/21		2021/22		2022/23		2023/24	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
August	136.48	3.49	142.42	4.35	154.19	8.26	165.79	7.52
September	137.62	4.52	142.42	3.49	154.73	8.64	167.41	8.19
October	137.58	3.79	143.42	4.24	155.60	8.50	167.27	7.50
November	138.19	4.05	146.54	6.04	158.38	8.08	166.91	5.38
December	136.39	2.93	146.09	7.11	156.87	7.38	164.63	4.95
January	137.10	3.56	144.84	5.65	155.36	7.26	163.52	5.26
February	136.34	2.70	144.85	6.24	156.26	7.88	164.10	5.01
March	136.41	3.03	146.15	7.14	157.02	7.44	164.58	4.82
April	137.35	3.10	147.34	7.28	158.77	7.76	166.09	4.61
May	138.54	3.65	149.44	7.87	160.51	7.41	167.58	4.40
June	139.14	4.19	151.04	8.56	161.36	6.83	168.09	4.17
July	140.33	4.19	151.67	8.08	162.95	7.44	0.0	0.0
Annual Average	137.62	3.60	146.32	6.32	157.64	7.74	166.0*	5.62*

* Eleven Months Avarage

Table 5
Monetary Survey

(Rs. in million)

Monetary Aggregates	2022 Jul	2023 Jun	2023 Jul (R)	2024 Jun (P)	Changes during eleven months			
					2022/23		2023/24	
					Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1151335.5	1394178.2	1457557.2	1908629.8	224899.9 ^{1/}	19.5	425670.9 ^{2/}	29.2
1.1 Foreign Assets	1304086.8	1574767.4	1633729.1	2073393.9	270680.6	20.8	439664.7	26.9
1.2 Foreign Liabilities	152751.3	180589.2	176171.9	164764.1	27837.9	18.2	-11407.9	-6.5
a. Deposits	58128.7	73249.6	72724.0	74792.2	15120.9	26.0	2068.2	2.8
b. Other	94622.6	107339.6	103447.9	89971.9	12717.0	13.4	-13476.0	-13.0
2. Net Domestic Assets	4393037.2	4575706.5	4707206.0	4818677.1	200612.2 ^{1/}	4.6	136872.8 ^{2/}	2.9
2.1 Domestic Credit	5674954.3	6065333.5	6175524.6	6416276.5	390379.3	6.9	240751.9	3.9
a. Net Claims on Government	747170.7	884220.3	1011933.1	911153.1	137049.6	18.3	-100779.9	-10.0
Claims on Government	971587.8	1052502.4	1077292.8	1162702.2	80914.6	8.3	85409.4	7.9
Government Deposits	224417.1	168282.1	65359.7	251549.1	-56135.0	-25.0	186189.4	284.9
b. Claims on Non-Financial Government Enterprises	3783.9	3844.8	3647.9	3623.5	60.8	1.6	-24.4	-0.7
c. Claims on Other Financial Institutions	235000.7	246909.2	256594.8	273883.2	11908.5	5.1	17288.4	6.7
Government	1564.5	1045.3	1045.5	1207.1	-519.2	-33.2	161.7	15.5
Non-Government	233436.3	245863.9	255549.3	272676.0	12427.7	5.3	17126.7	6.7
d. Claims on Private Sector	4688998.9	4930359.3	4903348.8	5227616.7	241360.4	5.1	324267.9	6.6
2.2 Net Non-Monetary Liabilities	1281917.1	1489627.0	1468318.6	1597599.5	189767.1 ^{1/}	14.8	103879.1 ^{2/}	7.1
3. Broad Money (M2)	5544372.7	5969884.8	6164763.2	6727306.8	425512.0	7.7	562543.7	9.1
3.1 Money Supply (a+b), M1+	2674292.5	2650508.6	2789073.3	3062951.0	-23783.9	-0.9	273877.7	9.8
a. Money Supply (M1)	953853.9	934167.5	950870.3	875439.0	-19686.4	-2.1	-75431.3	-7.9
Currency	505902.9	502801.8	514403.6	564380.0	-3101.0	-0.6	49976.4	9.7
Demand Deposits	447951.0	431365.7	436466.7	311059.0	-16585.4	-3.7	-125407.7	-28.7
b. Saving and Call Deposits	1720438.5	1716341.1	1838203.0	2187512.0	-4097.5	-0.2	349309.0	19.0
3.2 Time Deposits	2870080.3	3319376.2	3375689.9	3664355.8	449295.9	15.7	288665.9	8.6
4. Broad Money Liquidity (M3)	5602501.5	6043134.4	6237487.2	6802099.0	440632.9	7.9	564611.8	9.1

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

17942.8 million

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

25401.7 million

R= Revised, P = Provisional

Table 6
Monetary Survey
(Year on Year)

(Rs. in million)

Monetary aggregates	2022 Jun	2023 Jun	2024 Jun (P)	Changes			
				2022/23		2023/24	
				Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1120179.9	1394178.2	1908629.8	273998.3	24.5	514451.6	36.9
1.1 Foreign Assets	1265901.1	1574767.4	2073393.9	308866.3	24.4	498626.5	31.7
1.2 Foreign Liabilities	145721.2	180589.2	164764.1	34867.9	23.9	-15825.1	-8.8
a. Deposits	65685.5	73249.6	74792.2	7564.1	11.5	1542.6	2.1
b. Other	80035.7	107339.6	89971.9	27303.9	34.1	-17367.7	-16.2
2. Net Domestic Assets	4266818.2	4575706.5	4818677.1	308888.3	7.2	242970.5	5.3
2.1 Domestic Credit	5571777.6	6065333.5	6416276.5	493555.9	8.9	350943.0	5.8
a. Net Claims on Government	572529.1	884220.3	911153.1	311691.1	54.4	26932.8	3.0
Claims on Government	924441.7	1052502.4	1162702.2	128060.7	13.9	110199.8	10.5
Government Deposits	351912.6	168282.1	251549.1	-183630.5	-52.2	83267.0	49.5
b. Claims on Non-Financial Government Enterprises	3635.1	3844.8	3623.5	209.7	5.8	-221.2	-5.8
c. Claims on Other Financial Institutions	236263.0	246909.2	273883.2	10646.2	4.5	26974.0	10.9
Government	1485.6	1045.3	1207.1	-440.3	-29.6	161.9	15.5
Non-Government	234777.4	245863.9	272676.0	11086.5	4.7	26812.1	10.9
d. Claims on Private Sector	4759350.3	4930359.3	5227616.7	171009.0	3.6	297257.4	6.0
2.2 Net Non-Monetary Liabilities	1304959.4	1489627.0	1597599.5	184667.6	14.2	107972.5	7.2
3. Broad Money (M2)	5386998.1	5969884.8	6727306.8	582886.6	10.8	757422.1	12.7
3.1 Money Supply (a + b), M1+	2549108.6	2650508.6	3062951.0	101400.0	4.0	412442.5	15.6
a. Money Supply (M1)	940234.7	934167.5	875439.0	-6067.2	-0.6	-58728.5	-6.3
Currency	513399.4	502801.8	564380.0	-10597.5	-2.1	61578.2	12.2
Demand Deposits	426835.4	431365.7	311059.0	4530.3	1.1	-120306.7	-27.9
b. Saving and Call Deposits	1608873.9	1716341.1	2187512.0	107467.1	6.7	471171.0	27.5
3.2 Time Deposits	2837889.5	3319376.2	3664355.8	481486.6	17.0	344979.6	10.4
4. Broad Money Liquidity (M3)	5452683.7	6043134.4	6802099.0	590450.7	10.8	758964.7	12.6

P = Provisional

Table 7
Structure of Interest Rate

(Percent per annum)

Year	2021 Jul	2023 Jun	2023 Jul	2023 Oct	2024 Jan	2024 Apr	2024 Jun	2024 Jul
A. Policy Rates								
Fixed Repo Rate	5.50	7.00	7.00	6.50	5.50	5.50	5.50	5.50
Fixed Deposit Collection Rate/ Standing Deposit Facility	4.00	5.50	5.50	4.50	3.00	3.00	3.00	3.00
Standing Liquidity Facility (SLF) Rate [^]	7.00	7.50	7.50	7.50	7.00	7.00	7.00	7.00
Bank Rate	7.00	7.50	7.50	7.50	7.00	7.00	7.00	7.00
Overnight Liquidity Facility rate	-	7.00	7.00	6.50	5.50	5.50	5.50	5.50
B. Refinance Rates								
Special Refinance	2.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00
General Refinance	5.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00
Micro, Small and Medium Enterprise (MSME) Refinance	4.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00
Export Credit in Foreign Currency [#]	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75	One Year Benchmark Interest+0.75
C. CRR								
Commercial Banks	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Development Banks	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance Companies	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
D. Government Securities								
T-bills (28 days)*	10.14	7.56	4.39	3.23	2.44	2.71	2.80	2.97
T-bills (91 days)*	10.66	9.07	6.35	4.94	3.37	3.00	2.99	3.00
T-bills (182 days)*	10.64	9.05	6.55	5.39	3.95	3.05	3.04	3.04
T-bills (364 days)*	10.19	8.55	7.00	5.87	4.38	3.29	3.20	3.19
Development Bonds	2.65-9.20	2.65-10.93	2.65-10.93	2.65-10.93	2.65-10.93	2.65-10.93	2.65-10.93	2.65-10.93
National/Citizen SCs	8.5-10.0	9.0-11.5	9.0-11.5	9.0-11.5	9.0-11.5	9.0-11.5	9.0-11.5	9.0-11.5
E. Interest Rates (Commercial Banks)								
Weighted Average Interbank Rate	6.99	6.68	2.98	2.24	2.83	3.07	2.95	2.99
Weighted Average Deposit Rate	7.41	7.99	7.86	7.90	7.32	6.53	6.17	-
Weighted Average Lending Rate	11.62	12.53	12.30	12.11	11.38	10.55	10.15	-
Average Base Rate	9.54	10.18	10.03	9.94	9.35	8.51	8.17	-
F. Interest Rates (Development Banks)								
Weighted Average Deposit Rate	-	9.45	9.14	9.36	8.55	7.58	7.07	-
Weighted Average Lending Rate	-	14.47	14.10	13.91	13.14	12.17	11.63	-
Average Base Rate	-	12.47	12.15	12.30	11.49	10.41	9.96	-
G. Interest Rates (Finance Companies)								
Weighted Average Deposit Rate	-	10.18	9.79	10.19	9.62	8.82	8.28	-
Weighted Average Lending Rate	-	15.06	14.82	14.61	14.09	13.36	12.85	-
Average Base Rate	-	13.55	13.41	13.65	12.77	12.02	11.46	-
H. Weighted Average Interbank Rate (BFIs)								
	7.01	6.69	3.14	2.26	2.86	3.10	2.95	2.99

* Weighted average interest rate.

[#] 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 (€STER).

Table 8
Monetary Management

(Rs. In million)

Particulars	2021/22	2022/23	2023/24
A. Liquidity Injection	9,702,410.0	5,518,186.2	804,762.6
1. Repo	270,000.0	316,500.0	-
2. Outright purchase	55,915.9	89,700.0	-
3. Repo Auction *	206,388.0	97,972.6	-
4. Standing Liquidity Facility	9,170,106.1	2,727,112.3	1,200.0
5. Overnight Liquidity Facility	-	2,286,901.3	803,562.6
B. Liquidity Absorption	60,000.0	108,200.0	4,673,600.0
1. Reverse Repo	28,350.0	88,200.0	-
2. Outright Sale	-	-	-
3. Deposit collection auction	31,650.0	20,000.0	1,151,250.0
4. Deposit collection auction*	-	-	-
5. Standing Deposit Facility [#]	-	-	3,522,350.0
C. Net liquidity			
Injection(+)/Absorption(-)	9,642,410.0	5,409,986.2	(3,868,837.4)

* Transaction under interest rate corridor

[#]Effective from March 2024.

Table 9
Repo Auction

(Rs. in million)

Mid-month	Repo Auction (7-Days)				Repo Auction (14-Days)				Repo Auction (45-Days)			
	2022/23		2023/24		2022/23		2023/24		2022/23		2023/24	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	30,000.0	8.38	-	-	-	-	-	-	-	-	-	-
September	20,000.0	8.45	-	-	20,000.0	8.46	-	-	-	-	-	-
October	30,000.0	8.45	-	-	30,000.0	8.54	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	27,700.0	8.48	-	-	-	-	-	-
January	-	-	-	-	20,000.0	8.34	-	-	50,000.0	8.10	-	-
February	-	-	-	-	3,800.0	7.59	-	-	-	-	-	-
March	-	-	-	-	50,000.0	8.19	-	-	-	-	-	-
April	-	-	-	-	35,000.0	7.46	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
Total	80,000.0	8.42	-	-	186,500.0	8.18	-	-	50,000.0	8.10	-	-

*Weighted average interest rate.

Table 10
Outright Purchase Auction

(Rs. in million)

Mid-month	2022/23		2023/24	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-
September	14,850.0	8.90	-	-
October	28,850.0	8.47	-	-
November	28,500.0	8.37	-	-
December	11,650.0	7.57	-	-
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	5,850.0	7.89	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
Total	89,700.0	8.36	-	-

*Weighted average interest rate.

Table 11
Reverse Repo Auction

(Rs. in million)

Mid-month	7-Days				10-Days				14-Days			
	2022/23		2023/24		2022/23		2023/24		2022/23		2023/24	
	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)	Amount	Interest Rate* (%)
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-
January	-	-	-	-	-	-	-	-	-	-	-	-
February	5,000.0	4.33	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	23,200.00	3.73	-	-	20,000.00	5.06	-	-	40,000.0	2.46	-	-
Total	28,200.0	3.84	-	-	20,000.0	5.06	-	-	40,000.0	2.46	-	-

*Weighted average interest rate.

Table 12
Deposit Collection Auction

(Rs. in million)

Mid-month	7 Days				13 Days				14 Days				21 Days				29 Days			
	2022/23		2023/24		2022/23		2023/24		2022/23		2023/24		2022/23		2023/24		2022/23		2023/24	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	75,000.00	1.6	-	-	25,000.00	1.4	-	-	27,250.00	1.2	-	-	-	-	-	-	-	-
January	-	-	37,650.00	2.9	-	-	-	-	-	-	133,350.00	2.8	-	-	17,300.00	3.1	-	-	-	-
February	-	-	65,000.00	3.0	-	-	-	-	-	-	162,500.00	3.1	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	50,000.00	2.8	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	50,000.00	2.5	-	-	50,000.00	2.6	-	-	-	-
May	-	-	32,700.00	3.0	-	-	-	-	-	-	18,450.00	3.0	-	-	-	-	-	-	-	-
June	-	-	58,350.00	3.0	-	-	-	-	-	-	257,750.00	3.0	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	90,000.00	3.1	-	-	950.00	3.0	20,000.00	3.8	-	-
Total	-	-	268,700.0	2.59	-	-	25,000.00	1.39	-	-	789,300.00	2.90	-	-	68,250.0	2.74	20,000.0	3.83	-	-

*Weighted average interest rate.

Table 13
Standing Deposit Facility, Overnight Repo and Standing Liquidity Facility

Mid-month	Standing Deposit Facility ^{\$}				Overnight Repo			
	2022/23		2023/24		2022/23		2023/24	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	-	-	19,381.5	7.00	-	-
September	-	-	-	-	22,188.5	7.00	-	-
October	-	-	-	-	17,089.5	7.00	-	-
November	-	-	-	-	15,205.6	7.00	-	-
December	-	-	-	-	9,632.7	7.00	-	-
January	-	-	-	-	6,887.8	7.00	-	-
February	-	-	-	-	520.0	7.00	-	-
March	-	-	566,800.00	3.00	4,867.0	7.00	-	-
April	-	-	301,550.00	3.00	1,670.0	7.00	-	-
May	-	-	519,500.00	3.00	530.0	7.00	-	-
June	-	-	257,450.00	3.00	-	-	-	-
July	-	-	1,877,050.00	3.00	-	-	-	-
Total	-	-	3,522,350.0	3.00	97,972.6	7.00	-	0.00

*Weighted average interest rate.

Table 14
Overnight Liquidity Facility

(Rs. Million)

Mid-month	2022/23		2023/24	
	Amount	Interest Rate * (%)	Amount	Interest Rate * (%)
August	-	-	235,093.2	6.50
September	-	-	126,062.4	6.50
October	-	-	1,100.0	6.50
November	-	-	150,650.0	6.50
December	-	-	-	5.50
January	4,693.4	8.50	1,000.0	5.50
February	29,111.6	8.50	7.0	5.50
March	481,865.8	7.00	47,500.0	5.50
April	702,957.4	7.00	232,600.0	5.50
May	499,454.7	7.00	9,500.0	5.50
June	303,788.2	7.00	50.0	5.50
July	265,030.2	7.00	-	0.00
Total	2,286,901.3	7.02	803,562.6	6.14

*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	mid-July			Percent Change	
	2022	2023	2024	2022/23	2023/24
Total Expenditure	1262350.3	1379199.8	1351900.4	9.3	-2.0
Recurrent	937684.0	987325.5	0.0	-	-
Capital	206268.6	224290.4	0.0	-	-
Financial	118397.7	167583.9	0.0	-	-
Total Resources	998684.0	887418.2	969821.1	-11.1	9.3
Revenue and Grants	950179.1	834115.7	945968.0	-12.2	13.4
Revenue	1066346.5	953930.6	1058896.4	-10.5	11.0
Federal Government	938278.5	834059.6	932026.0	-11.1	11.7
Provincial and Local government (Transfer)	128068.0	119871.0	126870.4	-6.4	5.8
Foreign Grants	11900.6	56.1	13942.0	-99.5	24743.1
Previous Year's Cash Balance & Beruju	48504.9	53302.5	23853.1	9.9	-55.2
Deficits(-) Surplus(+)	-263666.3	-491781.6	-382079.4	-86.5	22.3
Sources of Financing	312858.0	345675.5	339239.9	10.5	-1.9
Internal Loans	219620.5	248738.3	245692.8	13.3	-1.2
Domestic Borrowings	231303.0	255997.7	234421.4	10.7	-8.4
(i) Treasury Bills	103916.6	153610.0	55000.0	47.8	-64.2
(ii) Development Bonds	124500.0	100000.0	179000.0	-19.7	79.0
(iii) National Savings Certificates	0.0	0.0	0.0	-	-
(iv) Citizen Saving Certificates	2829.8	2361.3	369.8	-	-84.3
(v) Foreign Employment Bond	56.7	26.4	51.6	-53.4	95.5
Overdrafts++	0.0	0.0	0.0	-	-
Others@	-11682.5	-7259.4	11271.4	37.9	255.3
Principal Refund and Share Divestment	2938.5	11814.1	6101.0	302.0	-48.4
Foreign Loans	90299.0	85123.1	87446.1	-5.7	2.7
Total available resources of Federal government	49191.7	-146106.1	-42839.5	-397.0	-70.7
Expenses of Provincial government	185629.1	204631.6	184023.9	10.2	-10.1
Sources of provincial government	201318.4	199551.0	193900.3	-0.9	-2.8
i. Grants and revenue from federal government	153359.3	148734.9	145090.8	-3.0	-2.5
ii. Revenue and receipt	47959.1	50816.1	48809.5	6.0	-3.9
Provincial government budget defecits(-) Surplus (+)	15689.3	-5080.6	9876.4	-132.4	294.4
Deposit in Local government account	-51720.0	-4712.5	67289.8	-90.9	-1527.9
Balance in government fund account	6863.8	-3158.2	-412.3	146.0	-86.9
V. A. T. Fund Account	-141.1	5.7	455.7	-104.0	7894.7
Customs Fund Account	2624.3	-2708.6	562.4	-203.2	-120.8
Reconstruction Fund Account	0.0	0.0	0.0	-	-
Others**	4380.6	-455.3	-1430.4	110.4	214.2
Current Balance (-Surplus)	20024.8	-159057.4	33914.5	-894.3	-121.3

* GBO includes the federal government data only, whereas revenue mobilization 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	
		2022	2023	2024	2022/23	2023/24
1	Treasury Bills	354508.0	457815.6	403692.3	103307.5	-54123.3
	a. Nepal Rastra Bank	15128.3	45352.7	0.0	30224.4	-45352.7
	b. Commercial Banks	323987.7	353185.1	376175.2	29197.4	22990.1
	c. Development Banks	10760.0	25026.9	14707.9	14266.9	-10319.0
	d. Finance Companies	4132.0	2060.0	5509.1	-2072.0	3449.1
	e. Others	500.0	32190.9	7300.0	31690.9	-24890.9
2	Development Bond	620447.0	656447.0	761947.0	35999.9	105500.1
	a. Nepal Rastra Bank	33457.0	24949.0	16484.0	-8508.1	-8465.0
	b. Commercial Banks	504842.5	538322.0	641530.6	33479.5	103208.6
	c. Development Banks	58225.4	66520.6	79234.4	8295.2	12713.8
	d. Finance Companies	18050.4	17968.7	16971.0	-81.7	-997.7
	e. Others	5871.7	8686.6	7727.0	2815.0	-959.6
3	National Saving Bond	0.0	0.0	0.0	0.0	0.0
	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
4	Citizen Saving Bond	9140.0	10750.3	11120.1	1610.3	369.8
	a. Nepal Rastra Bank	3001.4	3901.2	3906.4	899.9	5.2
	b. Commercial Banks	0.0	0.0	447.9	0.0	447.9
	c. Development Banks	0.0	0.0	32.5	0.0	32.5
	d. Finance Companies	0.0	0.0	13.0	0.0	13.0
	e. Others	6138.6	6849.1	6720.3	710.5	-128.8
5	Foreign Employment Bond	190.2	175.4	227.0	-14.8	51.6
	a. Nepal Rastra Bank	3.0	6.5	6.5	3.5	0.0
	b. Others	187.2	168.9	220.5	-18.3	51.6
6	Total Domestic Debt	984285.2	1125188.3	1176986.4	140903.1	51798.0
	a. Nepal Rastra Bank	51589.7	74209.4	20396.9	22619.7	-53812.6
	b. Commercial Banks	828830.2	891507.1	1018153.7	62676.9	126646.6
	c. Development Banks	68985.4	91547.6	93974.8	22562.1	2427.3
	d. Finance Companies	22182.4	20028.7	22493.1	-2153.7	2464.4
	e. Others	12697.5	47895.5	21967.8	35198.0	-25927.6
7	Balance at NRB (Overdraft (+)/Surplus(-))	-224417.1	-65359.7	-99274.2	159057.4	-33914.5
8	GDP to Total Domestic Debt Ratio (Percent)	19.8	21.0	20.6		

Source: Public Debt Management Office

Table 17
Net Domestic Borrowing of Government of Nepal

(Rs. In million)

	Mid-July, 2021		Mid-July, 2022		Mid-July, 2023		Mid-July, 2024	
	Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP	Amount	Percent of GDP
A Gross Domestic Borrowing	224009.2	5.1	231303.0	4.6	255997.7	4.8	234421.4	4.1
Treasury Bills	90000.0	2.1	103916.6	2.1	153610.0	2.9	55000.0	1.0
Development Bond	130000.0	3.0	124500.0	2.5	100000.0	1.9	179000.0	3.1
National Saving Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Citizen Saving Bond	3953.9	0.1	2829.8	0.1	2361.3	0.0	369.8	0.0
Foreign Employment Bond	55.2	0.0	56.7	0.0	26.4	0.0	51.6	0.0
B Domestic Loan Payment	36901.1	0.8	47330.4	1.0	115094.8	2.2	182623.3	3.2
Treasury Bills	25626.6	0.6	29000.0	0.6	50302.5	0.9	109123.3	1.9
Development Bond	6000.0	0.1	18000.0	0.4	64000.0	1.2	73500.0	1.3
National Saving Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Citizen Saving Bond	5000.0	0.1	285.7	0.0	751.1	0.0	0.0	0.0
Foreign Employment Bond	274.5	0.0	44.7	0.0	41.2	0.0	0.0	0.0
C Net Domestic Borrowing (A-B)	187108.0	4.3	183965.2	3.7	140902.9	2.6	51798.1	0.9
Treasury Bills	64373.4	1.5	74916.6	1.5	103307.5	1.9	-54123.3	-0.9
Development Bond	124000.0	2.8	106500.0	2.1	36000.0	0.7	105500.0	1.8
National Saving Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Citizen Saving Bond	-1046.1	0.0	2544.1	0.1	1610.2	0.0	369.8	0.0
Foreign Employment Bond	-219.3	0.0	4.6	0.0	-14.8	0.0	51.6	0.0
D Gross Domestic Product	4352550.2	100.0	4976557.7	100.0	5348527.6	100.0	5704844.4	100.0

Table 18
Direction of Foreign Trade*

(Rs. in million)

	Annual		Eleven Months			Percent Change	
	2021/22	2022/23 ^R	2021/22	2022/23 ^R	2023/24 ^P	2022/23	2023/24
TOTAL EXPORTS	200031.0	157140.7	185837.0	143586.5	139261.7	-22.7	-3.0
To India	155222.3	106686.4	145901.3	98973.9	94516.3	-32.2	-4.5
To China	808.8	1765.8	739.1	1527.7	2409.8	106.7	57.7
To Other Countries	43999.9	48688.5	39196.6	43085.0	42335.5	9.9	-1.7
TOTAL IMPORTS	1920448.4	1611731.8	1763223.1	1480981.1	1453704.2	-16.0	-1.8
From India	1200152.7	1027847.5	1100903.7	937833.7	908299.2	-14.8	-3.1
From China	264783.7	222715.9	244211.4	202371.8	272811.7	-17.1	34.8
From Other Countries	455511.9	361168.3	418108.0	340775.6	272593.3	-18.5	-20.0
TOTAL TRADE BALANCE	-1720417.4	-1454591.1	-1577386.1	-1337394.6	-1314442.5	-15.2	-1.7
With India	-1044930.4	-921161.1	-955002.4	-838859.8	-813782.9	-12.2	-3.0
With China	-263975.0	-220950.1	-243472.4	-200844.1	-270401.9	-17.5	34.6
With Other Countries	-411512.0	-312479.8	-378911.4	-297690.6	-230257.7	-21.4	-22.7
TOTAL FOREIGN TRADE	2120479.3	1768872.5	1949060.1	1624567.7	1592965.9	-16.6	-1.9
With India	1355375.0	1134533.9	1246805.0	1036807.6	1002815.5	-16.8	-3.3
With China	265592.5	224481.7	244950.5	203899.4	275221.5	-16.8	35.0
With Other Countries	499511.8	409856.8	457304.6	383860.6	314928.8	-16.1	-18.0
1. Ratio of export to import	10.4	9.7	10.5	9.7	9.6		
India	12.9	10.4	13.3	10.6	10.4		
China	0.3	0.8	0.3	0.8	0.9		
Other Countries	9.7	13.5	9.4	12.6	15.5		
2. Share in total export							
India	77.6	67.9	78.5	68.9	67.9		
China	0.4	1.1	0.4	1.1	1.7		
Other Countries	22.0	31.0	21.1	30.0	30.4		
3. Share in total import							
India	62.5	63.8	62.4	63.3	62.5		
China	13.8	13.8	13.9	13.7	18.8		
Other Countries	23.7	22.4	23.7	23.0	18.8		
4. Share in trade balance							
India	60.7	63.3	60.5	62.7	61.9		
China	15.3	15.2	15.4	15.0	20.6		
Other Countries	23.9	21.5	24.0	22.3	17.5		
5. Share in total trade							
India	63.9	64.1	64.0	63.8	63.0		
China	12.5	12.7	12.6	12.6	17.3		
Other Countries	23.6	23.2	23.5	23.6	19.8		
6. Share of export and import in total trade							
Export	9.4	8.9	9.5	8.8	8.7		
Import	90.6	91.1	90.5	91.2	91.3		

* Based on customs data

P= Provisional

R= Revised

Table 19
Summary of Balance of Payments

(Rs. in million)

Particulars	2021/22		2022/23		2023/24 ^P	Percentage Change During Eleven months	
	Eleven Months	Annual	Eleven Months	Annual	Eleven Months	2021/22	2022/23
A. Current Account	-592140.4	-623376.5	-79525.2	-72158.4	200392.9	-86.6	-
Goods: Exports f.o.b.	194722.2	211464.7	167751.6	183631.0	165005.4	-13.9	-1.6
Oil	6906.3	8068.5	15206.4	16019.5	12275.7	120.2	-19.3
Other	187816.0	203396.2	152545.2	167611.5	152729.7	-18.8	0.1
Goods: Imports f.o.b.	-1720357.9	-1873440.1	-1454610.2	-1582793.5	-1430839.6	-15.4	-1.6
Oil	-286117.8	-327073.5	-278526.2	-305572.9	-266309.2	-2.7	-4.4
Other	-1434240.1	-1546366.6	-1176084.0	-1277220.6	-1164530.4	-18.0	-1.0
Balance on Goods	-1525635.6	-1661975.4	-1286858.6	-1399162.5	-1265834.2	-15.7	-1.6
Services: Net	-99502.0	-108117.5	-77149.3	-83845.4	-58064.2	-22.5	-24.7
Services: credit	108813.2	122083.7	171051.4	188361.5	225446.2	57.2	31.8
Travel	29876.6	32447.2	57553.0	61522.7	76554.4	92.6	33.0
Government n.i.e. (credit)	8874.3	9526.2	10072.1	11484.0	20191.9	13.5	100.5
Other	70062.3	80110.2	103426.3	115354.8	128699.8	47.6	24.4
Services: debit	-208315.1	-230201.2	-248200.7	-272206.9	-283510.4	19.1	14.2
Transportation	-84981.8	-92230.5	-76413.0	-81880.3	-67471.4	-10.1	-11.7
Travel	-87033.4	-97322.9	-130022.1	-144458.7	-175159.1	49.4	34.7
O/W Education	-59993.5	-67701.6	-89182.4	-100423.3	-117005.8	48.7	31.2
Government n.i.e. (debit)	-1670.8	-1754.5	-1778.2	-1875.8	-1542.1	6.4	-13.3
Other	-34629.1	-38893.3	-39987.4	-43992.2	-39337.8	15.5	-1.6
Balance on Goods and Services	-1625137.6	-1770092.9	-1364007.9	-1483008.0	-1323898.4	-16.1	-2.9
Income: Net	24195.5	28839.5	54664.1	62367.5	81230.7	125.9	48.6
Income: credit	48826.7	57494.0	86859.7	96171.1	116589.8	77.9	34.2
Income: debit	-24631.2	-28654.5	-32195.6	-33803.6	-35359.2	30.7	9.8
Balance on Goods, Services and Income	-1600942.1	-1741253.3	-1309343.8	-1420640.5	-1242667.7	-18.2	-5.1
Transfers: Net	1008801.7	1117876.8	1229818.6	1348482.0	1443060.7	21.9	17.3
Current transfers: credit	1015882.3	1125595.3	1236167.4	1356265.8	1449400.4	21.7	17.2
Grants	50360.8	54707.4	55012.9	59429.5	56304.3	9.2	2.3
Workers' remittances	906917.3	1007306.9	1112526.1	1220559.5	1327508.0	22.7	19.3
Pensions	57015.8	61962.1	68068.8	75242.9	63309.0	19.4	-7.0
Other (Indian Excise Refund)	1588.4	1618.9	559.5	1033.9	2279.0	-64.8	-
Current transfers: debit	-7080.6	-7718.5	-6348.8	-7783.7	-6339.7	-10.3	-0.1
B. Capital Account (Capital Transfer)	9491.8	9992.4	7351.5	7541.7	5461.0	-22.5	-25.7
Total, Groups A plus B	-582648.6	-613384.1	-72173.7	-64616.8	205853.9	-87.6	-
C. Financial Account (Excluding Group E)	281873.3	328142.5	223124.8	259762.5	112875.7	-20.8	-49.4
Direct investment in Nepal	17350.1	18560.3	4647.5	5961.3	8162.2	-73.2	75.6
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	-	-
Other investment: assets	-17916.9	-14062.5	-1995.6	-7406.1	-12072.6	-88.9	-
Trade credits	-18107.2	-14255.6	-2288.9	-7704.1	-12058.3	-87.4	-
Other	190.4	193.0	293.3	298.1	-14.3	54.1	-
Other investment: liabilities	282440.1	323644.7	220472.9	261207.3	116786.2	-21.9	-47.0
Trade credits	107071.8	118482.6	121947.9	127998.7	85762.0	13.9	-29.7
Loans	111246.3	134010.0	70687.2	109788.0	42432.0	-36.5	-40.0
General Government	79524.3	92601.8	39739.4	85452.2	26788.9	-50.0	-32.6
Drawings	96491.2	122017.7	72937.6	119860.0	64597.0	-24.4	-11.4
Repayments	-16966.9	-29415.9	-33198.2	-34407.8	-37808.1	95.7	13.9
Other sectors	31722.0	41408.2	30947.8	24335.7	15643.2	-2.4	-49.5
Currency and deposits	27862.0	34591.1	26095.5	21075.1	-10984.4	-6.3	-
Nepal Rastra Bank	-43.6	-43.7	16.2	46.3	-22.3	-	-
Deposit money banks	27905.6	34634.8	26079.2	21028.8	-10962.1	-6.5	-
Other liabilities	36260.0	36561.0	1742.4	2345.5	-423.4	-95.2	-
Total, Group A through C	-300775.3	-285241.6	150951.0	195145.8	318729.6	-	111.1
D. Miscellaneous Items, Net	92220.3	104030.9	101786.7	114098.1	95533.4	10.4	-6.1
Total, Group A through D	-208555.0	-181210.7	252737.7	309243.9	414263.0	-	63.9
E. Reserves and Related Items	208555.0	181210.7	-252737.7	-309243.9	-414263.0	-	63.9
Reserve assets	208555.0	181210.7	-252737.7	-309243.9	-414263.0	-	63.9
Nepal Rastra Bank	198933.4	186042.6	-252740.2	-275295.6	-393546.1	-	55.7
Deposit money banks	9621.6	-4831.9	2.4	-33948.2	-20717.0	-100.0	-
Use of Fund Credit and Loans	0.0	0.0	0.0	0.0	0.0	-	-
Changes in reserve net (- increase)	272677.0	252362.8	-224899.9	-285823.2	-425670.9	-	89.3

P= Provisional

Table 20
Gross Foreign Assets of the Banking Sector

(Rs. in million)

	Mid-July 2022	Mid-June 2022	Mid-July 2023	Mid-June 2024 ^P	Percent Change	
					Mid-July To Mid-June	
					2022/23	2023/24
A. Nepal Rastra Bank (1+2)	1144679.3	1415141.1	1440143.2	1858977.4	23.6	29.1
1. Gold, SDR, IMF Reserve Position	88284.7	93892.5	94366.7	106203.0	6.4	12.5
2. Foreign Exchange Reserve	1056394.6	1321248.6	1345776.4	1752774.4	25.1	30.2
Convertible	783819.6	996047.9	1013087.8	1326094.2	27.1	30.9
Inconvertible	272575.0	325200.7	332688.6	426680.2	19.3	28.3
B. Bank and Financial Institutions *	159407.5	159626.3	193586.0	214416.5	0.1	10.8
Convertible	144563.9	145045.7	179573.0	201823.0	0.3	12.4
Inconvertible	14843.6	14580.6	14013.0	12593.5	-1.8	-10.1
C. Gross Foreign Exchange Reserve	1215802.2	1480874.9	1539362.4	1967190.9	21.8	27.8
Convertible	928383.5	1141093.5	1192660.8	1527917.2	22.9	28.1
Share in total (in percent)	763.6	770.6	774.8	776.7	-	-
Inconvertible	287418.7	339781.4	346701.6	439273.7	18.2	26.7
Share in total (in percent)	236.4	229.4	225.2	223.3	-	-
D. Gross Foreign Assets (A+B)	1304086.8	1574767.4	1633729.1	2073393.9	20.8	26.9
Import Capacity in Months	0.0	0.0	0.0	0.0		
Gross Foreign Exchange Reserve	0.0	0.0	0.0	0.0		
Merchandise	77.9	112.0	116.7	151.2	-	-
Merchandise and Services	69.4	95.7	99.6	126.2	-	-
Gross Foreign Assets	0.0	0.0	0.0	0.0		
Merchandise	83.5	119.1	123.9	159.4	-	-
Merchandise and Services	74.4	101.7	105.7	133.0	-	-
E. Foreign Liabilities	152751.3	180589.2	176171.9	164764.1	18.2	-6.5
F. Net Foreign Assets(D-E)	1151335.5	1394178.2	1457557.2	1908629.8	21.1	30.9
G. Change in NFA (before adj. ex. val.)**	220360.2	-242842.7	-306221.7	-451072.6	-	-
H. Exchange Valuation	32002.6	17942.8	20398.4	25401.7	-	-
I. Change in NFA (6+7)***	252362.8	-224899.9	-285823.2	-425670.9	-	-
Period-end Buying Rate (Rs/USD)	127.8	131.4	131.5	133.7		

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			
	2022/23						2023/24						2022/23		2023/24	
	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	319.2	40,532.5	-	-	319.2	40,532.5	463.7	61,222.6	-	-	463.7	61,222.6	33,402.1	420.0	19,793.6	240.0
September	470.2	59,928.6	-	-	470.2	59,928.6	314.1	41,649.1	-	-	314.1	41,649.1	39,866.0	500.0	16,617.6	200.0
October	410.3	53,583.2	-	-	410.3	53,583.2	478.5	63,672.2	-	-	478.5	63,672.2	8,237.6	100.0	23,304.0	280.0
November	318.1	41,818.0	-	-	318.1	41,818.0	497.3	66,224.7	-	-	497.3	66,224.7	27,966.9	340.0	24,978.7	300.0
December	598.9	78,491.3	-	-	598.9	78,491.3	526.1	70,122.2	-	-	526.1	70,122.2	37,615.9	460.0	30,002.6	360.0
January	641.3	84,542.3	-	-	641.3	84,542.3	475.6	63,247.8	-	-	475.6	63,247.8	38,050.2	460.0	36,606.1	440.0
February	513.2	67,379.2	-	-	513.2	67,379.2	435.8	57,863.9	-	-	435.8	57,863.9	26,190.1	320.0	28,228.8	340.0
March	426.7	56,257.8	-	-	426.7	56,257.8	532.7	70,617.8	-	-	532.7	70,617.8	39,686.5	480.0	24,869.8	300.0
April	573.0	75,281.6	-	-	573.0	75,281.6	539.8	71,925.6	-	-	539.8	71,925.6	37,823.2	460.0	24,967.4	300.0
May	472.9	61,949.2	-	-	472.9	61,949.2	480.6	64,139.3	-	-	480.6	64,139.3	26,230.2	320.0	38,386.7	460.0
June	512.9	67,651.9	-	-	512.9	67,651.9	586.1	78,188.5	-	-	586.1	78,188.5	36,302.7	440.0	35,020.1	420.0
July	190.7	25,084.5	-	-	190.7	25,084.5	558.6	74,600.7	-	-	558.6	74,600.7	21,359.4	260.0	31,645.0	379.0
Total	5,447.3	712,500.3	-	-	5,447.3	712,500.3	5,888.8	783,474.4	-	-	5,888.8	783,474.4	372,730.8	4,560.0	334,420.4	4,019.0



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