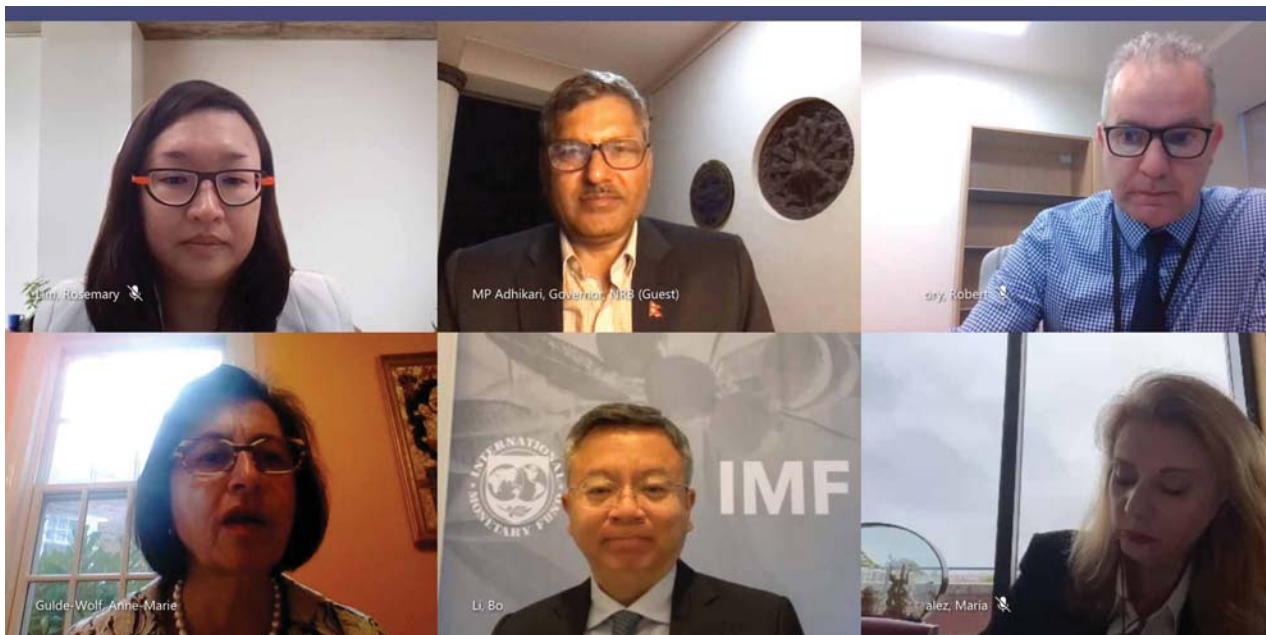


Governor Mr. Adhikari Participated in Annual Meeting of IMF/World Bank's Group



Governor Mr. Maha Prasad Adhikari participated the joint annual meeting of the International Monetary Fund/World Bank Group. He participated in the annual meeting held through virtual medium from October 7 to 19, 2021.

Governor Mr. Adhikari had a bilateral courtesy meeting with Mr. Bo Lee, Deputy Managing Director of the IMF on October 12, 2021. Global, regional and economic situation of Nepal was discussed during the meeting.

In addition, the delegation of Nepal Rastra Bank (NRB) had participated in a seminar on the topic of 'The Digital Money Revolution' on October 15, 2021. Dr. Kristalina Georgieva, Managing Director of IMF, Mr. Benoit Coeure, Head of BIS Innovation Hub and Mr. Ishwor Prasad, Professor of Cornell University expressed their views on Central Bank Digital Currencies, Private Money, Stable Coins and Crypto assets.

Similarly, Mr. Martin Wolf, Chief Economist at

the Financial Times, was also the commentator of the event. Bilateral discussion was held on the topic 'Ending the Pandemic: the road to inclusive recovery' on October 12 and 'Debate on Global Economy' during the meeting. In addition, the representatives from Economic Research Department and Office of the Governor had participated in a virtual program titled 'APD High-Level Meeting on Regional Economic Outlook'.

SAARCFINANCE Chair Transferred to Nepal Rastra Bank.



SAARCFINANCE Chair has been transferred to Nepal Rastra Bank effective from November 16, 2021.

NRB Governor will chair the SAARCFINANCE for the next one year as decided by 42nd SAARCFINANCE Governors' Group Meeting held on November 15, 2021 on the basis of rotation. The virtual meeting organized by Maldives Monetary Authority was attended by the Governor, Deputy Governor and other officials from Nepal Rastra Bank, Bangladesh Bank, Royal Monetary Authority of Bhutan, Reserve Bank of

India, Maldives Monetary Authority, State Bank of Pakistan and Central Bank of Sri Lanka.

Mr. Ali Hasim, Governor of Maldives Monetary Authority, who is also the Chairman of SAARCFINANCE, addressed welcome remarks in the meeting. During the meeting, SAARCFINANCE Governors' discussed the current situation of economic and financial sector, balance of payments, foreign exchange reserves, inflation, credit flow, liquidity management, electronic payments, human resource development,

hydropower, tourism and other issues of common interest and cooperation. The SAARCFINANCE Member Governors and Deputy Governors briefed the participants on the overall economic situation of their countries.

On behalf of Nepal, Governor Adhikari briefed about the Macro Surveillance Indicators (MSI) of Nepal. The meeting was also briefed on the progress made so far on 'Prospects of Central Bank Digital Currency (CBDC) in SAARC Region' led by Nepal Rastra Bank for SAARCFINANCE

Collaborative Study.

At the end of the meeting, the SAARCFINANCE Member Governors and Deputy Governors expressed their thanks to Mr. Ali Hasim, the Governor of Maldives Monetary Authority for

his successful tenure and congratulated to Mr. Adhikari, Governor of NRB and wished him all the best, for his tenure, as SAARCFINANCE Chair. Deputy Governors Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur

Mishra, Executive Directors Dr. Nephil Matang Maskay, Dr. Prakash Kumar Shrestha; Directors Dr. Ram Sharan Kharel and Mr. Narayan Prasad Pokhrel along with other NRB officials had participated in the meeting.

IMF Mission Chief Mr. Gregory meets to Governor Mr. Adhikari

The Chief of the International Monetary Fund's (IMF) mission in Nepal, Mr. Robert Gregory, paid a courtesy call with Governor Maha Prasad Adhikari on October 25, 2021.

During the meeting, held at the office of the Governor, the discussions focused on the Extended Credit Facility (ECF), audit and other issues to be taken up by the Government of Nepal. During the meeting, Mission Chief Mr. Gregory briefed to Governor Mr. Adhikari on the ECF related discussions with officials from various government agencies. In this regard, the chief of the mission, Mr. Gregory said the IMF had a provision that the central bank's audit of the member countries requesting the ECF should be done by an international auditor.



Governor Mr. Adhikari said that the annual audit of NRB could be done by an international organization only by amending the prevailing legal system of Nepal. However, non-affiliated organizations such as The Institute of Chartered Accountants of Nepal (ICAN) also have an arrangement to conduct special audits in addition to the annual audit of NRB. They also discussed the financial sector stability reviews.

On the occasion, Deputy Governors Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur Mishra, Executive Directors Dr. Nephil Matangi Maskey and Dr. Prakash Kumar Shrestha, directors Dr. Ram Sharan Kharel and Mr. Narayan Prasad Pokhrel were also attended. Also, IMF Senior Resident Representative Mr. Lewis E. Brewer and IMF Mission Member Ms. Sarah Sion were in attendance.

Interaction with Economic Journalists Rising Imports Put Pressure on Liquidity: Governor Mr. Adhikari



Governor Mr. Maha Prasad Adhikari has said that there is lack of liquidity in the market due to the recent increase in the volume of imports.

He made that remarks in an interaction program with economic journalists organized by the Office of the Governor on December 22. "Recently, there has been a huge increase in the volume of imports. Banks and Financial Institutions invested the same amount. But the deposit could not be collected accordingly. Its pressure is obviously on liquidity." Governor Mr. Adhikari said.

Governor Mr.

Adhikari said that NRB was continuing its efforts for short-term and long-term policy measures to address the liquidity crisis. He informed that NRB has provided facilities like standing liquidity facility, refinancing, open market transactions to reduce the liquidity crisis.

Governor Adhikari urged not to view the tightening of LC margin as an 'import ban'. "It discourages imports of non-essential items. At the same time, we expect that the trend of importing items and storing these for years will end, and only essential items will be imported to the market." He

said.

Mentioning that the NRB has made efforts for the stability of the financial sector, Governor Mr. Adhikari said that suggestions have been made to the government on issues beyond its jurisdiction. He said that the NRB is closely monitoring the declining foreign exchange reserves.

On the occasion, Executive Director of Economic Research Department, Dr. Prakash Kumar Shrestha presented a working paper on the current economic situation and the policy arrangements adopted by NRB in financial management. He also



informed about the steps taken by NRB for inflation, interest rate, import-export and balance of payments situation, foreign exchange reserves, liquidity situation and liquidity management.

Along with Governor Mr. Adhikari, Executive Directors Mr. Dev Kumar Dhakal, Dr. Prakash Kumar Shrestha, Mr. Ramu Poudel and Acting Executive Director, Mr. Guru Prasad Poudel answered the queries of the journalists while Deputy Governor Mr. Bam

Bahadur Mishra facilitated the interaction session.

President of Nepal Bankers Association; Mr. Anil Kumar Upadhyay, President of Development Bankers Association of Nepal; Mr. Pradyuman Pokhrel, President of Nepal Financial Institutions Association Mr. Saroj Kaji Tuladhar and President of Nepalese Association of Financial Journalists (NAFIJ) Mr. Modnath Dhakal expressed their views. On the

occasion, Deputy Governor Dr. Neelam Dhungana Timsina expressed her closing remarks with vote of thanks.

Executive Director of Bank Supervision Department; Dr. Gunakar Bhatta expressed a welcome address and explained the purpose of the program while Assistant Director of Office of the Governor; Mrs. Srijana Chhetri conducted the program.

NRB Released Quarterly Review of Monetary Policy

Nepal Rastra Bank (NRB) has released its quarterly review of monetary policy for the fiscal year 2021-22. NRB has released review on November 26, 2021 through

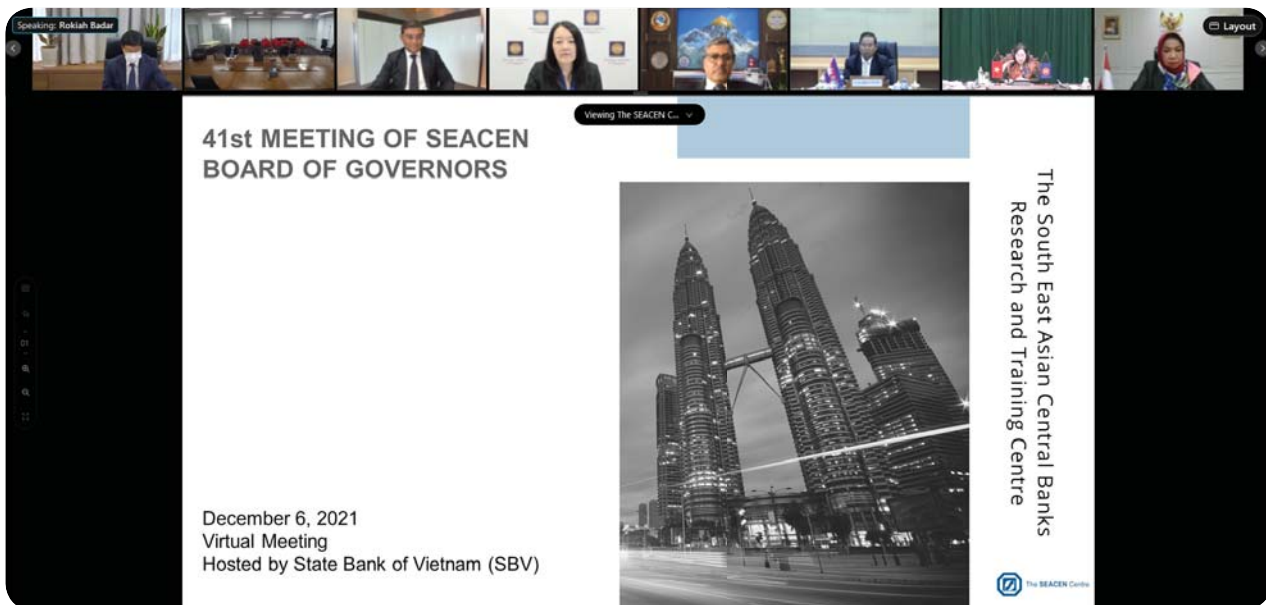
a virtual press conference.

Concluding that the post-COVID economic recovery has accelerated, the flow of credit and imports has increased at a higher rate, it has been

stated that the policy direction of monetary policy will be maintained keeping in view the need to manage the growing credit demand, increase the scope

Continued on page 7

Governor Mr. Adhikari Participated in 41st Group Meeting of the SEACEN Board of Governors' & 57th SEACEN Governors' Conference/High-Level Seminar



Governor Mr. Maha Prasad Adhikari participated in 41st Group Meeting of The South East Asian Central Banks Research and Training Center (the SEACEN Center) Board of Governors' and 57th SEACEN Governors' Conference/High-Level Seminar on December 6, 2021 organized by State Bank of Vietnam. The meeting and high-level seminar was chaired by Governor Mr. Nguyen Thi Hong, Governor of State Bank of Vietnam.

During the meeting, the participating Governors/

Managing Directors discussed on the proposed program, budget, strategic plan related to Information and Communication Technology (ICT) and other issues of the SEACEN Center for the upcoming year. Similarly, the topic of 'Digitalization of the Financial System - Implications for Central Banks' was discussed in the 57th SEACEN Governors' Conference/High Level Seminar organized by The SEACEN Center.

Mr. Naveen Mellela, Global Head of Coin Systems, Onyx

by J.P. Morgan and Mr. Jason Ekberg, partner of Oliver Wyman had jointly expressed their views on 'Block Chain Technology Redefining Banking and Digitalization of Money and Payments' in the first session of the seminar. Jason Ekberg, partner of Morgan sf Global Head, Naveen Mellela / Oliver Wyman, shared their views. Similarly, Mr. Iswor Prasad, professor of Cornell University shared his views on 'The Future of Money: How the Digital Revolution is Transforming Currencies and Finance'. Gillian Tett



of The Financial Times, Editorial Board, was the commentator for the session.

In the second session of the seminar, Mr. Agustin Carstens, General Manager of Bank for International Settlements (BIS), Mr. Eddie Yue, Executive Director of Hong Kong Monetary Authority, Mr. Benjamin Diokno, Governor

of The Bangko Sentral ng Pilipinas, Mr. Adrian Orr, Governor of Reserve Bank of New Zealand, Mr. Perry Warjiyo, Governor of Bank Indonesia and other participants discussed on the subject matters of the seminar. Professor Mr. Douglas Arner of the University of Hong Kong was the commentator on the second session of the

discussion.

Deputy Governor Dr. Neelam Dhungana Timsina, Executive Director Dr. Nephil Matangi Maskay, directors Mr. Kiran Pandit, Mr. Nischal Adhikari, Mr. Narayan Prasad Pokhrel and other officials were attended during the 41st Board of Governors meeting and the 57th high level seminar.

NRB Released Quarterly

of resource mobilization and prevent shortage of resources in productive activities. In addition, it is mentioned in the policy that monetary management will be made effective keeping in view the pressure on the recent balance of payments and possible pressure on inflation.

The existing Cash Reserve Ratio (CRR), Bank Rate and Statutory Liquidity Ratio (SLR) mentioned in the monetary policy have been kept unchanged. An arrangement has been made for the Banks and Financial Institutions (BFIs) to maintain the Credit-to-Deposit ratio within the assigned limits by mid-July 2022 after the approval of

the Board of Directors.

In view of the existing situation of foreign exchange reserves, it has been mentioned in the review that it is mandatory to keep cash margin while opening the import letter of credit for the specified items. The existing limits of Documents against payment and Document against acceptance will be reviewed. Similarly, arrangements will be made to provide exchange facility for importing silver only up to the maximum exchange facility of the amount provided, while importing through Draft/TT.

The review stated that arrangements will be made for commercial banks

to issue bank guarantee if Nepali firms and companies related to commercial agriculture, manufacturing industry, infrastructure construction and tourism want to take institutional loan from abroad. The existing arrangements, including interest rates and fees for foreign currency loans, will be reviewed. The review stated that the arrangement for collection of foreign currency deposits from Non-Resident Nepali (NRN) and NRN affiliated foreign institutions will be simplified and the existing limit on non-deliverable forward trading of foreign currency will be reviewed.

Interaction with Former Governor of India and Bangladesh



Office of the Governor organized an interaction program in Kathmandu on November 26 in the presence of Dr. D. Subbarao and Dr. Atiur Rahaman, former governor of Reserve Bank of India (RBI) and Bangladesh Bank (BB).

The program was attended by Governor Mr. Maha Prasad Adhikari, Deputy Governors Dr. Neelam Dhungana Timsina and Bam Bahadur Mishra along with Executive Directors and Directors of NRB

On the occasion, former Governor of Bangladesh Bank Dr. Rahman presented a working paper on 'Developmental Central Banking: The Bangladesh Experience'. He discussed the role of the central bank, which has

changed since the global economic downturn in 2008, the impact of COVID in Bangladesh and the efforts being made for its recovery and the policy arrangements adopted by the Bangladesh Bank in its economic development. He also talked about the development of digital banking, microfinance program, and practice of agent banking and the future direction of the central bank in Bangladesh.

On the occasion, Dr. Subbarao, former Governor of RBI, presented a working paper on 'Dilemmas in Central Banking Experiences from the Reserve Bank of India'. He also discussed the role of the central bank in financial crisis, monetary policy, communication, exchange rate and regulatory management and the dilemmas seen in it.

Welcoming the gathering, Governor Mr. Maha Prasad Adhikari discussed Nepal's economic and trade relations with Bangladesh and India and expressed his gratitude for the presence of the two former governors in the interaction. On the occasion, he informed about the efforts made by the central bank for the revival of the economy which had downturned with the COVID epidemic. Governor Adhikari also discussed about the expansion of digital banking and financial services in Nepal.

In her concluding remarks, Deputy Governor Dr. Timsina expressed policy measures adopted by the NRB to mitigate the impact of the COVID epidemic on the financial sector.

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