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First Himalaya Shumsher Memorial Lecture Concludes



The "First Himalaya Shumsher Memorial Lecture" program was held in Kathmandu on September 24, 2024. The program was organized in honor of the Late Himalaya Shumsher JBR, the founding Governor of Nepal Rastra Bank.

Addressing the program as the Guest speaker, the Governor of Reserve Bank of India (RBI), Shri Shaktikanta Das, presented a memorial lecture on "Central Banking in the 21st Century: Changing Paradigm." During the session, he shared his views on the evolving paradigm of central banking in the 21st century, the role of RBI in improving India's economic fundamentals over the last five years, and challenges faced by central banks.

He briefly discussed the policy measures taken by central banks in the context of the 2008 global financial crisis and the post-COVID economy. He highlighted the need to prioritize financial stability alongside price stability for overall macroeconomic stability. Governor Das emphasized that monetary policy should give attention to promote economic growth without adversely affecting the central bank's primary objective of achieving price stability. Additionally, he stressed the importance of effective coordination between monetary and fiscal policies for the overall improvement of the country's economy.

Governor Das mentioned

that central banks have the option of choosing both traditional and unconventional monetary tools to address financial crises and recent economic challenges. He also expressed the view that central banks have increasingly been adopting macroprudential regulatory measures to maintain financial stability. Moreover, he emphasized the importance of central bank communication, stating that an effective communication mechanism helps address expectations regarding monetary policy.

On the occasion, he discussed the challenges arising from climate change, geopolitical tensions, technology-driven developments, and the use of artificial intelligence,



emphasizing the need to focus on innovation alongside various policy measures to address these issues.

During the program, Governor Mr. Maha Prasad Adhikari delivered the welcome address and shed light on the concept of the 'Himalaya Shumsher Memorial Lecture' program. He mentioned the global changes in the financial system due to the recent development of information technology and innovation, expressing the view that the role of the central bank in maintaining overall economic stability has become increasingly important. He also expressed his commitment to further strengthening the role of Nepal Rastra Bank in the future by embracing the changes and modernization seen in the international environment.

During the program, a letter of honor was presented posthumously to Late Himalaya Shumsher in appreciation of his contributions in the fields of the country's economic, monetary, financial, and public management. Addressing the

Meeting Between Two Governors



A meeting was held between Governor of Nepal Rastra Bank (NRB) Mr. Maha Prasad Adhikari and Governor of Reserve Bank of India (RBI) Shri Shaktikanta Das on September 24.

At the meeting held in the Office of the Governor, discussions focused on the integration of payment systems between Nepal and India, the progress achieved to date, and topics of mutual bilateral interest.

On this occasion, Deputy Governor Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur Mishra,

Executive Director of the Office of the Governor Dr. Nephil Matangi Maskay, Acting Executive Director of Payment System Department Mr. Binodraj Acharya, Acting Executive Director of Foreign Exchange Management Department Mr. Nischal Adhikari, Director of the Office of the Governor Dr. Dilli Ram Pokhrel and others were present, while Mr. Gunveer Singh, Chief General Manager-in-Charge of Department of Payment and Settlement System of Reserve Bank of India, and other officials were present.



closing remarks, Senior Deputy Governor Dr. Neelam Dhungana Timsina expressed her gratitude to all the participants.

The program was attended by members of the bank's board of directors, H.E. the Indian Ambassador to Nepal, former Governors, economists, executive directors, directors, and other staff of the central bank, bankers, journalists, and

officials from the RBI. On the occasion of the bank's 69th anniversary of NRB, Governor Adhikari had announced to institute the 'Himalaya Shumsher Memorial Lecture' program, starting this year, in memory of the first Governor, Late Himalaya Shumsher JBR.

The late JBR served as the governor of the bank from 26th April 1956 to 7th February

1961. His contributions to the formulation of the policy framework for the banking system in Nepal, infrastructure development, foreign exchange systems, expansion of the banking sector, and public management are remarkable. The late JBR was also the first Finance Secretary of Nepal. He passed away on 5th February 2023 at the age of 95. ■

Leadership of SARFII handed over to Nepal Rastra Bank

Governor Adhikari Chairperson of SARFII

The leadership of the South Asia Region Financial Inclusion Initiative (SARFII) has been transferred to Nepal Rastra Bank (NRB).

With the transfer of leadership, Governor Mr. Maha Prasad Adhikari, on behalf of Nepal Rastra Bank, was elevated to the position of chair of SARFII for the period 2024-2026, having completed two years as vice chairman. The Chairmanship of SARFII was handed over to Nepal Rastra Bank during the '5th SARFII Leaders Roundtable' held on September 4, as part of the 'Alliance for Financial Inclusion (AFI)- Global Policy Forum,' held on September 2-5, 2024, in San Salvador, the capital of El Salvador. On that occasion, Governor Adhikari participated virtually and assumed the chairmanship



of the meeting.

The meeting also elected the State Bank of Pakistan (SBP) as the new Vice Chair of SARFII for 2024-2026. Previously, the leadership of SARFII was with the Maldives Monetary Authority, while Governor Adhikari from Nepal Rastra Bank was the vice-chair of this network.

SARFII was established during the 12th meeting of the 'Global Policy Forum,' which took place at the Dead Sea in

Jordan in September 2022. Central banks from Nepal, Bangladesh, Bhutan, Maldives, Pakistan, and Sri Lanka are affiliated with this network.

SARFII was established with the objectives of promoting financial inclusion by facilitating regional knowledge exchange, capacity building, joint learning practices, implementation of technical assistance, and following global and regional best practices. ■

Agreement on 2024 BOK-KPP Program



The agreement between Nepal Rastra Bank (NRB) and Bank of Korea (BOK) has been made on '2024 BOK Knowledge Partnership Program'.

On August 27, a memorandum of understanding (MoU) for the BOK-KPP was signed between the two banks at a program held in Kathmandu. The MoU was signed by Dr. Dilli Ram Pokhrel, Director of the Office of the Governor from Nepal Rastra Bank, and Mr. Syangjin Song from the International Affairs Department of the Bank of Korea. According to the agreement, a joint research team from Nepal

Rastra Bank, the Bank of Korea, and Dongguk University, Korea, will conduct a study and research on the topic 'Regulatory and Oversight Framework of Payment System'.

At the program, Dr. Jungwan Hyun and Dr. Kyungjin Jeon from the Korean team presented a paper on the development and current status of the payment system in South Korea, while Mr. Pushkar Raj Bhattarai, Deputy Director of the Payment Systems Department, presented a paper on the state of the payment and settlement system in Nepal. On the occasion, Dr. Nephil Matangi

Maskey, Executive Director of the Office of the Governor, delivered the welcome address, and Dr. Kyung Hoon Kang, Professor at Dongguk University and Project Head of the BOK-KPP program, conducted the program.

Under this program, the joint research team will submit an interim and a final (detailed) report with policy recommendations on the regulatory and supervisory framework of Nepal's payment system to NRB in two phases. This is the eighth time the BOK-KPP program has been implemented by the Bank of Korea. The program began in 2017. ■

Interaction on Central Bank Digital Currency



The Payment Systems Department (PSD) organized an interaction program on Central Bank Digital Currency (CBDC) in Kathmandu on August 9, 2024.

The PSD organized the program with the participation of representatives from various stakeholders. On that occasion, Governor Mr. Maha Prasad Adhikari emphasized the need for collaboration between public entities and private institutions for the implementation of CBDC. He stated, 'The implementation of CBDC is a challenging task. At every stage, the central bank and stakeholders need to work together.'

Governor Adhikari mentioned that an institutional framework has been prepared for CBDC readiness and expressed the need to prioritize raising public awareness about

the benefits of CBDC. He also expressed confidence that the implementation of CBDC will further promote electronic payment systems.

During the program, Er. Krishna Ram Dhunju, Director of the Central Bank's Digital Currency Division, presented a paper on 'Stakeholder Engagement Program for CBDC Initiatives.' In his presentation, he discussed the background and concept of CBDC, its international practices, theoretical aspects, features, as well as its opportunities and challenges. Additionally, he informed the participants about the relevance of CBDC in Nepal, the efforts made by the central bank so far for its implementation, and the future course of action.

Senior Deputy Governor

Dr. Neelam Dhungana Timsina, Bank's Board of Directors; Mr. Chintamani Shiwakoti, Dr. Shankar Prasad Acharya, and Dr. Ravindra Prasad Pandey, as well as executive directors from various departments, were present at the program. Additionally, representatives from the Ministry, various regulatory bodies, associations related to banks and financial institutions, universities, the business sector, and payment system operators were also present.

On that occasion, Mr. Binod Raj Acharya, Acting Executive Director of the Payment Systems Department, delivered the welcome address, highlighting the purpose of the program, while Deputy Director Ms. Sudha Shrestha conducted the program. ■

Interaction on Foreign Direct Investment and Foreign Loans



The Foreign Exchange Management Department (FEMD) organized an interaction program on Foreign Direct Investment and Foreign Loans among regulatory bodies and stakeholders in Kathmandu on September 16, 2024.

The program was held in the presence of Governor Mr. Maha Prasad Adhikari. The interaction was organized with the aim of discussing policy and practical aspects related to foreign direct investment and external debt, and to further strengthen coordination with relevant regulatory bodies and stakeholders.

During the program, Governor Adhikari highlighted the importance of foreign investment in countries with weak infrastructure, emphasizing the need to formulate investment-friendly policies to attract foreign investment and ensure effective coordination among the relevant

bodies for implementation. He stated that the central bank is always ready for legal and policy reforms in this regard. Noting the necessity of protecting investors to create a favorable investment environment in the country, Governor Adhikari said, 'We need to seriously consider how to protect investors from the impacts of legal and policy changes and how to reassure them regarding policy predictability.' He also pointed out the need to change the negative perception towards foreign investment. Mentioning the establishment of a single-window service center to provide seamless services to foreign investors, Governor Adhikari affirmed the bank's commitment to ensuring investor satisfaction.

At the program, Mr. Revati Prasad Nepal, Executive Director of the organizing department, presented a paper on legal and policy provisions related to foreign debt investment, while

Advocate Prof. Anjan Kumar Dahal presented a paper on 'Foreign Direct Investment (FDI) in Nepal: Requirements for Regular Changes'. Following the presentation, participants discussed legal and practical problems related to foreign direct investment and foreign debt, as well as potential solutions to those problems.

At the program, Mr. Pradeep Raj Adhikari, Registrar of the Office of the Company Registrar, provided information about the office's reform initiatives in the areas of digitalization and e-governance to facilitate investors and deliver effective services. Mr. Pradyumna Prasad Upadhyaya, Joint Secretary of the Investment Board Nepal, emphasized the need for coordination among government bodies and the enhancement of administrative capacity to promote investment, stating that boosting investor morale is essential for attracting

investment. The program was attended by Senior Deputy Governor Dr. Neelam Dhungana Timsina, officials from the NRB's Foreign Exchange Management Department, representatives from companies

with foreign investment in Nepal, rating agencies, banks and financial institutions, legal professionals, and representatives from the Non-Resident Nepali Association, among others.

On that occasion, Director Mr. Nishchal Adhikari delivered the welcome speech, highlighting the objectives of the program, while Deputy Director Nimisha Kunwar conducted the program. ■

Training on 'IFRS 9 - Expected Credit Loss (ECL) Model' Concludes



The Bank Supervision Department (BSD) conducted a training program on "IFRS 9: Expected Credit Loss (ECL) Model" from September 23 to 25.

The program was organized with technical assistance from the International Monetary Fund (IMF) with the objective of enhancing the supervisory capacity of bank employees. Senior Deputy Governor Dr. Neelam Dhungana Timsina delivered the inaugural speech, while the Executive Director of BSD, Mr. Ramu Paudel, delivered welcome remarks and

highlighted the significance of the training. The opening session was attended by senior officials from the bank's regulation and supervision departments.

A total of 41 employees from various departments of the bank participated in the training. The resource persons for the training program were Mr. Nitin Jain and Mr. P.R. Ravi Mohan, experts from the IMF South Asia Regional Training and Technical Assistance Center (SARTTAC). The participants were trained on the concept of IFRS 9, classification and measurement

of financial instruments, credit loss calculation methods, and its various dimensions. A discussion session was also organized on the implementation of the IFRS 9 ECL Model, involving representatives from relevant stakeholders such as the Nepal Bankers' Association and the Institute of Chartered Accountants of Nepal.

Deputy Governor Mr. Bam Bahadur Mishra delivered the closing remarks, and Assistant Director of the Bank Supervision Department, Ms. Roji Thapa Magar conducted the program. ■

Interaction on Public Procurement

The Assets and Service Management Department (ASMD) organized an interaction program on September 27, 2024 in Kathmandu regarding the legal and policy provisions of the public procurement system.

The program was organized focusing on the provisions and processes outlined in the Public Procurement Act, Public Procurement Regulations, Public Procurement System Operation Guidelines, and the Electronic Procurement Operation Guidelines. The event was held in the presence of Governor Mr. Maha Prasad Adhikari, with participation of Directors from Departments/Divisions with budget centers, head of provincial offices, and employees of ASMD.

On the occasion, Governor Adhikari emphasized the seriousness and importance of public procurement. He expressed the view that this type of program should be conducted on regular basis to effectively carry out tasks related to the procurement of goods and services, such as the printing of bank notes and minting of coins, building construction work, and consulting services. He expressed the view that such programs help in gaining insights on the legal, policy, technical,



and practical aspects of public procurement from experts and contribute to minimizing potential risks and enhancing corporate governance.

In the program, Secretary of the Public Procurement Monitoring Office (PPMO) Mr. Ram Krishna Subedi presented a paper on the provisions of the Public Procurement Act and Public Procurement Regulations. He stated that procurement processes by public entities should be transparent and accountable. Dr. Basudev Sharma, a member of the Public Procurement Review Committee, presented a paper on the provisions related to public procurement reviews. Mr. Bishnu Prasad Sharma and Mr. Ramchandra Dangal, Joint Secretaries of the Public Procurement Monitoring Office, presented separate working papers on "Current arrangements for service procurement and consultancy service procurement."

and "Preparation of bid/proposal documents, eligibility determination, and evaluation of bids/proposals." Director of Public Procurement Monitoring Office Mr. Indra Prasad Mainali also presented a paper on the current provisions in the Electronic Procurement Operation Guidelines.

After the presentation of the working papers, there was a discussion among the participants regarding the legal and practical challenges in public procurement and explored potential solutions. Deputy Governor Mr. Bam Bahadur Mishra facilitated the discussion session.

During the program, Executive Director Mr. Suman Kumar Adhikari delivered a welcome speech, highlighting the purpose of the event, while Director Mr. Rajan Bikram Thapa delivered the closing remarks. Assistant Director Mr. Sanjeev Bakhrel conducted the program. ■

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