

Annual Report

Fiscal Year 2014/15



Nepal Rastra Bank

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Acronyms

ADB	Asian Development Bank
ADBL	Agricultural Development Bank Limited
AFI	Alliance for Financial Inclusion
APRACA	Asia-Pacific Rural and Agricultural Credit Association
A2F	Access to Finance
BAFIA	Banks and Financial Institutions Act
BFI	Banks and Financial Institutions
BOP	Balance of Payments
CAR	Capital Adequacy Ratio
CAMELS	Capital, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk
CBS	Central Bureau of Statistics
CEO	Chief Executive Officer
CIC	Credit Information Center
CICTAB	Centre for International Cooperation in Agricultural Banking
CIT	Citizen Investment Trust
CRR	Cash Reserve Ratio
CYFI	Child and Youth Financial International
Danida	Danish International Development Agency
DCGC	Deposit and Credit Guarantee Corporation
DFID	British Government's Department for International Development
DRS	Disaster Recovery Site
ECC	Electronic Cheque Clearing
e.g.	exempli gratia (for example)
EOI	Expression of Interest
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIU	Financial Information Unit
FOB	Free on Board
GDP	Gross Domestic Product
GIDC	Government Integrated Data Center
GL	General Ledger
GNDI	Gross National Disposable Income
goAML	Anti-Money Laundering System developed by UNODC
GON	Government of Nepal
GSAs/PSAs	General Service Agents/Passenger Service Agents
HRMISS	Human Resource Management Information System Software
ICRG	International Cooperation Review Group
IC	Indian Currency
i.e.	id est (that is)
IMF	International Monetary Fund
IT	Information Technology
KfW	Kreditanstalt für Wiederaufbau (German Government-owned Development Bank)
KPMG	Klynveld Peat Marwick Goerdeler

KYC	Know Your Customer
LIBTIS	Liquidity and Inter-Bank Transaction Information System Software
LMFF	Liquidity Monitoring and Forecasting Framework
MAP	Making Access to Financial Services Possible
MFFI	Microfinance Financial Institution
MFI	Microfinance Institution
MICR	Magnetic Ink Character Recognition
MOF	Ministry of Finance
NBL	Nepal Bank Limited
NCHL	Nepal Clearing House Ltd.
NEPSE	Nepal Stock Exchange
NFA	Net Foreign Assets
NGO	Non-Government Organization
n.i.e.	not included elsewhere
NPL	Non-Performing Loan
NRB	Nepal Rastra Bank
OBSS	Online Bidding System Software
PCA	Prompt Corrective Action
PFC	Provident Fund Corporation
PISS	Price Index System Software
POT	Point of Transaction
Previous Year	FY2013/14
RBB	Rastriya Banijya Bank
Review Year	FY2014/15
RFP	Request for Proposal
RISMFP	Raising Income of Small and Medium Farmers Project
RMDC	Rural Microfinance Development Centre Limited
RSRF	Rural Self-Reliance Fund
SFDB	Small Farmers Development Bank
SLF	Statutory Liquidity Facility
SLR	Statutory Liquidity Ratio
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
WAN	Wide Area Network
VDC	Village Development Committee
viz.	videlicet (that is to say, namely)



Governor

Foreword

1. Fiscal year 2014/15 could not become encouraging from the perspective of expansion in economic activities. Consequent to the massive impact on manufacturing and service sectors on account of the destructive earthquake that struck Nepal on April 25, 2015, economic growth rate squeezed to 3.0 percent. The investment and consumption could not expand even in the post-earthquake situation. The task of achieving the targeted economic growth rate became challenging as the rise in private as well as public investment fell short of expected levels due to uncertainty brought about by natural disaster coupled with continuity of political transition.
2. Sluggish economic growth, high trade deficit, and deficient capital expenditure remained the weak aspects of the Nepalese economy during fiscal year 2014/15. Economic activities in the private sector also depicted weakness. Deficient aggregate demand was the cause for excess liquidity situation prevailing in the economy.
3. However, the country's macroeconomic stability remained strong. For instance, balance of payments surplus remained significant on account of remittance inflows. As a result, the foreign exchange reserve level was also high. Likewise, the ratio of government debt to gross domestic product was low while inflation remained under control.
4. There have been positive results in Nepal Rastra Bank's objective of promoting overall financial stability through expansion and development of financial sector. The rising branch network of banks and financial institutions as well as these institutions being effortful for expanding their services within the reach of remote rural areas has become an exemplary task.
5. With the objective of expanding the frontier of financial inclusion and also contributing to poverty reduction, banks and financial intuitions were not required to seek the prior permission of Nepal Rastra Bank for opening branches in the southern border areas of Terai districts, viz., Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha, and Saptari, and in the high-poverty districts of Far-Western and Mid-Western Development Regions, viz., Bajura, Kalikot, Bajhang, Humla, etc. To avail these districts of credit at concessional rate of interest, Nepal Rastra Bank has arranged refinance facility for banks and financial institutions at one percent rate of interest. If these facilities could be utilized, they will definitely assist in the economic development of the country besides contributing toward the pursuit of balanced development.
6. Nepal Rastra Bank's endeavor has been focused on optimizing benefits for the country to the maximum extent possible by developing sectors of Nepal's comparative

advantage like agriculture, tourism, and hydro-power while expanding credit extension for productive and deprived sectors. In this respect, despite spectacular rise in the credit extended to agriculture in the recent years as compared to the preceding years, it is also necessary for the concerned sector to be able to take advantage of the initiative undertaken by the financial sector and the government in the direction of substituting imports through agricultural development and making the economy self-reliant.

7. Nepal Rastra Bank is committed to contributing toward macroeconomic stability and overall development through maintaining price stability, balance of payments surplus, and financial sector stability. Besides, it performs its role as the economic advisor of the Government of Nepal. Accordingly, it has adopted appropriate steps in the monetary and financial areas as necessitated by the conditions and requirements of the economy. In this respect, the regular, fine tuning, and structural measures of liquidity management adopted since last fiscal year in the context of high liquidity prevailing in the economy have facilitated the work of liquidity absorption. This has also assisted in the attainment of the envisioned objective of monetary policy. Besides playing an important role in economic policy-making such as monetary management, regulation, supervision, currency management, and management of payments system, it has been transferring a substantial portion of its earning to the Government Treasury every year.
8. Despite unanticipated challenges confronting the economy like the closures, strikes, and disruptions as witnessed in the Nepal-India border, Nepal Rastra Bank is aware of maintaining monetary and financial stability consistent with the public policy and program announced in the budget statement by the Government of Nepal. Finally, I would like to thank the Research Department officials and the others involved in the preparation of the Annual Report for fiscal year 2014/15.

Dr. Chiranjibi Nepal

Executive Summary

1. It is estimated that the growth rate of the world economy will be milder amidst factors like the decline in oil price in the international market, possibility of raising the interest rate by the Federal Reserve, risk of contraction of economic growth rate in China, the second largest economy in the world, and possibility of capital flight from the emerging and developing economies.
2. According to the World Economic Outlook published by the International Monetary Fund (IMF) in October 2015, world economic growth is projected at 3.1 percent in 2015 compared to the growth of 3.4 percent attained in 2014. According to the IMF, the growth of advanced economies is projected at 2.0 percent in 2015 compared to the growth of 1.8 percent in 2014. The emerging and developing economies are projected to grow at 4.0 percent in 2015 compared to the 4.6 percent growth in 2014. In 2014, India and China each grew by 7.3 percent while, in 2015, they are projected to record growth of 7.3 percent and 6.8 percent respectively. In advanced economies, inflation based on consumer prices which was 1.4 percent in 2014 is projected to remain at 0.3 percent in 2015. Inflation in emerging and developing economies is projected at 5.6 percent in 2015 compared to the 5.1 percent in 2014.
3. According to the Central Bureau of Statistics (CBS), gross domestic product (GDP) grew by 3.0 percent in fiscal year (FY) 2014/15 compared to the growth of 5.1 percent recorded in FY2013/14. Economic growth rate during the review year witnessed low performance as the overall economy faced negative effects due to delayed onset of monsoon coupled with destructive earthquake of April 25, 2015 and its after-shocks.
4. In FY2014/15, the average consumer inflation remained at 7.2 percent. The inflation in FY2013/14 averaged at 9.1 percent. The inflation in FY2014/15 remained within the monetary policy projection of 8.0 percent attributed to lower crude oil price, maintenance of monetary aggregates within the desired limits through effective liquidity management, and decline in the inflation of neighboring trading partner-countries as well.
5. On cash flow basis, total government expenditure during the year was 81.8 percent of the budget estimate. As percent of the total expenditure, the recurrent expenditure, capital expenditure, and expenditure for financial provision accounted for 65.8, 15.9, and 18.3 respectively which, as percent of GDP, were somewhat larger than that in the previous year at 15.8, 3.8, and 4.4 respectively. In previous year, such ratios were 15.3 percent, 3.2 percent, and 3.1 percent respectively.
6. Broad money grew by 19.9 percent in FY2014/15 compared to the growth of 19.1 percent in FY2013/14. Higher growth of net foreign assets (NFA) was attributed to the

higher growth of broad money. Narrow money increased by 19.7 percent in the review year in comparison to its growth of 17.7 percent in the previous year.

7. Reserve money exhibited a growth of 19.8 percent in the review year compared to the growth of 23.3 percent in the previous year. Reserve money growth slowed in comparison to that in the previous year on account of absorption of liquidity by Nepal Rastra Bank (NRB) through the deposit collection auction.
8. During FY2014/15, liquidity amounting to Rs. 476.8 billion (on turnover basis) was absorbed through reverse repo, outright sale, and deposit collection auctions. Instrument-wise, the frequencies of outright sale auctions, reverse repo auctions, and deposit collection auctions were 2, 51, and 16 respectively. The amounts of these auctions totalled Rs. 6.0 billion, Rs. 315.8 billion, and Rs. 155.0 billion respectively. In the course of absorbing the liquidity, the NRB incurred interest burden amounting to Rs. 190.5 million.
9. As of mid-July 2015, the share of NRB in the total assets/liabilities structure of the banks and financial institutions was 22.9 percent. Likewise, of the total assets/liabilities, commercial banks shared 51.0 percent, development banks 8.4 percent, finance companies 3.1 percent, Employees Provident Fund (EPF) 5.7 percent, Citizen Investment Trust (CIT) 2.1 percent, and insurance companies 3.6 percent.
10. In FY2014/15, total merchandise exports contracted by 7.3 percent to Rs. 85.3 billion while total merchandise imports rose by 8.4 percent to Rs. 774.7 billion. During the review year, exports to India, China, and other countries contracted by 6.3 percent, 21.5 percent, and 7.8 percent respectively in comparison to the growth of imports from these countries by 2.9 percent, 36.6 percent, and 12.1 percent respectively. Due to the increase in remittances in the review year, current account surplus reached Rs. 108.3 billion and balance of payments (BOP) surplus amounted to Rs. 145.04 billion.
11. In mid-July 2015, foreign exchange reserve totaled Rs. 824.06 billion, sufficient to finance current level of merchandise imports equivalent to 13.0 months and merchandise and service imports equivalent to 11.2 months.
12. In the review year, foreign exchange reserve as ratio of GDP was 38.8 percent, as ratio of merchandise imports was 93.3 percent, as ratio of broad money was 43.9 percent, and as ratio of reserve money was 165.1 percent.
13. In FY2014/15, the Nepalese rupee depreciated by 5.2 percent against the US dollar.
14. The NEPSE index on an annual point basis declined by 7.2 percent to 961.2 points in mid-July 2015. The index had surged by 99.9 percent to 1036.1 points in mid-July 2014. Market capitalization of the securities market amounted to Rs. 989.40 billion in mid-

- July 2015, representing 46.6 percent of GDP compared to 54.4 percent in mid-July 2014.
15. NRB announced monetary policy for FY2014/15 on July 18, 2014 and brought it into implementation, aligning the monetary policy with the government budget for FY2014/15 along with other economic policies and programs pursued by the government.
 16. Public Debt Management Department is issuing Treasury Bills, Development Bonds, Citizens Saving Bonds, National Saving Bonds and Foreign Employment Saving Bonds as instruments for managing domestic debt.
 17. The Payments and Settlements By-law, 2015 came into implementation following its approval by the NRB's Board of Directors on June 7, 2015. A separate Department has been established for the effective regulation and supervision of the payment and settlement functions.
 18. NRB approved 'Refinance Procedures for Reconstruction of Residential Houses, 2015' and brought into implementation for providing refinance to banks and financial institutions (BFIs) at zero interest rate to be lent by them to earthquake-affected households at 2 percent interest rate for an amount up to Rs. 2.5 million inside the Kathmandu valley and up to Rs. 1.5 million outside the valley.
 19. The task of annually conducting corporate-level on-site inspection of commercial banks has been continued in FY2014/15 also. In the context of adopting supervisory system based on international standards, priority has been accorded to the risk-based supervision. Among the 30 commercial banks in FY2014/15, traditional compliance-based, risk-based, and targeted inspections have been conducted in nine, five, and one banks respectively. Likewise, special inspection teams of supervisors from KPMG, an international consulting firm, and NRB are being mobilized in 11 commercial banks under the financial and technical assistance of British international cooperation agency, namely, Department for International Development (DFID).
 20. Despite the ongoing planned program of conducting on-site inspection of the 'B'- class financial institutions at least once a year, inspection could not be carried out as per the plan due to the destructive earthquake that occurred in the fourth quarter of the fiscal year. During the period since mid-July 2014 through mid-July 2015, the corporate-level on-site inspection has been conducted in a total of 58 'B'- class financial institutions.
 21. In FY2014/15, corporate-level on-site inspection of 36 finance companies and special/monitoring inspection of 10 finance companies was carried out. Approval for publication of annual financial statements for the purpose of general meeting was granted for the 39 finance companies.

22. In FY2014/15, on-site inspection was completed in 36 micro-finance development banks (MFDBs), 8 savings and credit cooperatives performing limited banking operation, and 16 non-government organizations (NGOs) performing transactions of financial intermediation. During the year, special inspection was conducted in two MFDBs and one NGO performing transactions of financial intermediation.
23. Resolution work of 13 institutions (3 development banks and 10 finance companies) that were declared problematic as at the end of FY2014/15 is ongoing through the Problem Banks and Financial Institutions Resolution Division.
24. As the national economy is getting more integrated with the world economy, there is a need for making appropriate changes in matters concerning the capital account convertibility. Thus, draft proposals for amendments to Foreign Exchange Regulation Act and Prohibition for Foreign Investment Act have been made and sent to the Government of Nepal (GON).
25. Among the firms/companies that have been permitted for dealing in foreign exchange operations, there were 329 hotels, 1,660 trekking agencies, 1,744 travel agencies, and 59 GSAs/PSAs of foreign airlines till mid-July 2015. Similarly, there were 305 agencies in cargo/courier service and 79 agencies in the category of other organizations/institutions that were permitted for dealing in foreign exchange.
26. Currency in different denominations held by public amounted to Rs. 319.08 billion in mid-July 2015. The currency in circulation in mid-July 2014 had amounted to Rs. 273.25 billion.
27. The staff working in the NRB in mid-July 2015 numbered 1,329, comprising 1,181 administrative posts and 148 technical posts. Category-wise, the number of officers, assistants, and class-less office assistants was 787, 381, and 161 respectively. The ratio between the number of officers and the total number of assistants and class-less office assistants was 1:0.69. Such ratio in the previous year had been 1:0.61. Similarly, as in mid-July 2015, those serving on contract basis totaled 116, comprising 81 in security, 11 in health, 3 in engineering, 2 in sub-engineering, and 19 in other categories.
28. All the departments/offices/divisions/units have been informed for implementation and compliance of the 22-point directive issued by the Board of Directors at the time of budget approval for making the implementation of the NRB's annual income-expenditure (budget) for FY2014/15 more effective, economical, and outcome-oriented. It has also been informed that the provisions made in the NRB's budget directive should be complied while implementing the budget.

29. In the process of procuring new software for the NRB, the newly-procured Human Resource Management Information System Software (HRMISS) for making human resource management agile and transparent has come into implementation.
30. Among the internal audit functions regularly carried out by the Internal Audit Department of the NRB during FY2014/15, risk-based audit has been completed in Banking Office, Currency Management Department, Financial Management Department, General Services Department, and all seven offices outside the Kathmandu valley. Similarly, audit of the Fifth Household Budget Survey Office has also been completed.
31. For updating the national consumer price index being published by the NRB, fifth household budget survey has been completed with the purpose of determining revised weights on the basis of collection of details of goods and services consumed by Nepalese households.
32. Concerning the heavy damage inflicted by the devastating earthquake of April 25, 2015 on the NRB's main building of Central Office, Banking Office, and other buildings, Emergency Management Committee has been constituted and necessary work is being undertaken in connection with estimating the complete details of the damage, making assessment, and carrying out the work of emergency management, in accordance with the decision of the Board of Directors of the NRB.
33. Assets or liabilities of the NRB increased by 19.4 percent to Rs. 789.2 billion as in mid-July 2015 as compared to that of mid-July 2014. Of the total assets, foreign currency assets were dominant while the domestic currency comprised the major chunk of the total liabilities. In FY2014/15, the NRB earned net profit amounting to Rs. 12.1 billion.
34. In summing up, although the NRB activities proceeded in an uninterrupted way in FY2014/15, the devastating earthquake that struck on April 25 made the task of managing the economy challenging. Investment-friendly atmosphere has not been created as reflected in the slower economic growth, deteriorating sentiments of the business people, and obstructions attributed to factors like continued closures, strikes, etc. Despite the noticeably high level of foreign exchange reserve on account of the remittance inflows, treasury balance could not be utilized from the longer-term perspective due to the absence of effective mobilization of capital expenditure. So, there is an increasing need and necessity for traversing the road map of sustainable development by restoring the earthquake-damaged structures and human settlements as soon as possible coupled with channeling foreign exchange inflows and treasury surplus for utilizing in projects possessing longer-term comparative advantage.

PART – 1

MACROECONOMIC AND FINANCIAL SITUATION

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PART – 1

MACROECONOMIC AND FINANCIAL SITUATION

World Economic Situation and Outlook

- 1.1 The world economic growth rate is projected to be somewhat slower in the midst of contraction in the oil price in the international market, prospect of raising interest rate by the Federal Reserve, risk of slowing down of economic growth rate in China, the world's second largest economy, and prospects of capital flight from emerging and developing economies.

Output

- 1.2 The world economic growth rate in 2015 is projected to remain at 3.1 percent compared to the growth rate of 3.4 percent in 2014, according to the World Economic Outlook published by the IMF in October 2015. The IMF projects that the advanced economies and emerging and developing economies will grow by 2.0 percent and 4.0 percent respectively in 2015. These economies had grown by 1.8 percent and 4.6 percent respectively in 2014. India and China both grew by 7.3 percent in 2014. In 2015, the growth rate is projected at 7.3 percent in India and 6.8 percent in China.

Inflation

- 1.3 In 2014, the inflation recorded in advanced economies was 1.4 percent and that in emerging and developing economies 5.1 percent. In 2015, the inflation projected in advanced economies is 0.3 and that in emerging and developing economies 5.6 percent.

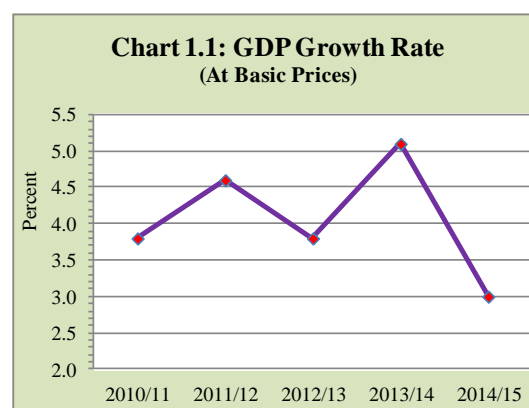
Trade

- 1.4 World trade in merchandise and services in 2014 grew by 3.3 percent which is projected to grow by 3.2 percent in 2015. Exports and imports in advanced economies in 2014 increased by 3.4 percent each while the growth rates of exports and imports are projected at 3.1 percent and 4.0 percent respectively in 2015. Similarly, exports and imports of developing and emerging economies increased by 2.9 percent and 3.6 percent respectively in 2014 while the respective growth of exports and imports in 2015 is projected at 3.9 percent and 1.3 percent.

Macroeconomic and Financial Situation of Nepal

Gross Domestic Product

1.5 According to the Central Bureau of Statistics (CBS), growth rate of real gross domestic product (GDP) was 3.0 percent at basic prices and 3.4 percent at producers' prices in FY2014/15. In FY2013/14, such growth rate was 5.1 percent at basic prices and 5.4 percent at producers' prices. In FY2014/15, the growth rate was low on account of late start of monsoon and disruption witnessed in all sectors of the economy due to destructive earthquake of April 25, 2015 and its after-shocks.



1.6 According to the Post-Disaster Needs Assessment Report prepared by the National Planning Commission (NPC), total estimated loss to the economy due to the earthquake has been around Rs. 706.0 billion. The sector where the damage occurred the most was the social sector (57.8 percent) followed by production-oriented sector (25.2 percent), infrastructure sector (9.5 percent), and remaining sectors (7.5 percent). This loss amounted to around one-third of the GDP in FY2014/15. The earthquake caused GDP losses amounting to Rs. 36 million, which shrunk GDP by 1.6 percentage points.

Box 1: Damage Caused by the Earthquake of April 25, 2015 and Its Impact on Economic Growth

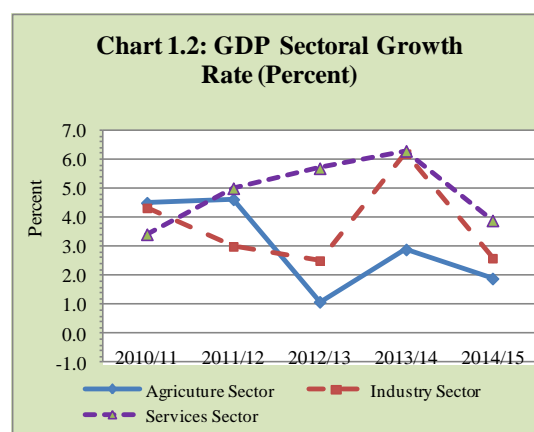
1. Human and Physical Loss: The earthquake affected eight million people, killing 9,000 and injuring 22,000. The number of fully destroyed houses was 500,000 while partly damaged houses numbered 260,000. Similarly, 20 percent road network, 23 percent schools, and 25 percent electricity generation was affected.
2. Impact on Economic Growth: In FY2014/15, pre-earthquake GDP estimates at basic prices showed economic growth at 4.6 percent which fell to 3.0 percent in the post-earthquake scenario.

Sector	Pre-Earthquake Estimate (%)	Post-Earthquake Estimate (%)
Agriculture	2.3	1.9
Non-Agriculture	5.7	3.6
GDP (Basic Prices)	4.6	3.0
GDP (Producers' Prices)	5.0	3.4

3. Impact on Poverty: In FY2014/15, poverty is estimated to rise by a minimum 2.5-3.0 percentage points, pushing an estimated 700,000 people below the poverty line.

Source: Post-Disaster Needs Assessment Report, National Planning Commission

1.7 In FY2014/15, agriculture and non-agriculture sectors are estimated to have grown by 1.9 percent and 3.6 percent respectively. In FY2013/14, agriculture and non-agriculture sectors had grown by 2.9 percent and 6.3 percent respectively. In the review year, industry and services sectors under non-agriculture grew by 2.6 percent and 3.9 percent respectively as compared to their respective growth of 6.2 percent and 6.3 percent in the previous year.



Sectoral Composition of GDP

1.8 In FY2014/15, the agriculture, industry, and services respectively represented 33.1 percent, 15.2 percent, and 51.7 percent of GDP at constant prices. Such share percentages in FY2013/14 were 33.4, 15.3, and 51.3 respectively. This evidences that there was marginal decrease in the share of agriculture and industry while the share of services accordingly increased.

1.9 In the review year, on the basis of broad industrial classification, the GDP shares of primary sector (agriculture and forestry, fishing, and mining and quarrying), secondary sector (manufacturing, electricity, gas and water, and construction), and tertiary (services) sector at constant prices were 33.5 percent, 14.8 percent, and 51.7 percent respectively. Such shares in the previous percent were 33.9 percent, 14.9 percent, and 51.3 percent respectively.

Table 1.1
Share of Primary, Secondary, and Tertiary Sectors in the Real GDP
(At Constant 2000/01 Prices)

Sectors	As Percentage of GDP#			Change in Percentage Points	
	2012/13	2013/14	2014/15	2013/14	2014/15
Primary*	34.6	33.9	33.5	-2.1	-1.1
Secondary**	14.7	14.9	14.8	1.0	-0.3
Tertiary***	50.7	51.3	51.7	1.2	0.8

GDP including Financial Intermediation (FISIM)

* Agriculture, forestry and fishery, and mining and quarrying

** Manufacturing industries, electricity, gas and water, and construction

*** Services

Source: Central Bureau of Statistics

Agriculture Sector

1.10 In FY2014/15, there was contraction in the growth rate of overall agricultural output for the reasons like the delayed monsoon during the time of cultivation of the major

foodgrain (i.e. paddy), slowdown in the output of maize, and damage to livestock and some agricultural crops due to earthquake. The earthquake caused loss of property and output in agricultural crops, fishery, bee-keeping, livestock and poultry, and irrigation, which amounted to an estimated Rs. 28.7 billion. This reduced the growth rate of agricultural output by 0.4 percentage point in the review year.

- 1.11 Among the major foodgrains in FY2014/15, the production index of paddy and maize declined by 5.1 percent and 6.0 percent respectively, according to the preliminary estimate of the CBS. This resulted in a marginal rise of 0.3 percent in the output index of food and other crops in the review year. Such index had witnessed a rise of 4.1 percent in the previous year. The output index of vegetables, horticulture, and nursery category exhibited a rise of 5.2 percent in the review year as compared to similar growth of 5.2 percent in the previous year. Similarly, the output index of fruit category rose by 6.7 percent over a rise of 1.0 percent in the previous year.
- 1.12 The index of meat and dairy output increased by 2.3 percent in the review year as compared to the growth of 0.3 percent in the previous year. Similarly, the index of forestry products, which had posted a growth of 4.1 percent in the previous year, rose marginally by 0.4 percent in the review year.

Industrial Sector

- 1.13 Industrial sector grew by 2.6 percent in FY2014/15 compared to the growth of 6.2 percent in the previous year. The growth rate of industrial sector decelerated on account of factors like the physical damage caused by the earthquake to the industries, shortage / temporary displacement of the labor, reduced demand for the industrial output, etc. Moreover, industrial sector witnessed slowdown as the earthquake caused a loss of industries' fixed assets and output equivalent to Rs. 19.3 billion. Industrial output also slackened as the earthquake affected 20 percent of the strategically important road network and 25 percent of the electricity generation.
- 1.14 As a component of the industrial sector, manufacturing output increased by 2.4 percent in the review year as compared to the growth at 6.3 percent in the previous year. Electricity, gas and water increased by 1.2 percent in the review year as compared to its growth at 3.5 percent in the previous year. Likewise, construction sector decelerated to 3.6 percent in the review year from its growth of 7.1 percent in the previous year.
- 1.15 Associated with the high confidence among investors resulting from high priority given by the Government to FDI besides their assumption that the political uncertainty would come to an end, there has been a spectacular growth (235.3 percent) in the commitment amount of FDI in FY2014/15. Likewise, there has been a 20.7 percent increase in the number of projects under FDI. During the year, a total of 368 foreign and joint-investment projects with foreign investment commitments amounting to Rs. 67.4 billion have been approved by the Department of Industry. In the previous year, the

Department had approved 305 projects with foreign investment commitments amounting to Rs. 20.1 billion.

1.16 Among the 368 projects registered in the review year, the number of projects related to tourism were 132, those related to services 126, production-related 59, agriculture and forestry-related 39, mining-related 6, energy-related 5, and construction-related 1. In the review year, amount of commitments in projects falling under all sectors has seen noticeable improvement except in projects falling under agriculture and forestry as well as mining-related, both exhibiting reduced commitments.

1.17 Among the 368 projects approved in FY2014/15, the number of projects from China ranked first with 153 followed by 33 from the USA, 32 from South Korea, 25 from India, 13 from Japan, 11 from the UK, and 101 from the rest of the countries. The projects approved are projected to provide direct employment to an estimated 13,158 people.

Table 1.2			
Summary of Disaster Effects			
	Disaster Effects (Rs. in Million)		
	Damages	Losses	Total
Social Sector	355,028	53,597	408,625
Housing and Human Settlements	303,632	46,908	350,540
Health	6,422	1,122	7,544
Education	28,064	3,254	31,318
Cultural Heritage	16,910	2,313	19,223
Productive Sectors	58,074	120,046	178,121
Agriculture	16,405	11,962	28,366
Irrigation	383	0	383
Commerce	9,015	7,938	16,953
Industry	8,394	10,877	19,271
Tourism	18,863	62,379	81,242
Finance	5,015	26,890	31,905
Infrastructure Sectors	52,460	14,323	66,783
Electricity	17,807	3,435	21,242
Communications	3,610	5,085	8,695
Community Infrastructure	3,349	0	3,349
Transport	17,188	4,930	22,118
Water and Sanitation	10,506	873	11,379
Cross-Cutting Issues	51,872	1,061	52,933
Governance	18,757	0	18,757
Disaster Risk Reduction	155	0	155
Environment and Forestry	32,960	1,061	34,021
Total	517,434	189,027	706,462

Source: Post Disaster Needs Assessment Report, National Planning Commission, 2015

Services Sector

1.18 Services sector is estimated to have grown by 3.9 percent in FY2014/15. In the previous year, the sector had expanded by 6.4 percent. Despite some positive outcome observed in some areas like the industrial labor relations, law and order, and structural impediments, growth of services sector contracted due to the substantial loss suffered by sectors like hotels and restaurants, real estate, renting and business activities, wholesale and retail trade, etc. on account of the devastating earthquake of April 25, 2015 and its after-shocks.

1.19 The growth rate of wholesale and retail trade as a component of the services sector slumped to 3.4 percent in the review year as compared to its spectacular growth at 9.0 percent in the previous year. The growth rate of hotels and restaurants in the review year

was 4.0 percent compared to the 6.8 percent rise in the previous year. Similarly, transport, storage, and communications recorded a growth of 5.2 percent in the review year as compared to its growth at 8.3 percent in the previous year. Financial intermediation and real estate, renting, and business activities increased by 1.4 percent and 0.8 percent respectively in the review year. In the previous year, these sectors had registered growth of 3.7 percent and 3.6 percent respectively.

Gross National Disposable Income

1.20 Gross National Disposable Income (GNDI) rose by 10.1 percent in FY2014/15 as compared to the rise of 18.1 percent in the previous year. The ratio of GNDI to GDP was maintained at 135.0 percent in the review year as compared to the similar ratio at 135.1 percent in the previous year.

Table 1.3
Gross National Disposable Income

Particulars	Rs. in Million			Percent Change	
	2012/13	2013/14	2014/15	2013/14	2014/15
Gross Domestic Product (At Producers' Prices)	1695010	1941620	2124650	14.6	9.4
Factor Income, Net*	13080	32750	34240	150.4	4.6
Current Transfer, Net*	497700	631500	709960	26.9	12.4
Gross National Disposable Income	2205790	2605880	2868850	18.1	10.1

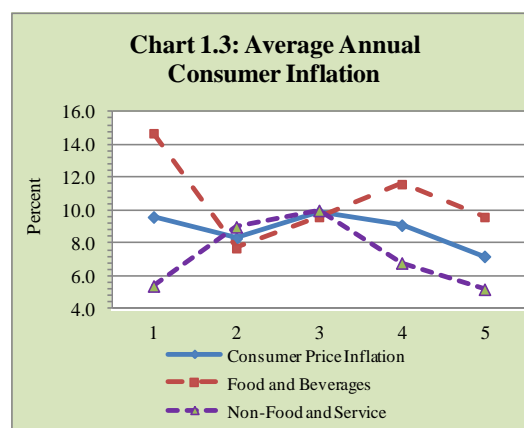
* Based on Yearly Balance of Payments Situation, 2014/15

Source: Central Bureau of Statistics

Inflation and Salary and Wage Rate Index

Consumer Price Inflation

1.21 Average annual inflation in FY2014/15 was at 7.2 percent which was lower than 9.1 percent in FY2013/14. Inflation contained within the limit of 8.0 percent as projected by the monetary policy for the review year, which was mainly attributed to the contraction in the oil price, maintenance of the monetary aggregates at the desired level on account of the effectiveness in liquidity management, and deceleration of inflation also in the neighboring trading countries.



1.22 Price index of food and beverages group increased by 9.6 percent in the review year as compared to the 11.6 percent rise in the previous year. Price of non-food and services index went up by 5.2 percent in the review year as compared to the 6.8 percent rise in the previous year.

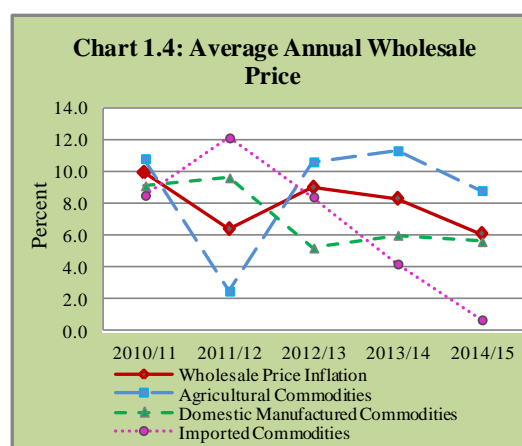
1.23 Among the sub-groups of food and beverages group, the average annual price index of tobacco products sub-group recorded the highest rise (25.6 percent) in the review year as compared to the rise of 18.8 percent in the previous year. Similarly, the average annual rise of price index of alcoholic drinks sub-group and pulses and legumes sub-group in the review year was 20.1 percent and 17.6 percent respectively. In the previous year, the price index of these sub-groups had increased by 16.9 percent and 4.9 percent respectively. The average annual price index of oil and ghee sub-group and milk products and eggs sub-group in the review year increased by 13.7 percent and 12.8 percent respectively as compared to the average increase of these sub-groups at 13.7 percent and 7.2 percent respectively in the previous year.

1.24 Among the products falling under the non-food and services group, the average annual price index of clothing and footwear sub-group registered the highest rise (9.9 percent) in the review year as compared to its rise at 11.1 percent in the previous year. Likewise, the average annual rise of price index of furnishing and household equipment sub-group and miscellaneous goods and services sub-group in the review year was 8.2 percent and 8.0 percent respectively. In the previous year, the price index of these sub-groups had increased by 9.2 percent and 7.3 percent respectively. Similarly, the average annual price index of recreation and culture sub-group and education sub-group in the review year increased by 6.2 percent and 5.6 percent respectively as compared to the average increase of these sub-groups at 6.7 percent and 7.6 percent respectively in the previous year.

1.25 Region-wise, the average annual price index in the review year rose by 7.3 percent in the hills, 7.2 percent in the Kathmandu valley, and 7.1 percent in the Terai. Such rise in the previous year was 8.1 percent in the hills, 9.1 percent in the Kathmandu valley, and 9.6 percent in the Terai.

Wholesale Price Inflation

1.26 The average annual wholesale price index increased by 6.1 percent during FY2014/15 as compared to 8.3 percent rise in FY2013/14. The wholesale price index in the review year averaged 8.8 percent in agricultural commodities, 5.6 percent in domestic manufactured commodities, and 0.7 percent in imported goods. In the previous year, these respective indices had risen by 11.3 percent, 6.0 percent, and 4.2 percent respectively.



National Salary and Wage Rate Index

1.27 The national average salary and wage rate index increased by 8.4 percent in FY2014/15 as compared to its rise at 13.7 percent in the previous year. The salary index and wage rate index each rose by an average annual rate of 8.4 percent in the review year as compared to the rise of 25.4 percent in the case of salary index and 11.1 percent in the case of wage rate index in the previous year. In the review year, the average annual index of wage rate increased by 7.7 percent in the case of agricultural laborer, 8.3 percent in the case of industrial laborer, and 12.9 percent in the case of construction laborer.

External Sector

Overall External Sector Situation

1.28 In FY2014/15, trade deficit widened due to reduced merchandise exports and increased merchandise imports. As compared to the previous year, the current account surplus and BOP surplus remained significantly high, which was attributable to the lower growth of merchandise imports vis-à-vis that in the previous year on account of the earthquake that struck Nepal by the closing months of the review year as well as the rise in the grants and remittance inflows.

Foreign Trade Situation

1.29 In the review year, merchandise exports contracted by 7.3 percent (Rs. 6.67 billion) to Rs. 85.32 billion. In the previous year, such exports had risen by 19.6 percent to Rs. 91.99 billion. Total exports declined in the review year on account of decline in exports to India, China, and other countries. Merchandise exports as percent of GDP declined in the review year to 4.0 from 4.7 in the previous year.

1.30 Out of the total merchandise exports, exports to India in the review year contracted by 6.3 percent (Rs. 3.75 billion) to Rs. 55.86 billion compared to a rise of 16.9 percent in the previous year. Exports to India declined due to contraction in the export of zinc sheet, clothing, cardamom, copper wire rod, etc.

1.31 Merchandise exports to China in the review year contracted by 21.5 percent (Rs. 610.0 million) to Rs. 2.23 billion compared to a rise of 36.2 percent in the previous year. In terms of US dollar, exports in the review year shrank by 22.4 percent to US\$ 22.6 million as against the 22.6 percent rise in the previous year. Exports to China declined due to contraction in the export of wheat flour, handicrafts, incense sticks, Pashmina, etc.

1.32 Merchandise exports to other countries in the review year contracted by 7.8 percent (Rs. 2.31 billion) to Rs. 27.22 billion compared to a rise of 23.9 percent in the previous year.

In terms of US dollar, exports in the review year shrank by 9.0 percent to US\$ 274.1 million as against the 11.3 percent rise in the previous year. Exports to other countries declined due to contraction in the export of pulses, Pashmina, woolen carpets, readymade garments, etc.

1.33 In the review year, merchandise imports increased by 8.4 percent (Rs. 60.32 billion) to Rs. 774.68 billion. In the previous year, such imports had risen by 28.3 percent to Rs. 714.37 billion. Merchandise imports as percent of GDP marginally declined from 36.8 percent in the previous year to 36.5 percent in the review year. Total imports decelerated in the review year on account of decline in the oil price in the international market as well as decline in the import of gold, betel nut, coal, raw soybean oil, and so forth.

Box 2: Major External Sector Policies Adopted by GON and NRB

1. **Situation of Export Incentive:** According to the Working Procedure Relating to Export Incentive, 2013, which the GON had issued for the purpose of promoting exports by providing cash incentive to the exporting industries on the basis of evidence of receipt by bank the convertible foreign exchange, an arrangement has been made for providing cash incentive at the rate of 2 percent on export of 10 industrial products and 1 percent on export of 15 industrial products and 7 agricultural products. Under this arrangement, reimbursement amounting to Rs. 250.3 million was made available in the form of cash incentive in FY2014/15. As per this arrangement, products that availed cash incentive as reimbursement exceeding Rs. 10 million were carpet, Pashmina, readymade garments, products related to hides and skin, handicrafts, and polyester yarn.
2. **Import Management:** To raise domestic output of agriculture, livestock, fishery, and certain other specified productive sectors, refinance rate for these sectors has been reduced from 5 percent to 4 percent with effect from July 31, 2014. The general refinance amounting to Rs. 5.99 billion has been disbursed under this arrangement by mid-July 2015. Similarly, directive has been issued on October 27, 2014 relating to provision of agro-business credit by commercial banks at 6 percent rate of interest as mentioned in the budget for FY2014/15.
3. **Simplification of Merchandise Trade:** Replacing the then existing arrangement of making payments at one time a maximum of US\$ 30,000 on import of goods against T. T./draft, the amount allowed has been raised up to US\$ 35,000 as per the circular issued on August 4, 2014. In order to systematize the payment system on import/export from/to China through commercial banks, arrangement has been made for conducting banking transactions through commercial banks in China.

1.34 Out of the total imports, imports from India in the review year increased by a lower rate of 2.9 percent (Rs. 13.71 billion) to Rs. 491.66 billion. In the previous year, such imports had risen spectacularly by 30.2 percent. Factors that were responsible for the rise in total imports from India in the review year were increased imports especially of vehicles and spare parts, paddy/rice, electrical equipment, other machinery and parts,

- etc. Under the arrangement of importing against payment of convertible currency, merchandise imports from India totaled Rs. 78.47 billion (16.0 percent of total imports from India).
- 1.35 In the review year, merchandise imports from China increased by 36.6 percent (Rs. 26.85 billion) to Rs. 100.17 billion. In the previous year, such imports had risen by 17.4 percent. In terms of US dollar, imports in the review year widened spectacularly by 34.9 percent to US\$ 1.01 billion as against the 5.2 percent rise in the previous year. Imports from China rose on account of increase in imports of telecommunication equipment and parts, machinery and parts, chemical fertilizer, electrical goods, and so forth.
- 1.36 In the review year, merchandise imports from other countries increased by 12.1 percent (Rs. 19.76 billion) to Rs. 182.86 billion. In the previous year, such imports had risen by 28.2 percent. In terms of US dollar, imports in the review year widened by 10.5 percent to US\$ 1.84 billion as against the 15.0 percent rise in the previous year. Imports from other countries rose because of increase in imports of aircraft spare parts, silver, medicine, raw palm oil, etc.
- 1.37 Total merchandise trade deficit in the review year widened by 10.8 percent (Rs. 66.99 billion) to Rs. 689.37 billion. Such trade deficit in the previous year had increased by 29.7 percent. As a result, trade deficit as percent of GDP marginally increased from 32.1 percent in the previous year to 32.4 percent in the review year. Of the total trade deficit, trade deficit with India increased by 4.2 percent (Rs. 17.46 billion) to Rs. 435.79 billion. Likewise, trade deficit with China surged by 39.0 percent (Rs. 27.46 billion) to Rs. 97.94 billion. Trade deficit with other countries widened by 16.5 percent (Rs. 22.07 billion) to Rs. 155.64 billion.
- 1.38 Total merchandise trade in the review year increased by 6.7 percent (Rs. 53.65 billion) to Rs. 860.0 billion. Total trade in the previous year had increased by 27.3 percent. Total trade as percent of GDP declined marginally from 41.5 percent in the previous year to 40.5 percent in the review year. Of the total trade, trade with India increased by 1.9 percent (Rs. 9.96 billion) to Rs. 547.52 billion. Total trade with India in the previous year had increased by 28.6 percent. Likewise, total trade with China rose spectacularly by 34.5 percent (Rs. 26.24 billion) to Rs. 102.40 billion. Total trade with China in the previous year had increased by 18.0 percent. Likewise, total trade with other countries rose by 9.1 percent (Rs. 17.45 billion) to Rs. 210.09 billion. In the previous year, total trade with other countries had gone up by 27.5 percent.
- 1.39 Exports to imports ratio during the review year fell to 11.0 percent from previous year's 12.9 percent due to decline in exports and increase in imports. In the review year, India's share in total exports was 65.5 percent from 64.8 percent in the previous year, that of total imports was 63.5 percent from 66.9 percent in the previous year, that of

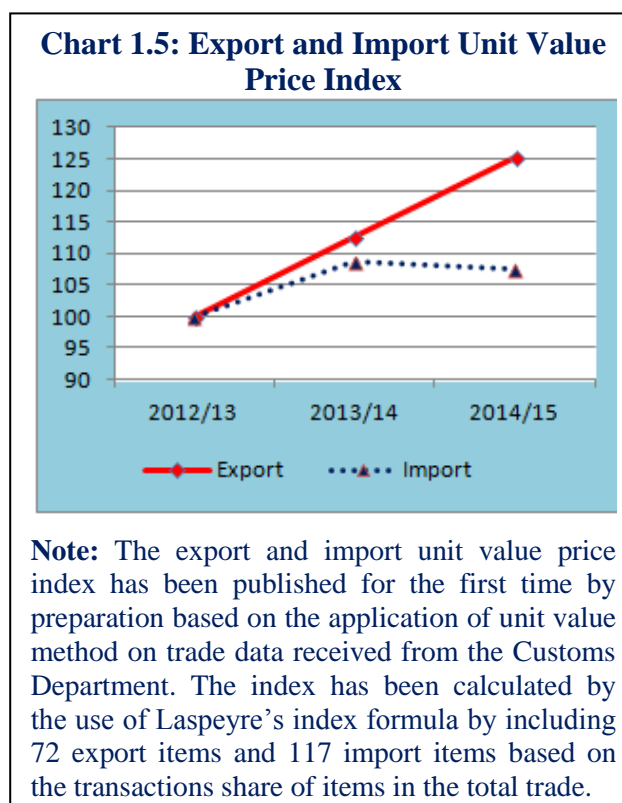
total merchandise trade deficit was 63.2 percent from 67.2 percent in the previous year, and that of total trade was 63.7 percent from 66.7 percent in the previous year.

Export and Import Price Index

1.40 The average annual unit value price index of exports based on customs data increased by 11.5 percent in the review year. The unit value price index in the previous year had increased by 12.4 percent. Increase in prices of major export items like lentils, cardamom, P. P. woven fabric, hessian bags, etc. pushed the unit value price index in the review year.

1.41 In the review year, the average annual unit value price index of customs-based imports data declined by 0.1 percent. Such index in the previous year had increased by 8.6 percent. The decline in import price index in the review year was attributable to the decline in the prices of major import items like the diesel, L. P. gas, petrol, etc.

1.42 The ratio of export/import price index (terms of trade) in the review year improved by 12.8 percent. The ratio had improved by 3.4 percent in the previous year. Such a ratio of the index implies favorable position of the international trade for Nepal. Despite improvement in this ratio, decline in Nepal's exports indicates that there has been no expected effect on national output and employment.



Overall Balance of Payments Situation

Merchandise Trade

1.43 Total merchandise exports computed on the FOB (free on board)¹ price declined in the review year by 2.7 percent (Rs. 2.68 billion) to Rs. 98.28 billion. Such exports had risen by 17.4 percent in the previous year. Total merchandise imports computed on the FOB price increased in the review year by 9.4 percent (Rs. 65.40 billion) to Rs. 761.77 billion. Such imports in the previous year had risen by 27.2 percent. Thus, merchandise trade deficit in the review year increased by 11.4 percent (Rs. 68.08 billion) to Rs.

¹ For the purpose of BOP, freight and insurance are deducted while converting the trade statistics into FOB price.

663.50 billion. Merchandise trade deficit had widened by 29.1 percent in the previous year.

Services Account

- 1.44 Services credit in the review year rose by 19.4 percent (Rs. 24.23 billion) to Rs. 149.29 billion. Services credit in the previous year had increased by 31.4 percent. Under this account, travel credit increased by 15.2 percent (Rs. 7.05 billion) to Rs. 53.43 billion, government services credit expanded by 33.4 percent (Rs. 8.13 billion) to Rs. 32.48 billion, and other services credit improved by 16.6 percent (Rs. 9.05 billion) to Rs. 63.38 billion.
- 1.45 Services debit in the review year increased by 16.8 percent (Rs. 17.49 billion) to Rs. 121.67 billion. Services debit in the previous year had risen by 18.9 percent. Under this account, transportation debit increased by 10.5 percent (Rs. 4.17 billion) to Rs. 44.0 billion, travel debit improved by 26.1 percent (Rs. 11.02 billion) to Rs. 53.19 billion, government services debit expanded by 21.5 percent (Rs. 0.35 billion) to Rs. 1.98 billion, and other services debit widened by 9.5 percent (Rs. 1.95 billion) to Rs. 22.51 billion in the review year.
- 1.46 As services credit outstripped the services debit in the review year, services account (surplus) rose by 32.3 percent (Rs. 6.74 billion) to Rs. 27.62 billion. In the previous year, the surplus in the services account had amounted to Rs. 20.88 billion.

Income Account

- 1.47 Income credit in the review year increased by 8.3 percent (Rs. 3.29 billion) to Rs. 42.83 billion. Income debit in the previous year had risen by 26.5 percent (Rs. 1.80 billion) to Rs. 8.59 billion. As a result, income account (net) improved by 4.6 percent (Rs. 1.49 billion) to Rs. 34.24 billion in the review year. Income account (net) had surged by 150.4 percent in the previous year.

Transfer and Remittance Inflow

- 1.48 Transfer credit (net) in the review year increased by 12.4 percent (Rs. 78.46 billion) to Rs. 709.96 billion. Transfer credit (net) in the previous year had widened by 26.9 percent. Under the transfer account, foreign grants amounting to Rs. 52.86 billion was received in the review year. Such grants received in the previous year had amounted to Rs. 48.52 billion.
- 1.49 Under transfer account, remittance inflow increased by 13.6 percent (Rs. 73.99 billion) to Rs. 617.28 billion in the review year. The remittance in the previous year had gone up by 25.0 percent. In terms of US dollar, remittance inflow increased by 11.9 percent

and amounted to US\$ 6.19 billion in the review year. Such remittance in the previous year had recorded an increase of 12.3 percent.

- 1.50 In the review year, pension received showed an increment of 2.5 percent (Rs. 1.02 billion) to Rs. 42.39 billion. The pension in the previous year had amounted to Rs. 41.37 billion.

Current Account

- 1.51 In the review year, there was current account surplus which amounted to Rs. 108.32 billion. Such surplus in the previous year had amounted to Rs. 89.72 billion. Current account surplus as percent of GDP in the review year increased to 5.1 percent from 4.6 percent in the previous year. Current account surplus widened for reasons like reduction in the merchandise import growth, increase in remittance and grants, depreciation of Nepalese rupee vis-à-vis the US dollar, etc.

Capital Account

- 1.52 In the review year, transfer under the capital account decreased by 13.2 percent (Rs. 2.25 billion) to a surplus of Rs. 14.81 billion. Such surplus in the previous year had seen a spectacular growth of 64.9 percent.

Financial Account

- 1.53 Foreign direct investment under financial account rose by 37.2 percent (Rs. 1.19 billion) to Rs. 4.38 billion in the review year. FDI had decreased sharply by 64.8 percent in the previous year.
- 1.54 In the review year, foreign loan inflows expanded by 37.0 percent (Rs. 7.83 billion) to Rs. 28.96 billion. In the previous year, such loan inflows had risen massively by 54.2 percent. Principal repayment in the review year increased by 1.9 percent (Rs. 0.32 billion) to Rs. 17.04 billion. In the previous year, principal repayment had increased by 12.1 percent. Currency and deposits receipts in the review year reached Rs. 14.32 billion. Such receipts in the previous year had amounted to Rs. 2.73 billion.

Balance of Payments

- 1.55 In the review year, BOP surplus amounted to Rs. 145.04, the largest BOP surplus recorded so far. In the previous year, the BOP surplus had amounted to Rs. 127.13 billion. BOP surplus as percent of GDP in the review year increased to 6.8 percent from 6.5 percent in the previous year.

Foreign Exchange Reserve

1.56 During the review year, total foreign exchange reserve rose by 23.8 percent to Rs. 824.06 billion in mid-July 2015. Such reserve had expanded by 24.8 percent to Rs. 665.41 billion in mid-July 2014. In terms of US dollar, total reserve of the banking system in the review year widened by 17.4 percent to US\$ 8.15 billion. Such reserve in the previous year had augmented by 23.6 percent. Foreign exchange reserve with NRB amounted to Rs. 572.40 billion as at mid-July 2014 and Rs. 703.06 billion as at mid-July 2015, reflecting increase at 22.8 percent during the review year. Of the total foreign exchange reserve in the banking system in mid-July 2015, the share of NRB represented 85.3 percent.

Reserve Adequacy Indicator

1.57 Reserve adequacy indicators showed favorable position during the review year. Based on total imports for FY2014/15, the foreign exchange reserve as at mid-July 2015 was sufficient to finance merchandise imports for 13.0 months and merchandise and service imports for 11.2 months.

	2012/13	2013/14	2014/15
Trade Indicators: Import Capacity (Equivalent Months)			
Merchandise	11.7	11.5	13.0
Merchandise and Services	10.1	10.0	11.2
Monetary Indicators (In Percent)			
Gross Foreign Exchange Reserve/GDP	31.5	34.3	38.8
Gross Foreign Exchange Reserve/Imports *	84.0	83.1	93.3
Gross Foreign Exchange Reserve/Broad Money Supply	40.5	42.5	43.9
Gross Foreign Exchange Reserve/Reserve Money	150.6	152.4	165.1

* Merchandise and Service Imports

1.58 In the review year, the ratios of foreign exchange reserve to GDP, total imports, broad money, and reserve money were 38.8 percent, 93.3 percent, 43.9 percent, and 165.1 percent respectively. Such ratios in the previous year were 34.3 percent, 83.1 percent, 42.5 percent, and 152.4 percent respectively.

S.N.	Items	As of Mid-July (Rs. in Million)		
		2013	2014	2015
A	Assets	559,141.8	681,315.1	847,663.1
1	Direct Investment	0.0	0.0	0.0
2	Portfolio Investment	0.0	0.0	0.0
3	Other Investments	85,350.7	87,562.1	121,163.5
	Other equity	2,495.8	2,502.8	5,476.1
	Currency and deposits	22,025.6	29,912.6	44,169.5
	Loans	52.6	1,228.9	10,122.6
	Trade credit & advances	5,147.4	1,620.0	2,234.3
	Other account receivable	55,629.4	52,297.8	59,161.0
4	Official Reserve Assets*	473,791.1	593,752.9	726,499.6
B	Liabilities	480,095.8	477,283.1	487,315.8
1	Direct Investment	52,113.3	57,264.0	63,426.7
2	Portfolio Investment	0.0	0.0	0.0
3	Other Investments	427,982.5	420,019.1	423,889.1
	Other equity	0.0	0.0	0.0
	Currency and deposits	56,115.3	29,370.5	39,870.3
	Loans	347,624.7	356,787.1	351,400.2
	Trade credit & advances	14,434.6	23,686.1	22,912.3
	Other account payable	20.2	41.7	38.2
	Special drawing rights	9,787.8	10,133.8	9,668.1
	Net IIP	79,046.0	204,031.9	360,347.3

International Investment Position

- 1.59 As at mid-July 2015, country's foreign assets and liabilities amounted to Rs. 847.66 billion and Rs. 487.32 billion respectively. As a result, the net International Investment Position (IIP) remained positive at Rs. 360.34 billion in mid-July 2015 as compared to the net IIP at Rs. 204.03 billion in mid-July 2014.

Exchange Rate Movement

- 1.60 The exchange rate of the Nepalese rupee vis-à-vis the Indian rupee has been kept fixed in FY2014/15 also. Comparing exchange rates in mid-July 2015 to that in mid-July 2014, the Nepalese rupee depreciated against the US dollar by 5.2 percent while it appreciated against the Pound sterling by 4.2 percent, Euro by 17.1 percent, and Japanese yen by 15.4 percent.

Foreign Currency	Buying Rate (in Rs.)			Appreciation (+)/Depreciation (-)	
	Mid-July			Percent	
	2013	2014	2015	2014	2015
1 US dollar	95.00	95.90	101.14	-0.9	-5.2
1 Pound sterling	143.56	164.61	158.01	-12.8	4.2
1 Euro	124.08	130.50	111.48	-4.9	17.1
10 Japanese yen	9.60	9.44	8.18	1.7	15.4

- appreciated against the Pound sterling by 4.2 percent, Euro by 17.1 percent, and Japanese yen by 15.4 percent.

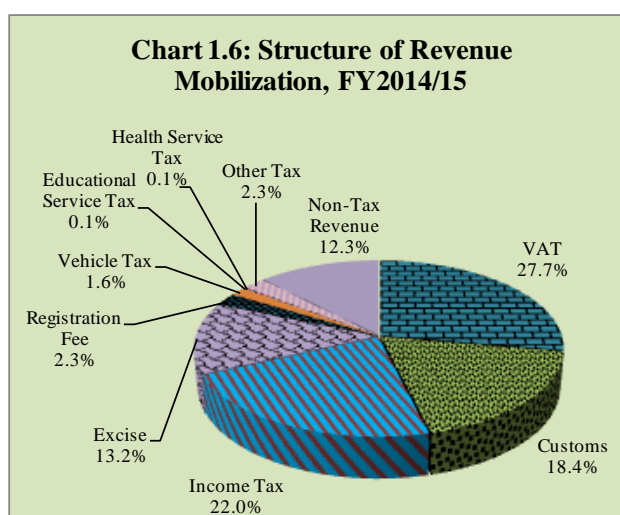
Government Finance

- 1.61 The budget for FY2014/15 was presented to the legislative-parliament before the commencement of the new fiscal year, passed within the stipulated time, and duly brought into implementation. The budget laid priorities on economic growth, poverty alleviation, employment generation, and creating infrastructure for overall socio-economic development. Likewise, the budget was also steered toward mobilizing resources for attaining the objective of upgrading Nepal from the status of least developed country by 2022. The budget focused on maximum utilization of domestically endowed resources and prioritized programs that could be directly experienced by the people.
- 1.62 In order to end the practice of freezing the allocated budget expenditure due to non-spending as well as rushing to end the budget by the close of the fiscal year, authorization was sent for all the sectoral Ministries/agencies on July 1, 2014 itself while the deadline for approving the programs was fixed as August 10, 2014. However, the total government expenditure incurred on cash basis for the year was 82.4 percent only. In the review year, the recurrent, capital, and financing expenditure on cash basis as ratios of the total expenditure was computed as 65.8 percent, 15.9 percent, and 18.3 percent respectively. These expenditures as respective ratios of GDP represented 15.8 percent, 3.8 percent, and 4.4 percent in the review year, higher than the previous year's similar ratios at 15.3 percent, 3.2 percent, and 3.1 percent respectively.

Government Revenue

- 1.63 In FY2014/15, the government revenue increased by 13.8 percent to Rs. 405.85 billion, which represented 96.0 percent of the annual target of Rs. 422.90 billion. The revenue had risen by 20.5 percent to Rs. 356.62 billion in FY2013/14. Despite the slowdown in economic activities following the earthquake in April 2015 and its after-effects coupled with deceleration in imports, revenue as ratio of the GDP stood at 19.1 percent in the review year. Such ratio in FY2013/14 had been 18.4 percent.
- 1.64 Among the headings of revenue, value added tax (VAT) grew by 11.3 percent to Rs. 112.52 billion in the review year. The VAT had increased by 21.2 percent to Rs 101.11 billion in the previous year. Income tax increased by 14.1 percent to Rs. 89.11 billion in the review year compared to an increase of 18.2 percent to Rs. 78.09 billion in the previous year.
- 1.65 In the review year, customs revenue improved by 10.1 percent to Rs. 74.84 billion compared to an increase of 19.4 percent to Rs. 67.98 billion in the previous year. The lower rate of growth of customs revenue could be attributed to the decline in growth rate of imports in the review year.
- 1.66 During the review year, excise duty increased by 17.9 percent to Rs. 53.54 billion compared to the increase of 25.3 percent to Rs. 45.41 billion in the previous year.

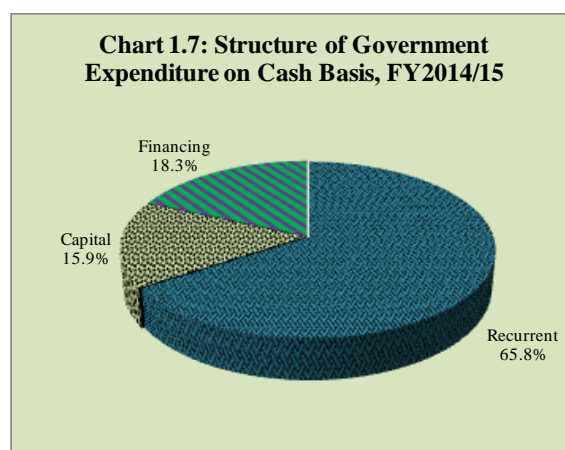
- 1.67 Of the total revenue mobilized in the review year, the share of the VAT was the highest at 27.7 percent followed by income tax (22.0 percent), customs duty (18.4 percent), and excise duty (13.2 percent). These ratios in the previous year had been VAT (28.4 percent), income tax (21.9 percent), customs duty (19.1 percent), and excise duty (12.7 percent).



- 1.68 In the review year, mobilization of non-tax revenue increased by 13.0 percent to Rs. 49.90 billion compared to an increase of 20.1 percent to Rs. 44.18 billion in the previous year.
- 1.69 Of the total revenue, the share of tax and non-tax revenue stood at 87.7 percent and 12.3 percent respectively in the review year. In the previous year, such share was 87.6 percent and 12.4 percent respectively. Likewise, the share of direct and indirect tax revenue in the total tax revenue comprised 32.3 percent and 67.7 percent respectively. In the previous year, such share was 31.4 percent and 68.6 percent respectively.

Government Expenditure

1.70 In the review year, total government expenditure on cash basis rose by 22.0 percent to Rs. 509.21 billion. In the previous year, such expenditure had increased by 16.3 percent to Rs. 417.47 billion.



1.71 In the review year, recurrent expenditure on cash basis increased by 12.9 percent to Rs. 334.88 billion. Recurrent expenditure in the previous year had risen by 21.7 percent. Recurrent expenditure as a ratio of recurrent budget estimate represented 83.9 percent. The review year witnessed normal growth in recurrent expenditure as against the higher growth attributed primarily to the Constitution Assembly elections in the previous year.

1.72 In the review year, capital expenditure on cash flow basis expanded by 32.1 percent to Rs. 81.03 billion, representing 69.4 percent of the annual budget estimate. Capital expenditure had risen by 19.8 percent in the previous year.

Table 1.7
Major Government Finance Indicators
(Percent of GDP)

Particulars	2012/13	2013/14	2014/15
Total Expenditure	21.2	21.5	24.0
Recurrent Expenditure	14.4	15.3	15.8
Capital Expenditure	3.0	3.2	3.8
Revenue	17.5	18.4	19.1
Tax Revenue	15.3	16.1	16.8
Fiscal Deficit	-1.8	-0.7	-2.2

1.73 Cash flow-based financing item in the review year spurted by 57.0 percent to Rs. 93.30 billion which represented 91.1 percent of the budget estimate. The financing item had increased by 14.1 percent in the previous year. Increase in share and loan investment in hydropower projects and repayment of substantial amount of domestic debt by the GON contributed to the higher growth of financial item in the review year.

Budget Deficit

1.74 In the review year, government budget on cash flow basis remained at a deficit of Rs. 45.88 billion. Such budget deficit in the previous year had amounted to Rs. 13.75 billion. Lower growth of resource mobilization relative to the growth of government expenditure accounted for such a budget deficit during the review year. Budget deficit as a ratio of the GDP remained at 2.2 percent in the review year.

Sources of Financing the Budget Deficit

- 1.75 The review year witnessed the mobilization of total domestic borrowing amounting to Rs. 42.42 billion which as a ratio of the GDP remained at 2.0 percent. Such borrowing in the previous year had amounted to Rs. 19.98 billion.
- 1.76 During the review year, the principal repayment on domestic debt amounted to Rs. 47.45 billion. GON maintained with NRB a cash surplus of Rs. 33.81 billion (including the balance of Rs. 23.50 billion at the end of FY2013/14) at the end of the review year.

Government Debt

- 1.77 As at mid-July 2015, the total outstanding foreign debt of the GON stood at Rs. 342.96 billion. Likewise, the outstanding domestic debt of the GON in mid-July 2015 amounted to Rs. 196.79 billion. The outstanding domestic debt in mid-July 2014 had amounted to Rs. 201.82 billion in mid-July 2014.

	Government Debt Indicators	2012/13	2013/14	2014/15
1.	Total Debt/Gross Domestic Product	31.9	28.3	25.4
2.	External Debt/Gross Domestic Product	19.7	17.9	16.1
3.	Domestic Debt/Gross Domestic Product	12.2	10.4	9.3
4.	External Debt/Exports	184.0	153.4	138.5
5.	External Debt Service/Exports	9.5	8.9	8.1
6.	Total Debt Service/Revenue	16.5	15.1	18.2
7.	Domestic Debt Service/Revenue	10.7	9.5	13.2
8.	External Debt Service/Revenue	5.8	5.4	5.1

Note: Not included in the domestic debt are the IMF promissory notes and overdraft from the NRB.

- 1.78 For some years in the past, both the external debt/GDP and domestic debt/GDP ratios of the GON have been declining. Consequently, the total debt of the GON as a ratio of the GDP stood at 25.4 percent in mid-July 2015. As at mid-July 2015, total debt repayment as a ratio of revenue recorded some increment over the previous year and reached 18.2 percent.

Policy Provisions Concerning Revenue

- 1.79 Through the budget for FY2014/15, the GON adopted various policy provisions concerning revenue. The policy measures comprised the following:
- Making timely improvements in tax structure and tax laws with the view to incorporating emerging challenges for revenue administration
 - Diversifying exports and substituting imports
 - Controlling unauthorized trade, revenue leakages, foreign exchange embezzlement, and money laundering
 - Enhancing voluntary tax compliance through information technology
 - Adjusting gradually the customs rates in accordance with the international and regional commitments
 - Making non-tax revenue cost-efficient and transparent
 - Making structural improvement for bringing further specialization in revenue administration

1.80 For bringing into implementation the announcements in revenue policy, following strategies and programs were declared:

Reform in Tax Administration

- Constitution of high-level commission for tax system review
- Making required amendment to existing Customs Act in consistence with the Kyoto Protocol
- Making provision for mandatory requirement of Permanent Account Number (PAN) by all the individuals, agencies, and professionals getting services and benefits including salary and remuneration from the government institutions or government funds
- Controlling by, and accessing to, the tax administration the transaction records of the taxpayers by means of information technology
- Strictly enforcing the provision that bans sale/distribution of liquor-related products and other consumer items from the same outlet
- Central information system of the Department of Revenue Investigation will be changed into web-based system and arrangements will be made for declaring the details of transported goods by the carrier firms and companies through that information system
- Implementing the commitments made internationally against the money laundering on a gradual basis.
- Implementing gradually the recommendations made by the Revenue Exemption Impact Evaluation Task Force and Non-Tax Revenue System Reform Task Force
- Consequent to the provisions of availing partial facility for different industries and businesses through refunding the Value Added Tax, an inter-organizational coordination mechanism will be formed comprising the officials from the Commerce and Supply Ministry, Industry Ministry and the Inland Revenue Department and an arrangement for regular reporting made for also monitoring the production process, quality, impact on the consumer prices, price received by the farmers for the supply of raw materials to those industries, and marketing mechanism, etc.
- In order to discourage the illegal import and use of mobile sets and to make more effective the work of determining the standard of mobile type, an operational manual concerning Equipment Identity Register System will be formulated and implemented.

Tax Exemptions and Concessions

- For the arrangement of tax payment through electronic system, infrastructure will be built for enabling tax payers to read the tax-related information through electronic means.
- Entering into Double Taxation Avoidance and Prevention of Fiscal Evasion Agreements with the countries having the prospects of investment and technology transfer has been moving forward.

- The existing income tax exemption limit has been raised to Rs. 250,000 for an individual and to Rs. 300,000 for the couple.
- For simplification of the existing customs clearance procedure, the prevailing number of documents has been reduced.
- In order to simplify the export to Tibet via Tatopani customs point, arrangement has been made for exporting after affixing the seal at Tribhuvan International Airport Customs Office.
- Procedure has been simplified with a view to facilitating export promotion.
- On the imports of transportation vehicles by tea production and processing industries for transporting tea, 50 percent rebate in chargeable customs duty has been granted.
- All tariff has been exempted on the import of a television set of up to 32 inches of any type accompanied by the Nepalese citizen who spent a minimum of one year abroad in the foreign employment.
- For the development of tourism and transport development, 50 percent rebate on the customs duty has been provided on the import of cable, readymade cab, and steel blade required for the construction of cab by the industry constructing cable car.

Taxation Rates

1.81 For the review year, there has been no change in the six import tariff rates applicable for the previous year, namely, 5, 10, 15, 20, 30, and 80 percent. On the import tariff, only one rate at 200 percent has been maintained. Likewise, the nine rates which were applicable in the previous year (namely, 5, 10, 15, 30, 35, 40, 50, 55, and 60 percent) have not been changed and thus the rates have remained the same in the review year also.

Table 1.9
Taxation Rates

Description	FY2013/14	FY2014/15
1. Import Duties (Percent)	5, 10, 15, 20, 30, 80	5, 10, 15, 20, 30, 80
2. Export Duties (Percent)	200	200
3. Excise (Percent)	5, 10, 15, 30, 35, 40, 50, 55, 60	5, 10, 15, 30, 35, 40, 50, 55, 60
4. VAT (Percent)	13 Percent	13 Percent
5. <u>Income Tax</u>		
(a) Exemption Threshold		
(i) Individual	Rs. 200,000	Rs. 250,000
(ii) Couple or Family	Rs. 250,000	Rs. 300,000
(b) Tax Rates (Percent)		
(i) Upto exemption threshold of taxable income from employment	1 Percent	1 Percent
(ii) First Rs. 100,000 after Exemption Limit	15 Percent	15 Percent
(iii) On residual amount	25 Percent	25 Percent
(iv) On additional 25 percent tax amount after Rs. 25 lakh	40 Percent	40 Percent
<u>Corporate Tax</u>		
(a) Flat Rate on Corporate Net Income		
(i) Banks and Financial Institutions	30 Percent	30 Percent
(ii) Others	25 Percent	25 Percent
(b) Partnership Firm	25 Percent	25 Percent
House Rent Tax	10 Percent	10 Percent
Meeting Allowance	15 Percent	15 Percent
Commission	15 Percent	15 Percent
Lottery, Gift, Prize	25 Percent	25 Percent
Interest Tax	5 Percent	5 Percent
Provident Fund and Pension	5 Percent	5 Percent
Government Securities	5 Percent	5 Percent
Dividend Tax	5 Percent	5 Percent

Situation of Public Enterprises

- 1.82 Among the 37 public enterprises (PEs) that have been in operation under the full or majority ownership of the GON, 18 PEs earned net profit while 15 PEs incurred net loss during FY2014/15. PEs recorded net profit of Rs. 5.05 billion in FY2013/14 compared to the net profit of Rs. 11.40 billion in FY2012/13. Net profit in FY2013/14 declined owing to loss of PEs like Nepal Oil Corporation (Rs. 6.25 billion), Nepal Electricity Authority (Rs. 4.70 billion), and some other PEs.
- 1.83 GON's total share investment in PEs rose by 7.57 percent to Rs. 115.81 billion in FY2013/14 compared to Rs. 107.66 billion in FY2012/13 while total loan investment in PEs increased by 4.86 percent to Rs. 111.68 billion in FY2013/14 compared to Rs. 106.50 billion in FY2012/13.
- 1.84 Dividend received by the GON from PEs totaled Rs. 6.62 billion (5.71 percent of share investment) in FY2013/14 compared to the dividend of Rs. 6.99 billion in FY2012/13.

- 1.85 The accumulated loss of PEs as at mid-July 2014 totaled Rs. 26.92 billion. PEs with accumulated loss exceeding Rs. 1 billion were Nepal Oil Corporation (Rs. 32.84 billion), Nepal Electricity Authority (Rs. 17.94 billion), Rastriya Banijya Bank (Rs. 9.98 billion), Nepal Oriend Magnesite Pvt. Ltd. (Rs. 4.0 billion), Udaypur Cement Factory Ltd. (Rs. 3.44 billion), Nepal Airlines Corporation (Rs. 1.75 billion), and Nepal Food Corporation (Rs. 1.14 billion). PEs with accumulated profit exceeding Rs. 1 billion as at mid-July 2014 were Nepal Doorsanchar Company Limited or Nepal Telecom (Rs. 42.48 billion), Nepal Civil Aviation Authority (Rs. 3.07 billion), Agriculture Development Bank Ltd. (Rs. 1.47 billion), and NIDC Development Bank Ltd. (Rs. 1.36 billion).

Table 1.10
Financial Condition of Public Enterprises

(Rs. in Million)

S. N.	Sectoral Classification	No.	Shareholders' Fund/Networth		Net Profit/Loss		Dividend Received by GON (According to Financial Statements of FCGO)		Retained Earning/Loss	
			2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
1.	Manufacturing	7	(3,796)	(4,070)	(570)	(775)	–	–	(9,143)	(9,902)
2.	Trading	6	(23,125)	(31,604)	(1,553)	(8,590)	–	–	(26,175)	(34,765)
3.	Services	7	14,022	18,412	1,443	1,345	0	6	1,003	1,639
4.	Social	5	761	892	(186)	(0)	–	–	(1,684)	(1,926)
5.	Public Utilities	3	78,023	85,861	6,511	67,02	6,988	6,313	23,379	23,558
6.	Financial	9	31,956	36,498	5,756	6,369	2	300	(7,999)	(5,527)
	Total	37	97,842	105,990	11,401	5,050	6,990	6,619	(20,619)	(26,923)

Source: Annual Performance Review of Public Enterprises, 2015, 2014, and 2013

- 1.86 Unfunded liability of PEs as at mid-July 2014 increased by 0.18 percent to Rs. 27.02 billion compared to such liability of Rs. 26.97 billion in mid-July 2013. The unfunded liability of PEs has been growing every year due to various facility entitlements to the employees of PEs upon their retirement such as gratuity, pension, medical treatment, insurance, payment against accumulated leave, etc.
- 1.87 Even among the profit-earning PEs, the financial condition, capacity utilization, and employee productivity of majority of them did not remain satisfactory. A very low rate of return for the GON from the PEs, lack of regular and updated audit, excessive pressure of the human resources, creation of huge unfunded liability for meeting employee-related facilities like gratuity, pension, employees' provident fund, etc., PEs operating in loss increasingly being dependent on GON, and lack of clear policy and mechanism for the monitoring and inspection of the PEs, etc. have been the major challenges presently facing PEs in Nepal.
- 1.88 As per the GON's decision dated December 1, 2011, the Public Enterprise Directorate Board (Formation and Operation) Order, 2011 was issued and, accordingly, the Board came into operation since then with the objective of increasing competitiveness and professionalism and operating the PEs in a coordinated way.

- 1.89 Up to FY2013/14, altogether 30 PEs were privatized through modalities like business and assets sale, partial share sale, current assets sale, building and land lease, management contract, and liquidation.

Monetary and Financial Situation

Monetary Situation

- 1.90 Broad money supply increased by 19.9 percent in FY2014/15 compared to an increase of 19.1 percent in the previous year. Broad money supply expanded in the review year due to the high growth of Net Foreign Assets (NFA). Narrow money supply grew by 19.7 percent in the review year compared to the growth of 17.7 percent in the previous year.
- 1.91 In the review year, currency in circulation rose by 18.7 percent compared to the growth of 16.2 percent in the previous year. Demand deposits expanded by 21.5 percent in the review year compared to the growth of 20.4 percent in the previous year. Likewise, saving, fixed, and call deposits of BFIs increased by 20.8 percent, 12.4 percent, 32.4 percent respectively in the review year. Such growth in the previous year had been 25.6 percent, 7.6 percent, and 27.8 percent respectively.
- 1.92 Net foreign assets (after adjusting foreign exchange valuation gain/loss) increased by Rs. 145.04 billion (24.2 percent) during the review year compared to an increase of Rs. 127.13 billion (27.2 percent) in the previous year. A higher inflow of remittances along with a decelerated growth of imports resulted in an expansion of net foreign assets in the review year.
- 1.93 Domestic credit expanded by 16.2 percent in the review year compared to a growth of 12.7 percent in the previous year. Increase in claims on the private sector as well as the financial institutions resulted in a higher growth of domestic credit in the review year.
- 1.94 In the review year, net claims on GON shrank by 10.4 percent (Rs. 14.78 billion) while such claims in the previous year had declined by 15.4 percent. The review year also witnessed reduction in the net claims on GON especially because of the maintenance of substantial amount of surplus in the GON account in NRB mainly attributed to the slowdown in expenditure compared to the mobilization of resources by the GON. The GON's cash surplus with NRB as at the end of the review year amounted to Rs. 33.81 billion.
- 1.95 Claims on the private sector expanded by 19.4 percent (Rs. 223.12 billion) in the review year compared to the growth of 18.3 percent in the previous year. In the review year, comfortable position of liquidity coupled with indications of some improvement in the business environment resulted in some expansion in the claims on the private sector compared to the previous year.

- 1.96 Reserve money increased by 19.8 percent in the review year compared to the growth of 23.3 percent in the previous year. The slowdown in the deposits of commercial banks at NRB following the higher absorption of liquidity through deposit collection auction accounted for a slower growth of reserve money in comparison to the previous year.

Inter-Bank Transactions and Use of Standing Liquidity Facility

- 1.97 In the review year, inter-bank transactions of commercial banks stood at Rs. 374.70 billion and those of other financial institutions (excluding transactions among commercial banks) amounted to Rs. 226.91 billion. These respective transactions in the previous year totaled Rs. 200.76 billion and Rs. 171.06 billion respectively. In the review year, the BFIs used standing liquidity facility (SLF) amounting to Rs. 10.31 billion. BFIs did not use such facility in the previous year.

Table 1.11
Inter-Bank Transactions and Use of Standing Liquidity Facility

Particulars	2012/13	2013/14	2014/15
Inter-bank Transactions of Commercial Banks (Rs. in billion)	725.77	200.76	374.70
Inter-bank Transaction Rate of Commercial Banks (In Percent)*	0.86	0.16	1.01
Inter-bank Transaction of Other Financial Institutions except among Commercial Banks (Rs. in billion)	184.58	171.06	226.91
Inter-bank Transaction Rate of Other Financial Institutions (In Percent)*	5.03	2.40	3.89
Use of Standing Liquidity Facility (Rs. in billion)	54.98	0.00	10.31

* For the month of mid-June to mid-July

Short-Term Interest Rates

- 1.98 Both the weighted average of 91-day Treasury Bill rate and inter-bank transaction rate increased in the last month of 2014/15 compared to the same period a year ago. The weighted average 91-day Treasury Bill rate increased to 0.1739 percent in the review month from 0.02 percent a year ago. The weighted average inter-bank transaction rate among commercial banks reached 1.01 percent in the review month compared to such a rate of 0.16 percent a year ago. Likewise, the weighted average inter-bank rate among other financial institutions increased to 3.89 percent from 2.40 percent a year ago.
- 1.99 Weighted average interest rate spread of commercial banks decreased to 4.61 percent in the review month from its rate at 5.21 percent a year ago. Similarly, the average base rate came down to 7.88 percent from its rate at 8.36 percent a year ago.

Table 1.12
Interest Rate Spread and Base Rate of Commercial Banks

Particulars	2012/13	2013/14	2014/15
Annual Interest Rate Spread*	6.84	5.21	4.61
Annual Base Rate	9.83	8.36	7.88

* Computed as per the modified method since mid-July 2014

Foreign Exchange Transaction

1.100 In FY2014/15, the NRB injected net liquidity amounting to Rs. 396.72 billion through the net purchase of US\$ 4.03 billion from foreign exchange market (commercial banks). In the previous year, net liquidity amounting to Rs. 343.46 billion was injected through the net purchase of US\$ 3.52 billion. In the review year, the NRB purchased Indian currency (IC) equivalent to Rs. 348.09 billion by selling US\$ 3.50 billion. In the previous year, IC equivalent to Rs. 307.98 billion was purchased by selling US\$ 3.14 billion. Higher amount of IC purchase in the review year was on account of the widening trade deficit with India resulting from increasing imports of petroleum products and other goods.

Table 1.13
Overall Situation of Foreign Exchange Transactions

(Rs. in billion)

Particulars	2012/13	2013/14	2014/15
US\$ Purchase	286.04	345.82	397.85
US\$ Sale	1.01	2.36	1.14
Net Liquidity Injection	285.03	343.46	396.72
Purchase of Indian Currency by Selling US\$	274.44	307.98	348.09

Status of Sources and Uses of Funds of Banks and Financial Institutions

Commercial Banks

1.101 Total assets/liabilities of commercial banks increased by 19.5 percent (Rs. 286.57 billion) in 2014/15 compared to the growth of 18.0 percent (Rs. 224.27 billion) in the previous year.

1.102 In the review year, total deposits mobilized by commercial banks increased by 21.4 percent (Rs. 256.27 billion) to Rs. 1,452.75 billion in mid-July 2015 compared to its growth of 17.8 percent (Rs 180.90 billion) in the previous year. In the review year, the current, saving, and fixed deposits of commercial banks rose by 22.8 percent, 24.1 percent, and 14.2 percent respectively while such growth rates in the previous year were 14.2 percent, 25.6 percent, and 5.8 percent respectively. The rapid growth of net foreign assets was attributed to such expansion in deposit mobilization in the review year.

- 1.103 Regarding the use of financial resources, the loans and advances of commercial banks in the review year increased by 18.8 percent (Rs. 200.08 billion) to Rs. 1267.0 billion as at mid-July 2015. The loans and advances of commercial banks had increased by 13.7 percent in the previous year. Among the loan and advances components, the claim on private sector remained higher as in previous years. Such claim stood at 51.0 percent of total GDP as at mid-July 2015.
- 1.104 In the review year, claims on private sector from commercial banks expanded by 22.0 percent (Rs. 194.74 billion). In the previous year, such claims had risen by 18.7 percent (Rs. 139.81 billion). Of the total private sector credit, credit to the production sector increased by 15.6 percent (Rs 32.29 billion) in the review year. Such credit in the previous year had risen by 17.4 percent. Of the production sector, the growth of credit flow to the food, cement, agriculture and forestry, and plastic production remained significantly high. The credit to the agriculture sector rose by 25.9 percent (Rs. 10.44 billion) in the review year. The credit for the wholesalers and retailers; finance, insurance and fixed assets; and service industries grew by 24.7 percent (Rs. 50.84 billion), 22.5 percent (Rs. 16.41 billion), and 28.9 percent (Rs. 19.8 billion) respectively. Such credit growth in the previous year had been 27.1 percent, 10.2 percent, and 20.7 percent respectively.
- 1.105 In the review year, commercial banks' investment in government securities decreased nominally by Rs. 4.0 million to Rs. 136.36 billion in mid-July 2015. Such investment had contracted by 7.4 percent in the previous year.
- 1.106 As at mid-July 2015, the liquid assets of commercial banks (including investment in government securities) amounted to Rs. 464.30 billion that represented 32.0 percent of the total deposits. In the previous year, the ratio of such assets to deposits had been 33.7 percent. Of the components of liquid assets, liquid funds increased by 22.8 percent in the review year. While the balance held abroad increased by 26.3 percent (Rs. 23.38 billion) to Rs. 112.28 billion, the balance with NRB rose by 21.9 percent (Rs. 31.46 billion) to Rs. 174.94 billion in mid-July 2015.

Development Banks

- 1.107 In the review year, total assets/liabilities of development banks increased by 13.1 percent (Rs. 33.35 billion) to Rs. 288.72 billion in mid-July 2015. The major source of resource mobilization, namely, total deposits, expanded in the review year by 15.2 percent (Rs. 30.39 billion) to Rs. 230.73 billion in mid-July 2015. Likewise, liquid assets of development banks in mid-July 2015 amounted to Rs. 21.77 billion, representing 9.4 percent of total deposits as compared to such ratio at 8.7 percent in mid-July 2014. Of the component of liquid assets, liquid fund increased by 27.6 percent to Rs. 18.68 billion in the review year.

1.108 In the review year, loans and advances of development banks increased by 13.5 percent (Rs. 30.25 billion) to Rs. 253.59 billion compared to the growth of 27.0 percent in the previous year. Among the components of loans and advances, claims on the private sector expanded by 16.0 percent to Rs. 193.42 billion in mid-July 2015 which, as a ratio of GDP, remained at 9.1 percent.

Finance Companies

1.109 In the review year, total assets/liabilities of finance companies decreased by 0.5 percent (Rs. 0.56 billion) to Rs. 105.04 billion in mid-July 2015 in contrast to the 4.7 percent increase in total assets/liabilities in the previous year. The major source of resource mobilization, namely, total deposits, declined in the review year by 0.6 percent (Rs. 0.44 billion) to Rs. 71.64 billion in mid-July 2015 compared to the 5.7 percent increase in the deposits mobilized during the previous year. In mid-July 2015, liquid assets of the finance companies amounted to Rs. 9.88 billion, which stood at 13.8 percent of total deposits compared to the ratio at 12.0 percent in mid-July 2014. Among the components of liquid assets, liquid funds rose in the review year by 22.5 percent to Rs. 6.83 billion.

1.110 In the review year, loans and advances of finance companies rose marginally by 0.3 percent (Rs. 0.32 billion) to Rs. 93.72 billion in mid-July 2015. Such loans and advances in the previous year had risen by 4.3 percent. Among the components of loans and advances, claims on private sector increased marginally by 0.4 percent to Rs. 64.97 billion in mid-July 2015, standing at 3.1 percent of GDP.

Microfinance Institutions

1.111 In the review year, total assets/liabilities of “D”-class microfinance institutions expanded by 35.8 percent to Rs. 68.68 billion in mid-July 2015, with the balance of deposits, borrowings, loans and advances, and investments in mid-July 2015 reaching Rs. 16.0 billion, Rs.38.60 billion, Rs. 55.07 billion, and Rs. 2.47 billion respectively.

Cooperatives and Non-Government Organizations

1.112 During the review year, total assets/liabilities of cooperatives licensed by NRB for performing limited banking transactions increased by 17.2 percent to Rs. 24.98 billion in mid-July 2015, with the deposits amounting to Rs. 18.71 billion and loans and advances standing at Rs. 14.41 billion as on that date.

1.113 Total assets/liabilities of NGOs licensed by NRB for undertaking transactions of financial intermediary amounted to Rs. 16.06 billion as at mid-July 2015.

Insurance Companies

1.114 Based on data of the Insurance Board, total assets/liabilities of insurance companies in the review year expanded by 23.0 percent to Rs. 124.30 billion in mid-July 2015. Such amount as at mid-July 2014 had been Rs. 101.10 billion.

Employees Provident Fund

1.115 Total assets/liabilities of the Employees Provident Fund in the review year increased by 15.4 percent to Rs. 195.90 billion in mid-July 2015. Such amount had stood at Rs. 169.69 billion as at mid-July 2014. Provident funds for the review year expanded by 16.0 percent to Rs. 189.70 billion in mid-July 2015 as compared to such amount of Rs. 163.55 billion in mid-July 2014.

Citizen Investment Trust

1.116 Total assets/liabilities of Citizen Investment Trust (CIT) for the review year rose by 29.1 percent to Rs. 70.49 billion in mid-July 2015 compared to such amount of Rs. 54.62 billion as at mid-July 2014. Fund collection, a major component in the liabilities side of CIT, widened by 29.8 percent to reach Rs. 67.23 billion in mid-July 2015 as compared to such amount of Rs. 51.78 billion in mid-July 2014. On the assets side, loans and advances in the review year decreased by 3.0 percent to Rs. 17.37 billion in mid-July 2015 from its level at Rs. 17.91 billion as at mid-July 2014.

Postal Saving Bank

1.117 Among the 117 offices authorized for collecting deposits under Postal Services Department of GON, only 68 offices are presently involved in mobilizing deposits. As at mid-July 2015, total deposits of Postal Saving Bank amounted to Rs. 1.79 billion and the number of accounts reached 62,642 accounts. Total investment made by 59 investing offices of this Bank amounted to Rs. 0.46 billion in mid-July 2015.

Table 1.14
Transaction Details of Postal Saving Bank

Particulars	Mid-July 2014	Mid-July 2015
Number of Offices Licensed to accept Deposits	117	117
Number of Offices accepting Deposits	68	68
Number of Offices doing Investment	59	59
Number of Accounts	62642	63661
Total Deposits (Rs. in million)	1581.0	1785.0
Total Investment Outstanding (Rs. in million)	462.7	490.2

Source: Department of Postal Services, GON

Deposit and Credit Guarantee Corporation

1.118 The Deposit and Credit Guarantee Corporation (DCGC) has been providing credit guarantee services for priority sector as well as for livestock, vegetable farming, foreign employment, micro and deprived sector, and small and medium-scale enterprise. The Corporation guaranteed total credit amounting to Rs. 1.40 billion and deposits amounting to Rs. 2.84 billion by mid-July 2015.

Table 1.15
Transactions of Deposit and Credit Guarantee Corporation

Particulars	Mid-July 2014	Mid-July 2015	Percent
Total Deposit Guaranteed (Rs. in billion)	252.76	284.25	12.5
Total Credit Guaranteed (Rs. in million)	0.88	1.40	59.1

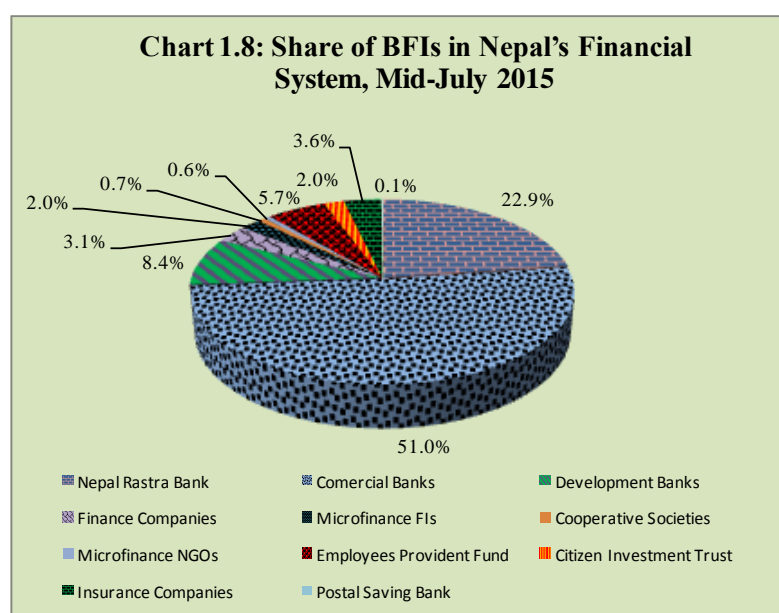
Source: Deposit and Credit Guarantee Corporation

Credit Information Centre Limited

1.119 According to Credit Information Centre Limited, the number of blacklisted borrowers as in mid-July 2015 reached 4,260. The number of such borrowers in mid-July 2014 was 3,609.

Financial Structure

1.120 The share of NRB in the total assets/liabilities of banks and financial institutions in mid-July 2015 was 22.9 percent. Likewise, in the total assets/liabilities of banks and financial institutions in mid-July 2015, the share of commercial banks was 51.0 percent, development banks 8.4 percent, finance companies 3.1 percent, Employees Provident Fund 5.7 percent, Citizen Investment Trust 2.0 percent, insurance companies 3.6 percent, etc.



1.121 As at mid-July 2015, the combined assets/liabilities of banking system and contractual saving institutions reached 161.9 percent of the GDP.

Financial Expansion

1.122 The number of banks and financial institutions (including the cooperatives and non-government organizations performing limited banking transactions) licensed by NRB declined to 234 in mid-July 2015 from 248 in mid-July 2014. The process of decline in the total number banks and financial institutions (BFIs) continued following the promulgation of the Merger Bylaw, 2011. Accordingly, as in mid-July 2015, the number was commercial banks 30, development banks 76, finance companies 48, and micro-finance development banks (MFDBs) 38. In the 'A', 'B', and 'C' - class BFIs, the total number of deposit accounts and borrowers in mid-July 2015 reached 14.9 million and 1.0 million respectively. Such number in mid-July 2014 stood at 13.1 million and 0.9 million respectively. Similarly, the number of depositors and borrowers in MFIs in mid-July 2015 reached 1.5 million and 1.1 million respectively. These MFIs have been extending their services in the entire 75 districts.

1.123 The number of NGOs licensed by NRB for carrying out limited banking transactions remained 27 in mid-July 2015. The number of such NGOs in mid-July 2014 had been 29. Likewise, the number of cooperatives licensed by NRB remained 15 in mid-July 2015, the same as in mid-July 2014.

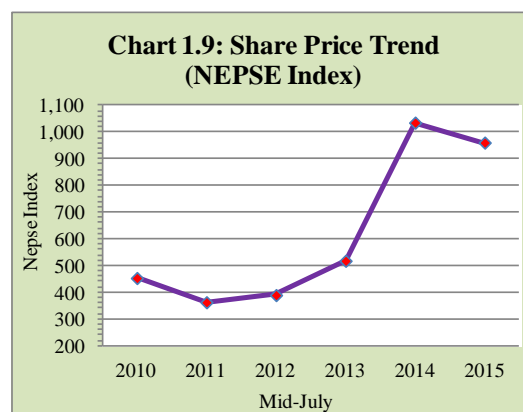
1.124 The total number of banks and financial institutions in operation in mid-July 2015 was 271 (242 including NRB-licensed 234 and 8 others, 26 insurance companies, and one each of Employees Provident Fund, Citizen Investment Trust, and Postal Saving Bank). The number of these institutions in the previous year had been 279.

Table 1.16
Number of Banks and Financial Institutions

Banks and Financial Institutions	Mid-July 2014	Mid-July 2015
Commercial Banks	30	30
Development Banks	84	76
Finance Companies	53	48
Microfinance Development Banks	37	38
Cooperatives Licensed by the NRB (performing limited banking transactions)	15	15
NGOs Licensed by the NRB (performing limited banking transactions)	29	27
Other Insitutions	3	8
Insurance Companies	25	26
Employees Provident Fund	1	1
Citizen Investment Trust	1	1
Postal Saving Bank	1	1
Total	279	271

Securities Market

1.125 In 2014/15, there was some slowdown in the securities market. On annual point-wise basis, the NEPSE index declined by 7.2 percent to 961.2 points in mid-July 2015. The NEPSE index had experienced significant improvement in the previous year as it had almost doubled (an increase of 99.9 percent) to 1036.1 points in mid-March 2014. Similarly, the NEPSE sensitive index declined by 8.0 percent to 204.7 points in mid-July 2015 over its level of 225.1 points in mid-July 2014. Notwithstanding the declines in these two indices, the NEPSE float index rose by 6.8 percent to 68.5 points in mid-July 2015.



1.126 In the review year, there was decline in the total amount of securities market transactions. Compared to the amount of transactions that totaled Rs. 77.29 billion in the previous year, the Nepal Stock Exchange Ltd. witnessed a decline of 15.5 percent in the amount of transactions at Rs. 65.33 billion in the review year.

1.127 On an annual point-wise basis, the market capitalization declined by 6.4 percent to Rs. 989.40 billion in mid-July 2015. Consequently, the ratio of market capitalization to GDP reduced to 46.6 percent in mid-July 2015 compared to such ratio at 54.5 percent in mid-July 2014. Of the total market capitalization as in mid-July 2015, the share of banks and financial institutions (including insurance companies) stood at 77.7 percent, manufacturing and processing companies 3.0 percent, hotels 2.5 percent, trading companies 0.1 percent, hydro-power companies 7.0 percent, and others 9.6 percent.

1.128 Between mid-July 2014 and mid-July 2015, total paid-up capital of the listed companies increased by 19.6 percent to Rs. 179.69 billion. Paid-up capital increased in the review year on account of fresh listing in the NEPSE of the ordinary share of Rs. 9.94 billion, bonus share of Rs. 12.97 billion, and rights share of Rs. 1.54 billion.

1.129 Total number of companies listed in the NEPSE declined to 232 in mid-July 2015 from 237 in mid-July 2014. Among the listed companies in mid-July 2015, the number of banks and financial institutions (including insurance companies) was 198 followed by 18 manufacturing and processing companies, 4 hotels, 4 trading companies, 6 hydro-power companies, and 2 others.

Table 1
World Economic Growth Rate, Price, and Trade

(Annual Percent Change)

	2013	2014	Projection	
			2015	2016
World Output	3.3	3.4	3.1	3.6
Advanced Economies	1.1	1.8	2.0	2.2
United States	1.5	2.4	2.6	2.8
Euro Area	-0.3	0.9	1.5	1.6
Japan	1.6	-0.1	0.6	1.0
Emerging and Developing Economies	5.0	4.6	4.0	4.5
Emerging and Developing Asia	7.0	6.8	6.5	6.4
China	7.7	7.3	6.8	6.3
India	6.9	7.3	7.3	7.5
Goods Price				
Fuel	-0.9	-7.5	-46.4	-2.4
Non-fuel	-1.2	-4.0	-16.9	-5.1
Consumer Price				
Advanced Economies	1.4	1.4	0.3	1.2
Emerging and Developing Economies	5.8	5.1	5.6	5.1
World Trade (Merchandise and Services)	3.3	3.3	3.2	4.1
Imports				
Advanced Economies	2.9	3.4	3.1	3.4
Emerging and Developing Economies	2.0	3.4	4.0	4.2
Exports				
Advanced Economies	4.4	2.9	3.9	4.8
Emerging and Developing Economies	5.2	3.6	1.3	4.4

Source: International Monetary Fund, World Economic Outlook, October 2015

Table 2
Macroeconomic Indicators

S.N.	Description	Percent Change		
		2012/13	2013/14 ^R	2014/15 ^P
1	Producers' Prices			
	(a) GDP at constant (2000/01) prices	4.1	5.4	3.4
	(b) GDP at current prices	11.0	14.6	9.4
2	Basic Prices			
	(a) GDP at constant (2000/01) prices	3.8	5.1	3.0
	(b) GDP at current prices	9.9	13.8	9.1
3	GNI at Current Prices	10.9	15.6	9.3
4	Total Consumption	11.5	14.1	NA
5	Total Investment	20.1	24.2	NA
6	Gross National Saving	14.4	27.0	NA
7	Gross Fixed Capital Formation	1.5	20.6	NA
8	Gross Domestic Saving	6.6	18.1	NA
9	Gross National Disposable Income	12.4	18.1	10.1
10	Money Supply (M1)	14.4	17.7	19.7
11	Broad Money Supply (M2)	16.4	19.1	19.9
12	Domestic Credit	17.2	12.7	16.2
13	Fixed Deposits	14.3	11.8	15.1
14	Total Exports	3.6	19.6	-7.3
15	Total Imports	20.6	28.3	8.4
16	Gross Foreign Exchange Reserve	21.4	24.8	23.8
17	Government Revenue	21.1	20.5	13.8
18	Government Expenditure*	12.3	16.3	22.0
19	National Consumer Price Index	9.9	9.1	7.2
20	Wholesale Price Index	9.0	8.3	6.1
As % of Nominal GDP at Producers' Prices				
1	Total Consumption	89.6	89.7	NA
2	Total Investment	37.4	40.7	NA
3	Gross National Saving	40.7	45.4	NA
4	Gross Fixed Capital Formation	22.6	24.0	NA
5	Gross Domestic Saving	10.6	11.0	NA
6	Gross National Disposable Income	130.3	135.1	NA
7	Money Supply (M1)	17.8	18.3	20.0
8	Broad Money Supply (M2)	77.6	80.7	88.4
9	Domestic Credit	68.8	67.7	71.9
10	Fixed Deposits	23.0	22.4	23.6
11	Total Exports	4.5	4.7	4.0
12	Total Imports	32.9	36.8	36.5
13	Foreign Exchange Reserve	31.5	34.3	38.8
14	Government Revenue	17.5	18.4	19.1
15	Government Expenditure*	21.2	21.5	24.0
16	Government Budget Surplus/Deficit*	-1.8	-0.7	-2.2
17	Domestic Borrowings	1.1	1.0	2.0
18	Trade Balance (-Deficit)	-28.3	-32.1	-32.4
19	Current Account Balance (-Deficit)	3.4	4.6	5.1
20	Total Outstanding External Debt**	19.7	17.9	16.1

NA = Not Available

* On cash basis.

** Total outstanding external debt of 2014/15 is based on eight months' data.

Source: Economic Survey, 2014/15

Table 3
Sectoral Growth Rate of Gross Domestic Product
(at 2000/01 prices)

(In Percent)

Particulars	Growth Rate		
	2012/13	2013/14 ^R	2014/15 ^P
1. Agriculture	1.1	2.9	1.9
Agriculture and Forestry	1.1	2.8	1.8
Fishery	2.7	4.9	6.3
2. Non-agriculture	5.0	6.3	3.6
Industry	2.7	6.2	2.6
Mining and Quarrying	2.0	5.3	0.9
Manufacturing	3.7	6.3	2.4
Electricity, Gas & Water	0.3	3.5	1.2
Construction	2.5	7.1	3.6
Service	5.7	6.3	3.9
Wholesale & Retail Trade	7.3	9.0	3.4
Hotels & Restaurants	5.5	6.8	4.0
Transport, Storage & Communication	7.6	8.3	5.2
Financial Intermediation	-0.9	3.7	1.4
Real Estate, Renting & Business Activities	5.2	3.6	0.8
Public Administration & Defence	5.5	5.0	5.8
Education	5.9	4.8	5.0
Health & Social Work	4.5	4.5	10.0
Other Community, Social & Personal Service Activities	4.8	4.8	5.3
GDP at basic prices	3.8	5.1	3.0
GDP at producers' prices	4.1	5.4	3.4

R = Revised Estimate

P = Provisional Estimate

Source: Central Bureau of Statistics

Table 4
Agriculture Production Index

Agricultural Commodities	Weight	Index			Percent Change	
		2012/13	2013/14	2014/15 ^P	2013/14	2014/15
Cereals and Other Crops	49.46	128.1	133.3	133.7	4.1	0.3
Paddy	20.75	104.9	117.6	111.5	12.1	-5.1
Maize	6.88	139.9	153.7	144.4	9.8	-6.0
Wheat	7.14	136.7	136.7	150.4	0.0	10.0
Millet	1.37	111.3	110.8	112.4	-0.5	1.4
Barley	0.22	78.1	73.6	81.0	-5.8	10.0
Potato	4.66	202.5	203.1	223.4	0.3	10.0
Sugarcane	1.24	132.5	136.5	126.3	3.1	-7.5
Jute	0.17	94.6	96.1	97.6	1.6	1.6
Tobacco	0.06	61.2	55.4	50.1	-9.5	-9.5
Soyabbeans	0.19	167.3	138.0	135.2	-17.5	-2.0
Pulses	4.41	142.9	119.7	123.3	-16.2	3.0
Others	2.36	93.1	99.6	102.0	7.0	2.4
Vegetables, Horticultural, and Nursery Products	9.71	197.0	207.3	218.2	5.2	5.2
Vegetables	9.69	196.6	206.8	217.5	5.2	5.2
Others	0.01	515.0	575.0	644.7	11.6	12.1
Fruit, Nuts, Beverage and Spice Crops	7.08	209.4	211.5	225.7	1.0	6.7
Orange	0.97	196.2	195.1	199.0	-0.6	2.0
Mango	1.56	223.5	205.3	235.5	-8.1	14.7
Banana	0.40	372.0	383.8	391.5	3.2	2.0
Apple	0.42	134.6	147.5	161.6	9.6	9.6
Spice	1.83	247.3	258.9	272.5	4.7	5.3
Tea	0.05	310.2	316.4	322.7	2.0	2.0
Coffee	0.00	411.2	421.3	431.7	2.5	2.5
Others	1.85	147.0	152.4	160.8	3.7	5.5
Farming of Domestic Animals	23.24	132.1	132.6	135.7	0.3	2.3
Buffaloes' Meat	4.42	140.3	138.7	141.4	-1.1	2.0
Mutton	3.24	144.0	156.4	163.4	8.6	4.5
Milk	12.36	146.0	147.3	150.1	0.9	1.9
Others	3.22	55.8	48.0	49.2	-14.0	2.5
Other Animals Production	2.43	200.0	194.0	195.2	-3.0	0.6
Pigs' Meat	0.50	122.8	130.2	138.3	6.1	6.2
Poultry Meat	0.67	317.6	302.1	294.5	-4.9	-2.5
Eggs	0.81	174.7	167.0	171.9	-4.4	2.9
Hides and Skins	0.35	178.5	174.1	174.1	-2.4	0.0
Others	0.10	84.0	84.2	84.2	0.2	0.0
Forestry Production	8.07	103.7	107.9	108.3	4.1	0.4
Overall Index	100.00	141.1	145.3	148.3	3.0	2.1

P = Provisional Estimate

Source: Central Bureau of Statistics

Table 5
National Consumer Price Index
(Annual Average)
 (Base Year: 2005/06=100)

Groups/Sub-Groups	Weight %	2012/13	2013/14	2014/15	Percent Change	
					2013/14	2014/15
Overall Index	100.00	181.7	198.2	212.5	9.1	7.2
1. Food & Beverage	46.82	214.0	238.8	261.8	11.6	9.6
Cereal Grains & their Products	१४.८१	१९१.६	२१२.९	२३५.४	११.१	१०.६
Legume Varieties	2.01	217.0	227.6	267.7	4.9	17.6
Vegetables	5.65	285.0	343.4	364.1	20.5	6.0
Meat & Fish	5.70	229.2	270.9	288.6	18.2	6.5
Milk Products & Eggs	5.01	210.6	225.7	254.6	7.2	12.8
Fruits	2.70	191.0	192.8	193.3	1.0	0.2
Ghee & Oil	2.23	229.5	260.9	296.7	13.7	13.7
Sugar & Sweets	1.36	263.7	253.7	253.7	-3.8	0.0
Spices	1.46	205.8	225.5	248.1	9.5	10.0
Soft Drinks	0.96	195.4	200.3	207.7	2.5	3.7
Hard Drinks	1.72	160.5	187.5	225.2	16.9	20.1
Tobacco Products	0.85	217.8	258.8	325.2	18.8	25.6
Restaurant Food	2.35	237.5	262.6	291.1	10.6	10.9
2. Non-Food & Services	53.18	157.8	168.5	177.2	6.8	5.2
Clothing & Footwear	8.49	182.0	202.2	222.3	11.1	9.9
Housing & Utilities	10.87	157.4	165.4	168.0	5.1	1.6
Furnishing & Household Equipment	4.89	184.2	201.1	217.6	9.2	8.2
Health	3.25	137.0	147.1	155.1	7.3	5.4
Transport	6.01	174.4	183.7	186.1	5.4	1.3
Communication	3.64	80.5	80.9	81.0	0.4	0.1
Recreation & Culture	5.39	140.1	149.4	158.7	6.7	6.2
Education	8.46	175.6	189.0	199.5	7.6	5.6
Miscellaneous Goods & Services	2.17	159.8	171.4	185.1	7.3	8.0
Consumer Price Index - Kathmandu Valley						
Overall Index	100.0	187.2	204.2	219.0	9.1	7.2
1. Food & Beverage	49.7	221.4	248.6	274.7	12.3	10.5
2. Non-Food & Services	50.3	158.0	168.6	175.8	6.7	4.3
Consumer Price Index - Terai						
Overall Index	100.0	176.0	193.0	206.7	9.6	7.1
1. Food & Beverage	44.5	204.9	232.2	255.7	13.3	10.2
2. Non-Food & Services	55.5	156.6	166.8	174.9	6.5	4.9
Consumer Price Index - Hills						
Overall Index	100.0	185.0	199.9	214.5	8.1	7.3
1. Food & Beverage	47.3	217.5	238.3	256.8	9.6	7.8
2. Non-Food & Services	52.7	161.0	171.0	182.6	6.2	6.8

Table 6
National Wholesale Price Index
(Annual Average)
 (Base Year: 1999/2000=100)

Groups/Sub-Groups	Weight %	2012/13	2013/14	2014/15	Percent Change	
					2013/14	2014/15
1. Overall Index	100.0	258.3	279.7	296.6	8.3	6.1
1.1 Agricultural Commodities	49.6	279.6	311.1	338.7	11.3	8.8
Foodgrains	16.6	222.7	244.5	266.9	9.8	9.2
Cash Crops	6.1	351.3	353.4	393.0	0.6	11.2
Pulses	3.8	299.7	291.6	343.5	-2.7	17.8
Fruits & Vegetables	11.2	253.3	285.7	321.8	12.8	12.7
Spices	1.9	237.1	307.5	307.2	29.7	-0.1
Livestock Production	10.0	360.3	432.1	447.5	19.9	3.6
1.2 Domestic Manufactured Commodities	20.4	224.9	238.4	251.8	6.0	5.6
Food-Related Products	6.1	219.8	230.5	235.5	4.9	2.2
Beverages & Tobacco	5.7	238.4	258.9	284.3	8.6	9.8
Construction Materials	4.5	261.7	276.3	288.6	5.6	4.5
Others	4.1	173.1	179.6	189.8	3.7	5.7
1.3 Imported Commodities	30.0	245.6	255.9	257.7	4.2	0.7
Petroleum Products & Coal	5.4	523.6	557.9	522.3	6.5	-6.4
Chemical Fertilizers & Chemical Goods	2.5	223.0	232.4	246.5	4.2	6.1
Transport Vehicles & Machinery Goods	7.0	188.4	188.2	190.8	-0.1	1.4
Electric & Electronic Goods	1.9	110.8	120.3	124.3	8.6	3.3
Drugs & Medicine	2.7	146.1	144.0	154.1	-1.4	7.0
Textile-Related Products	3.1	171.3	176.5	187.4	3.1	6.2
Others	7.4	206.4	216.5	233.0	4.9	7.6

Table 7
National Salary and Wage Rate Index
(2004/05 = 100)

	Groups/Sub-Groups	Weight %	2011/12	2012/13	2013/14	2014/15	Percent Change	
							2013/14	2014/15
	Overall Index	100.00	254.4	277.9	316.0	342.5	13.7	8.4
1.	Salary Index	26.97	187.3	187.3	234.8	254.6	25.4	8.4
	Officers	9.80	177.7	177.7	215.4	234.2	21.2	8.7
	Non-Officers	17.17	192.7	192.8	246.0	266.2	27.6	8.2
1.1	Civil Service	2.82	236.5	236.5	309.6	340.7	30.9	10.0
	Officers	0.31	215.4	215.4	262.2	281.4	21.7	7.3
	Non-Officers	2.51	239.1	239.1	315.3	347.9	31.9	10.3
1.2	Public Corporations	1.14	208.6	210.0	263.4	287.3	25.4	9.1
	Officers	0.19	186.5	187.3	214.3	230.8	14.4	7.7
	Non-Officers	0.95	213.0	214.5	273.2	298.5	27.4	9.3
1.3	Bank & Financial Institutions	0.55	290.6	290.6	417.6	446.2	43.7	6.8
	Officers	0.10	250.0	250.0	324.3	341.2	29.7	5.2
	Non-Officers	0.45	299.9	299.9	439.0	470.2	46.4	7.1
1.4	Army & Police Forces	4.01	227.9	227.9	304.9	332.4	33.8	9.0
	Officers	0.17	194.8	194.8	237.4	259.2	21.9	9.2
	Non-Officers	3.84	229.4	229.4	308.0	335.7	34.3	9.0
1.5	Education	10.55	207.8	207.8	268.1	295.8	29.0	10.3
	Officers	6.80	194.7	194.7	243.9	268.9	25.3	10.3
	Non-Officers	3.75	231.6	231.6	312.0	344.6	34.7	10.4
1.6	Private Institutions	7.90	111.3	111.3	111.3	111.3	0.0	0.0
	Officers	2.24	115.3	115.3	115.3	115.3	0.0	0.0
	Non-Officers	5.66	109.7	109.7	109.7	109.7	0.0	0.0
2.	Wage Rate Index	73.03	279.2	311.4	345.9	374.9	11.1	8.4
2.1	Agricultural Labourer	39.49	320.0	360.9	392.4	422.7	8.7	7.7
	Male	20.49	322.4	354.5	377.8	416.1	6.6	10.1
	Female	19.00	317.4	367.6	408.1	429.8	11.0	5.3
2.2	Industrial Labourer	25.25	225.0	248.2	293.1	317.4	18.1	8.3
	Highly Skilled	6.31	214.0	233.8	272.6	300.4	16.6	10.2
	Skilled	6.31	220.4	242.2	290.0	314.3	19.7	8.4
	Semi-Skilled	6.31	221.8	246.9	290.1	315.8	17.5	8.9
	Unskilled	6.32	243.7	269.8	319.7	339.3	18.5	6.1
2.3	Construction Labourer	8.29	250.3	268.2	285.9	322.9	6.6	12.9
	Mason	2.76	235.3	248.9	264.1	300.9	6.1	13.9
	Skilled	1.38	226.1	240.6	255.7	291.1	6.3	13.8
	Unskilled	1.38	244.5	257.1	272.6	310.8	6.0	14.0
	Carpenter	2.76	227.5	243.6	252.6	284.3	3.7	12.6
	Skilled	1.38	217.7	235.0	244.2	276.7	3.9	13.3
	Unskilled	1.38	237.2	252.2	261.0	291.9	3.5	11.8
	Worker	2.77	288.1	312.0	340.7	383.3	9.2	12.5
	Male	1.38	292.2	315.3	345.6	392.5	9.6	13.6
	Female	1.39	283.9	308.7	335.8	374.1	8.8	11.4

Table 8
Direction of Foreign Trade*

(Rs. in Million)

	2012/13	2013/14	2014/15 ^P	Percent Change	
				2013/14	2014/15
TOTAL EXPORTS	76917.20	91991.30	85319.09	19.6	-7.3
To India	50999.80	59613.70	55864.59	16.9	-6.3
To China	2085.80	2840.70	2229.94	36.2	-21.5
To Other Countries	23831.60	29536.90	27224.56	23.9	-7.8
TOTAL IMPORTS	556740.24	714365.89	774684.15	28.3	8.4
From India	367031.20	477947.00	491655.86	30.2	2.9
From China	62451.30	73318.65	100166.41	17.4	36.6
From Other Countries	127257.80	163100.25	182861.87	28.2	12.1
TOTAL TRADE BALANCE	-479823.00	-622374.59	-689365.06	29.7	10.8
From India	-316031.40	-418333.30	-435791.28	32.4	4.2
From China	-60365.50	-70477.95	-97936.47	16.8	39.0
From Other Countries	-103426.10	-133563.35	-155637.32	29.1	16.5
TOTAL FOREIGN TRADE	633657.40	806357.19	860003.25	27.3	6.7
From India	418031.00	537560.70	547520.45	28.6	1.9
From China	64537.09	76159.35	102396.35	18.0	34.5
From Other Countries	151089.40	192637.15	210086.46	27.5	9.1

(In Percent)

1. Ratio of Exports to Imports	13.8	12.9	11.0
India	13.9	12.5	11.4
China	3.3	3.9	2.2
Other Countries	18.7	18.1	14.9
2. Share in Total Exports			
India	66.3	64.8	65.5
China	2.7	3.1	2.6
Other Countries	31.0	32.1	31.9
3. Share in Total Imports			
India	65.9	66.9	63.5
China	11.2	10.3	12.9
Other Countries	22.9	22.8	23.6
4. Share in Trade Balance			
India	65.9	67.2	63.2
China	12.6	11.3	14.2
Other Countries	21.6	21.5	22.6
5. Share in Total Trade			
India	66.0	66.7	63.7
China	10.2	9.4	11.9
Other Countries	23.8	23.9	24.4
6. Share of Exports & Imports in Total Trade			
Export	12.1	11.4	9.9
Import	87.9	88.6	90.1

* Based on customs data

P = Provisional

Table 9
Exports of Major Commodities to India*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2012/13	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	45965.73	49467.56	46267.37	7.6	-6.5
1	Aluminium Section	379.61	376.90	472.22	-0.7	25.3
2	Biscuits	0.50	1.46	2.06	191.3	40.8
3	Brans	187.50	182.36	180.39	-2.7	-1.1
4	Brooms	2.61	1.22	1.14	-53.2	-6.7
5	Cardamom	3849.57	4267.24	3839.66	10.8	-10.0
6	Catechu	0.00	0.00	0.00	-	-
7	Cattlefeed	26.56	267.00	617.15	905.5	131.1
8	Chemicals	0.17	0.00	16.62	-100.0	-
9	Cinnamon	49.81	64.53	82.43	29.5	27.7
10	Copper Wire Rod	1184.16	1426.86	1260.58	20.5	-11.7
11	Fruits	9.88	18.04	9.34	82.5	-48.2
12	G.I. Pipe	3562.98	3030.97	2993.71	-14.9	-1.2
13	Ghee (Vegetable)	0.00	0.00	0.00	-	-
14	Ghee (Clarified)	135.82	155.98	154.66	14.8	-0.8
15	Ginger	1311.62	469.33	461.39	-64.2	-1.7
16	Handicraft Goods	22.15	23.15	27.23	4.5	17.7
17	Herbs	313.37	244.78	500.26	-21.9	104.4
18	Juice	3801.64	4431.53	4773.25	16.6	7.7
19	Jute Goods	4108.39	4302.25	4273.13	4.7	-0.7
	(a) Hessian	0.00	5.64	10.74	-	90.3
	(b) Sackings	3673.12	3578.60	3746.46	-2.6	4.7
	(c) Twines	435.27	718.00	515.92	65.0	-28.1
20	Live Animals	409.74	234.23	204.60	-42.8	-12.6
21	M.S. Pipe	0.01	212.96	173.55	-	-18.5
22	Marble Slab	152.05	23.30	0.00	-84.7	-100.0
23	Medicine (Ayurvedic)	671.02	894.71	907.24	33.3	1.4
24	Mustard & Linseed	2.87	17.48	47.25	508.6	170.4
25	Noodles	357.35	522.37	621.24	46.2	18.9
26	Oil Cakes	637.56	706.16	613.10	10.8	-13.2
27	Paper	0.50	0.32	1.43	-34.4	339.5
28	Particle Board	186.92	158.36	109.17	-15.3	-31.1
29	Pashmina	55.29	68.01	49.50	23.0	-27.2
30	Plastic Utensils	986.17	357.61	343.88	-63.7	-3.8
31	Polyester Yarn	4742.03	5153.26	5018.25	8.7	-2.6
32	Pulses	0.90	4.42	127.06	390.7	-
33	Raw Jute	43.66	43.72	1.71	0.1	-96.1
34	Readymade Garments	148.37	310.63	260.77	109.4	-16.1
35	Ricebran Oil	133.92	195.39	72.49	45.9	-62.9
36	Rosin	1117.78	1392.47	1842.61	24.6	32.3
39	Shampoos and Hair Oils	0.00	0.00	0.00	-	-
37	Shoes and Sandals	1695.76	1962.02	2360.43	15.7	20.3
38	Skin	229.95	264.44	315.62	15.0	19.4
40	Soap	62.16	25.60	21.77	-58.8	-14.9
41	Stone and Sand	724.47	1917.79	54.71	164.7	-97.1
42	Turpentine	240.84	267.56	310.48	11.1	16.0
43	Textiles**	5618.24	5779.21	5129.19	2.9	-11.2
44	Thread	104.98	180.20	180.40	71.6	0.1
45	Tooth Paste	936.00	1133.22	984.76	21.1	-13.1
46	Turmeric	11.65	4.41	0.49	-62.1	-89.0
47	Vegetables	72.47	126.84	250.12	75.0	97.2
48	Wire	2728.33	2070.21	2212.82	-24.1	6.9
49	Zinc Sheet	4948.40	6177.05	4387.52	24.8	-29.0
B.	Others	5034.11	10146.15	9597.22	101.5	-5.4
	Total(A+B)	50999.84	59613.71	55864.59	16.9	-6.3

* Based on customs data

** Includes PP fabric

P = Provisional

Table 10
Imports of Major Commodities from India*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2012/13	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	301476.77	381509.70	390887.13	26.5	2.5
1	Agriculture Equipupment & Parts	7380.27	8582.48	9407.05	16.3	9.6
2	Aluminium Bars, Rods, Profiles, Foil etc.	1615.49	1960.00	3197.62	21.3	63.1
3	Baby Food & Milk Products	3599.63	4832.58	4659.83	34.3	-3.6
4	Bitumen	612.47	1000.09	649.21	63.3	-35.1
5	Books and Magazines	1336.33	1414.35	1650.44	5.8	16.7
6	Cement	9425.24	9718.32	10125.49	3.1	4.2
7	Chemical Fertilizer	8485.49	8035.17	5954.70	-5.3	-25.9
8	Chemicals	2559.44	3023.06	3095.08	18.1	2.4
9	Coal	7009.86	8798.73	6208.21	25.5	-29.4
10	Coldrolled Sheet in Coil	2691.92	6524.57	7153.04	142.4	9.6
11	Cooking Stoves	156.95	245.88	245.26	56.7	-0.3
12	Cosmetics	1187.20	1605.56	1865.97	35.2	16.2
13	Cuminseeds and Peppers	1160.22	1275.34	1188.31	9.9	-6.8
14	Dry Cell Battery	2900.05	3450.08	3738.09	19.0	8.3
15	Electrical Equipment	6574.04	7665.60	10720.31	16.6	39.8
16	Enamel & Other Paints	1332.21	1869.83	1901.68	40.4	1.7
17	Fruits	1305.09	2453.32	3706.07	88.0	51.1
18	Glass Sheet and G.Wares	2573.85	3084.26	3152.07	19.8	2.2
19	Hotrolled Sheet in Coil	5688.65	11681.83	13259.23	105.4	13.5
20	Incense Sticks	553.55	673.32	705.71	21.6	4.8
21	Insecticides	1102.74	1568.27	1767.34	42.2	12.7
22	Live Animals	1005.90	1618.83	1952.39	60.9	20.6
23	M.S. Billet	22303.64	24674.82	26335.61	10.6	6.7
24	M.S. Wires, Rods, Coils, Bars	4089.97	6480.26	5392.02	58.4	-16.8
25	Medicine	13337.40	15296.34	17846.58	14.7	16.7
26	Molasses Sugar	74.55	61.45	29.93	-17.6	-51.3
27	Other Machinery & Parts	12014.34	15966.81	18892.90	32.9	18.3
28	Other Stationery Goods	250.61	354.85	546.32	41.6	54.0
29	Paper	3678.30	4817.52	5140.36	31.0	6.7
30	Petroleum Products	107138.76	131736.48	110057.82	23.0	-16.5
31	Pipe and Pipe Fittings	853.78	1006.14	1342.35	17.8	33.4
32	Plastic Utensils	1727.28	2211.65	2069.27	28.0	-6.4
33	Radio, TV, Deck & Parts	1153.24	1038.24	1178.44	-10.0	13.5
34	Raw Cotton	357.43	275.49	132.52	-22.9	-51.9
35	Readymade Garments	2800.64	4133.17	4605.94	47.6	11.4
36	Rice & Paddy	13142.18	17263.19	24758.76	31.4	43.4
37	Salt	936.39	1228.41	1162.88	31.2	-5.3
38	Sanitaryware	2375.62	2819.60	3369.22	18.7	19.5
39	Shoes and Sandals	424.31	611.73	786.68	44.2	28.6
40	Steel Sheet	19.85	45.20	52.83	127.7	16.9
41	Sugar	1061.23	62.27	19.27	-94.1	-69.1
42	Tea	50.00	46.02	68.54	-8.0	49.0
43	Textiles	2899.69	3809.65	3816.70	31.4	0.2
44	Thread	3887.63	9594.23	7210.50	146.8	-24.8
45	Tobacco	2068.21	2134.24	2037.66	3.2	-4.5
46	Tyre, Tubes & Flapes	2867.20	3642.83	4326.47	27.1	18.8
47	Vegetables	4548.63	6969.37	7988.70	53.2	14.6
48	Vehicles & Spare Parts	26297.60	32983.07	44126.27	25.4	33.8
49	Wire Products	861.69	1165.17	1289.49	35.2	10.7
B.	Others	65554.42	96437.33	100768.74	47.1	4.5
	Total (A+B)	367031.19	477947.04	491655.86	30.2	2.9

* Based on customs data

P = Provisional

Table 11
Exports of Major Commodities to China*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2013/14	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	1110.52	947.46	916.88	-14.7	-3.2
1	Agarbatti (Fragrant Stick)	31.04	43.44	14.03	39.9	-67.7
2	Aluminium, Copper and Brass Utensils	128.35	0.00	0.00	-100.0	-
3	Handicraft (Metal and Woolen)	131.08	260.94	202.03	99.1	-22.6
4	Herbs	0.00	0.00	0.00	-	-
5	Human Hair	0.63	10.83	17.20	-	58.8
6	Musical Instruments, Parts and Accessories	0.37	0.00	0.07	-	-
7	Nepalese Paper & Paper Products	0.15	0.00	0.00	-	-
8	Noodles	55.35	49.12	47.32	-11.3	-3.7
9	Other Handicraft Goods	26.77	20.06	57.39	-25.1	-
10	Pashmina	29.84	39.79	28.15	33.3	-29.2
11	Readymade Garments	88.84	28.07	43.93	-68.4	56.5
12	Readymade Leather Goods	0.85	2.14	0.39	152.0	-81.7
13	Rudrakshya (Seeds of Bead Tree)	9.61	0.00	10.12	-100.0	-
14	Silverware and Jewelleries	0.69	7.10	4.32	935.6	-39.2
15	Tanned Skin	407.51	247.91	306.89	-39.2	23.8
16	Tea	5.09	8.27	13.43	62.4	62.3
17	Vegetables	1.75	0.00	0.00	-	-
18	Wheat Flour	107.38	110.10	22.30	2.5	-79.7
19	Woolen Carpet	85.24	119.68	149.30	40.4	24.7
B.	Others	975.25	1893.20	1313.06	94.1	-30.6
	Total (A+B)	2085.77	2840.66	2229.94	36.2	-21.5

* Based on customs data

P Provisional

Table 12
Imports of Major Commodities from China*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2013/14	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	47417.06	53983.56	69539.49	13.8	28.8
1	Aluminium Scrap, Flake, Foil, Bars, & Rods	781.61	1076.29	1437.75	37.7	33.6
2	Bags	425.22	476.77	540.19	12.1	13.3
3	Camera	348.07	256.29	469.65	-26.4	83.3
4	Chemical	945.73	1008.26	1187.33	6.6	17.8
5	Chemical Fertilizer	2345.71	4700.00	7620.02	100.4	62.1
6	Cosmetic Goods	222.52	287.25	281.68	29.1	-1.9
7	Dry Cell Battery	142.35	149.13	196.11	4.8	31.5
8	Electrical Goods	5444.44	6547.96	9091.27	20.3	38.8
9	Fastener	137.63	200.22	214.06	45.5	6.9
10	Garlic	104.52	372.52	451.12	256.4	21.1
11	Ginger	393.13	0.00	0.00	-100.0	-
12	Glasswares	455.84	513.61	908.22	12.7	76.8
13	Medical Equipment & Tools	575.87	795.25	1598.40	38.1	101.0
14	Medicine	466.86	410.70	475.51	-12.0	15.8
15	Metal & Wooden Furniture	512.78	650.78	703.63	26.9	8.1
16	Office Equipment & Stationery	566.59	644.13	750.75	13.7	16.6
17	Other Machinery and Parts	4705.68	5040.29	8323.43	7.1	65.1
18	Other Stationeries	245.82	294.36	457.08	19.7	55.3
19	Paraffin Wax	280.07	208.12	256.15	-26	23
20	Pipe and Pipe Fittings	2689.37	153.60	492.55	-94.3	220.7
21	Plywood & Particle Board	203.46	248.96	354.99	22.4	42.6
22	Polyethylene Terephthalate (plastic pet chips/pet resin)	17.63	134.78	50.32	-	-62.7
23	Raw Silk	420.84	1485.67	1537.92	253.0	3.5
24	Raw Wool	440.30	543.95	517.62	23.5	-4.8
25	Readymade Garments	4780.78	6088.21	4080.39	27.3	-33.0
26	Seasoning Powder & Flavour for Instant Noodles	33.42	57.59	50.87	72.3	-11.7
27	Shoes and Sandals	1941.88	2220.30	1685.74	14.3	-24.1
28	Smart Cards	171.37	244.93	225.23	42.9	-8.0
29	Solar Panel	323.78	825.52	709.09	155.0	-14.1
30	Steel Rod & Sheet	35.77	34.83	548.33	-2.6	1474.3
31	Storage Battery	528.32	565.57	1046.99	7.0	85.1
32	Telecommunication Equipment and Parts	11896.20	11204.78	15397.36	-5.8	37.4
33	Threads - Polyester	102.36	282.52	348.89	176.0	23.5
34	Toys	366.10	437.74	510.69	19.6	16.7
35	Transport Equipment & Parts	795.77	1193.53	1322.39	50.0	10.8
36	Tyre, Tubes and Flapes	292.52	166.87	198.04	-43.0	18.7
37	Video, Television & Parts	2543.57	3269.64	4440.64	28.5	35.8
38	Welding Rods	229.25	490.72	258.94	114.1	-47.2
39	Wheat Products	113.33	173.43	158.85	53.0	-8.4
40	Writing & Printing Paper	390.59	528.47	641.27	35.3	21.3
B.	Others	15034.15	19335.05	30626.92	28.6	58.4
	Total (A+B)	62451.21	73318.61	100166.41	17.4	36.6

* Based on customs data

P Provisional

Table 13
Exports of Major Commodities to Other Countries*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2013/14	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	14689.58	18289.71	15563.44	24.5	-14.9
1	Woolen Carpet	81.20	110.36	84.78	35.9	-23.2
2	Pulses	8.98	197.24	60.57	-	-69.3
3	Readymade Garments	243.02	289.21	217.80	19.0	-24.7
4	Pashmina	0.03	0.00	0.00	-100.0	-
5	Handicraft (Metal and Wooden)	1625.31	2724.38	2117.66	67.6	-22.3
6	Nepalese Paper & Paper Products	2671.35	2043.90	1131.57	-23.5	-44.6
7	Tanned Skin	3078.11	4222.85	3959.67	37.2	-6.2
8	Herbs	208.50	203.98	261.09	-2.2	28.0
9	Silverware and Jewelleries	75.26	270.07	102.53	258.8	-62.0
10	Tea	490.65	752.39	646.58	53.3	-14.1
11	Readymade Leather Goods	218.98	195.36	221.09	-10.8	13.2
12	Nigerseed	5988.19	7279.95	6760.10	21.6	-7.1
B.	Others	9142.01	11247.32	11661.11	23.0	3.7
	Total (A+B)	23831.59	29536.89	27224.56	23.9	-7.8

* Based on customs data

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Table 14
Imports of Major Commodities from Other Countries*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2012/13	2013/14	2014/15 ^P	2013/14	2014/15
A.	Major Commodities	99912.32	126072.78	133585.00	26.2	6.0
1	Aircraft Spareparts	2062.75	2178.96	16984.40	5.6	679.5
2	Bags	26.50	20.07	31.33	-24.3	56.1
3	Betelnut	5549.15	7382.60	4377.28	33.0	-40.7
4	Button	0.77	3.90	2.23	404.0	-42.9
5	Camera	367.20	859.69	591.45	134.1	-31.2
6	Chemical Fertilizer	2493.05	1382.70	956.81	-44.5	-30.8
7	Cigarette Paper	30.93	29.46	31.21	-4.8	5.9
8	Clove	24.72	62.88	75.02	154.4	19.3
9	Coconut Oil	25.23	9.31	29.95	-63.1	221.5
10	Computer and Parts	1291.01	1343.64	1360.42	4.1	1.2
11	Copper Wire Rod, Scraps & Sheets	1168.32	2993.26	2531.43	156.2	-15.4
12	Cosmetic Goods	712.66	885.88	1093.23	24.3	23.4
13	Crude Coconut Oil	12.59	8.21	13.75	-34.8	67.6
14	Crude Palm Oil	3390.84	4133.57	5104.24	21.9	23.5
15	Crude Soyabean Oil	10627.53	14778.46	12843.86	39.1	-13.1
16	Cuminseed	0.00	0.71	0.00	-	-100.0
17	Door Locks	2.56	3.23	3.31	26.2	2.5
18	Drycell Battery	66.27	54.87	22.54	-17.2	-58.9
19	Edible Oil	2605.77	2351.95	3039.18	-9.7	29.2
20	Electrical Goods	1247.09	1556.16	1913.25	24.8	22.9
21	Fastener	0.64	16.82	13.04	-	-22.5
22	Flash Light	6.06	11.08	9.64	82.7	-13.0
23	G.I.Wire	0.52	3.32	2.61	540.3	-21.3
24	Glasswares	201.99	187.87	240.41	-7.0	28.0
25	Gold	26113.94	24794.07	6389.57	-5.1	-74.2
26	Insecticides	101.98	64.29	100.13	-37.0	55.8
27	M.S. Billet	0.00	0.00	0.00	-	-
28	M.S.Wire Rod	0.00	0.01	41.08	602.3	-
29	Medical Equipment & Tools	2628.04	3821.53	4217.27	45.4	10.4
30	Medicine	2185.36	2811.67	5312.86	28.7	89.0
31	Office Equipment & Stationery	322.09	381.96	421.60	18.6	10.4
32	Other Machinery & Part	3719.08	5729.49	5955.62	54.1	3.9
33	Other Stationeries	663.83	2683.54	938.17	304.2	-65.0
34	P.V.C. Compound	936.11	1669.55	2262.42	78.4	35.5
35	Palm Oil	353.21	429.12	465.49	21.5	8.5
36	Parafin Wax	59.82	76.93	122.05	28.6	58.7
37	Petroleum Products	2252.80	1827.95	2035.46	-18.9	11.4
38	Pipe & Pipe Fittings	35.04	52.73	351.58	50.5	566.7
39	Polythene Granules	4501.82	7791.42	6579.62	73.1	-15.6
40	Powder Milk	197.86	115.96	555.53	-41.4	379.1
41	Raw Silk	11.61	7.28	17.12	-37.3	135.1
42	Raw Wool	609.71	1004.11	940.79	64.7	-6.3
43	Readymade Garments	673.73	679.95	959.34	0.9	41.1
44	Shoes and Sandals	120.78	123.14	165.78	2.0	34.6
45	Silver	8783.10	12711.23	24699.32	44.7	94.3
46	Small Cardamom	603.45	724.68	424.34	20.1	-41.4
47	Steel Rod & Sheet	0.65	2.02	6.79	213.6	235.3
48	Storage Battery	547.58	799.44	950.67	46.0	18.9
49	Synthetic & Natural Rubber	208.03	161.13	159.93	-22.5	-0.7
50	Synthetic Carpet	358.76	380.60	495.02	6.1	30.1
51	Telecommunication Equipment & Parts	2499.59	3384.05	3856.16	35.4	14.0
52	Tallow	394.33	173.96	290.92	-55.9	67.2
53	Textile Dyes	91.22	150.51	117.50	65.0	-21.9
54	Textiles	637.86	902.12	869.03	41.4	-3.7
55	Threads	1495.18	2609.18	2641.31	74.5	1.2
56	Toys	67.61	81.14	107.53	20.0	32.5
57	Transport Equipment & Parts	2868.90	4966.87	4772.28	73.1	-3.9
58	Tyre, Tube & Flaps	334.36	355.38	408.96	6.3	15.1
59	Umbrella and Parts	0.24	0.30	0.71	27.8	135.1
60	Video, Television & Parts	1599.44	1777.69	1792.42	11.1	0.8
61	Watches & Bands	292.94	375.28	383.84	28.1	2.3
62	Writing & Printing Paper	1338.26	1726.20	1877.15	29.0	8.7
63	X-Ray Film	294.74	367.43	413.09	24.7	12.4
64	Zinc Ingot	95.16	100.28	215.97	5.4	115.4
B.	Others	27345.41	37027.38	49276.88	35.4	33.1
	Total (A+B)	127257.73	163100.17	182861.87	28.2	12.1

* Based on customs data

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Table 15
Summary of Balance of Payments

(Rs. in Million)

Particulars	Annual			Percent Change	
	2012/13	2013/14	2014/15 ^P	2013/14	2014/15
A. Current Account	57060.74	89721.50	108319.80	57.2	20.7
Goods: Exports f.o.b.	85989.80	100960.60	98276.30	17.4	-2.7
Oil	0.00	0.00	0.00	-	-
Other	85989.80	100960.60	98276.30	17.4	-2.7
Goods: Imports f.o.b.	-547294.30	-696373.30	-761773.00	27.2	9.4
Oil	-107138.90	-132976.40	-112044.60	24.1	-15.7
Other	-440155.40	-563396.90	-649728.40	28.0	15.3
Balance on Goods	-461304.50	-595412.70	-663496.70	29.1	11.4
Services: Net	7585.80	20882.20	27617.50	175.3	32.3
Services: Credit	95190.80	125061.20	149288.40	31.4	19.4
Travel	34210.60	46374.90	53428.60	35.6	15.2
Government n.i.e.	18389.70	24352.80	32481.10	32.4	33.4
Other	42590.50	54333.50	63378.70	27.6	16.6
Services: Debit	-87605.00	-104179.00	-121670.90	18.9	16.8
Transportation	-33276.70	-39822.00	-43996.30	19.7	10.5
Travel	-39611.90	-42175.60	-53190.20	6.5	26.1
O/W Education	-9508.50	-15121.30	-17065.40	59.0	12.9
Government Services:Debit	-1177.90	-1625.70	-1974.80	38.0	21.5
Other	-13538.50	-20555.70	-22509.60	51.8	9.5
Balance on Goods & Services	-453718.70	-574530.50	-635879.20	26.6	10.7
Income: Net	13078.84	32751.70	34242.50	150.4	4.6
Income: Credit	23320.14	39539.80	42831.50	69.6	8.3
Income: Debit	-10241.30	-6788.10	-8589.00	-33.7	26.5
Balance on Goods,Services & Income	-440639.86	-541778.80	-601636.70	23.0	11.0
Transfers: Net	497700.60	631500.30	709956.50	26.9	12.4
Current Transfers: Credit	505068.20	634854.80	712522.20	25.7	12.2
Grants	34180.50	48519.80	52855.40	42.0	8.9
Workers' Remittances	434581.70	543294.10	617278.80	25.0	13.6
Pensions	35326.70	41373.10	42388.00	17.1	2.5
Other (Indian Excise Refund)	979.30	1667.80	0.00	70.3	-100.0
Current Transfers: Debit	-7367.60	-3354.50	-2565.70	-54.5	-23.5
B. Capital Account (Capital Transfer)	10348.30	17063.50	14811.40	64.9	-13.2
Total (Group A plus B)	67409.04	106785.00	123131.20	58.4	15.3
C. Financial Account (Excluding Group E)	12496.32	11147.97	17720.65	-10.8	59.0
Direct Investment in Nepal	9081.90	3194.60	4382.60	-64.8	37.2
Portfolio Investment	0.00	0.00	0.00	-	-
Other Investment: Assets	-22846.40	-21331.60	-34584.50	-6.6	62.1
Trade Credits	-5147.40	-1620.00	-2234.30	-68.5	37.9
Other	-17699.00	-19711.60	-32350.20	11.4	64.1
Other Investment: Liabilities	26260.82	29284.97	47922.55	11.5	63.6
Trade Credits	14434.60	23686.10	22912.30	64.1	-3.3
Loans	-1281.80	4192.40	11857.30	-427.1	182.8
General Government	-1218.90	4407.80	11919.40	-461.6	170.4
Drawings	13701.00	21132.40	28961.20	54.2	37.0
Repayments	-14919.90	-16724.60	-17041.80	12.1	1.9
Other Sectors	-62.90	-215.40	-62.10	242.4	-71.2
Currency & Deposits	14301.10	2733.40	14318.60	-80.9	423.8
Nepal Rastra Bank	-11.70	-36.70	-20.20	213.7	-45.0
Deposit Money Banks	14312.80	2770.10	14338.80	-80.6	417.6
Other Liabilities	-1193.08	-1326.93	-1165.65	11.2	-12.2
Total (Group A through C)	79905.36	117932.97	140851.85	47.6	19.4
D. Miscellaneous Items, Net	3335.36	11927.56	18502.70	257.6	55.1
Total (Group A through D)	83240.72	129860.53	159354.55	56.0	22.7
E. Reserves & Related Items	-83240.72	-129860.53	-159354.55	56.0	22.7
Reserve Assets	-82049.02	-128536.33	-158191.95	56.7	23.1
Nepal Rastra Bank	-65763.42	-115992.23	-130352.95	76.4	12.4
Deposit Money Banks	-16285.60	-12544.10	-27839.00	-23.0	121.9
Use of Fund Credit and Loans	-1191.70	-1324.20	-1162.60	11.1	-12.2
Changes in Reserve Net (- increase)	-68939.62	-127127.13	-145035.95	84.4	14.1

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Table 16
Gross Foreign Exchange Reserve

	Mid-July			Percent Change	
	2013	2014	2015	2013/14	2014/15
	Rs. in Million				
Nepal Rastra Bank	452994.50	572400.90	703060.92	26.4	22.8
Convertible	339940.04	426132.87	517456.68	25.4	21.4
Inconvertible	113054.46	146268.03	185604.24	29.4	26.9
Commercial Banks	80302.50	93006.10	120995.11	15.8	30.1
Convertible	74079.90	87372.34	113970.00	17.9	30.4
Inconvertible	6222.60	5633.76	7025.00	-9.5	24.7
Total Reserve	533297.00	665407.00	824056.00	24.8	23.8
Convertible	414019.94	513505.21	631426.29	24.0	23.0
Inconvertible	119277.06	151901.79	192630.00	27.4	26.8
	US dollars in Million				
Nepal Rastra Bank	4768.36	5968.73	6951.00	25.2	16.5
Convertible	3578.32	4443.51	5116.24	24.2	15.1
Inconvertible	1190.05	1525.21	1835.00	28.2	20.3
Commercial Banks	845.29	969.82	1196.31	14.7	23.4
Convertible	779.79	911.08	1126.85	16.8	23.7
Inconvertible	65.50	58.75	69.46	-10.3	18.2
Total Reserve	5613.65	6938.55	8148.00	23.6	17.4
Convertible	4358.10	5354.59	6243.09	22.9	16.6
Inconvertible	1255.55	1583.96	1905.00	26.2	20.2

Table 17
Government Budgetary Operation+
(On Cash Basis)

(Rs. in Million)

Heads	Amount			Percent Change	
	2012/13	2013/14	2014/15	2013/14	2014/15
Sanctioned Expenditure	347071.9	417327.5	509214.0	20.2	22.0
Recurrent	243669.3	296552.2	334882.0	21.7	12.9
Capital	51332.8	61360.0	81030.0	19.5	32.1
(a) Domestic Resources & Loans	45204.2	54250.8	76272.0	20.0	40.6
(b) Foreign Grants	6128.6	7109.2	4758.0	16.0	-33.1
Financial	52069.8	59415.3	93302.0	14.1	57.0
(a) Domestic Resources & Loans	51304.1	58256.7	91802.0	13.6	57.6
(b) Foreign Grants	765.7	1158.6	1500.0	51.3	29.5
Unspent Government Balance	146.8	0.0	0.0		
Recurrent	17.6	0.0	0.0		
Capital	129.2	0.0	0.0		
Financial	0.0	0.0	0.0		
Actual Expenditure of Budget	346925.1	417327.5	509213.9	20.3	22.0
Recurrent	243651.7	296552.2	334882.0	21.7	12.9
Capital	51203.6	61360.0	81030.0	19.8	32.1
Financial*	52069.8	59415.3	93302.0	14.1	57.0
Expenditure from Freeze Accounts	12115.6	138.4	0.0	-98.9	-100.0
Freeze-1 Recurrent	3421.0	9.2	0.0	-99.7	-100.0
Freeze-2 Capital	2976.8	129.2	0.0	-95.7	-100.0
Freeze-3 Financial	5717.8	0.0	0.0	-100.0	-
Total Expenditure	359040.7	417465.9	509213.9	16.3	22.0
Total Resources	327833.1	403715.0	461340.6	23.1	14.3
Revenue and Grants	320444.2	393560.3	434795.2	22.8	10.5
Revenue	296015.7	356619.6	405846.6	20.5	13.8
Foreign Grants	24428.5	36940.7	28948.6	51.2	-21.6
Non-Budgetary Receipts, net	6965.5	8084.4	11104.8	16.1	37.4
Others	80.1	-63.4	-26.5	-179.2	-58.2
V. A. T. Fund Account	-42.8	-44.7	1129.6	4.4	-2627.1
Customs Fund Account	80.2	136.6	832.9	70.3	509.7
Reconstruction Fund Account	0.0	0.0	10000.0	-	-
Local Authorities' Account (LAA)#	305.9	2041.8	5497.0	567.5	169.2
Deficits(-) Surplus(+)	-31207.6	-13750.9	-45881.0	-55.9	233.7
Sources of Financing	31207.6	13750.9	45881.0	-55.9	233.7
Domestic Loans	20910.5	-1901.8	32055.0	-109.1	-1785.5
Domestic Borrowings	19042.8	19982.8	42423.0	4.9	112.3
(a) Treasury Bills	19000.0	10000.0	10000.0	-47.4	0.0
(b) Development Bonds	0.0	9000.0	30000.0		233.3
(c) National Saving Certificates	0.0	906.4	0.0		-100.0
(d) Citizen Saving Certificates	0.0	0.0	2339.0		
(e) Foreign Employment Bonds	42.8	76.4	84.0	78.5	9.5
Overdrafts&	2175.6	-23316.3	-10312.0	-1171.7	-55.8
Others@	-307.9	1431.7	-56.0	-565.0	-103.9
Principal Refund and Share Divestment	755.3	569.8	11224.0	-24.6	1869.8
Foreign Loans	9541.8	15082.9	2601.0	58.1	-82.8

+ Based on statistics received from branches performing government transactions, namely, 8 offices of NRB, 66 branches of RBB, 44 branches of NBL, 9 branches of Everest Bank, 4 branches of Global Bank, and one branch each of Nepal Bangladesh Bank, NMB Bank, and Bank of Kathmandu. Also based on statements of release received from 79 treasury offices and payment centers located in 75 districts.

Change in outstanding amount disbursed to VDC/DDC remaining unspent

& Minus (-) indicates surplus

@ Other income earned from transactions in GON securities.

Table 18
Outstanding Domestic Debt of the Government of Nepal

(Rs. in Million)

S. N.	Name of Bonds/Ownership	Amount			Amount Change		Percent Change	
		2012/13	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
1	Treasury Bills	136468.11	136468.11	119858.11	0.00	-16610.00	0.0	-12.2
	a. Nepal Rastra Bank	12968.93	22048.93	17968.93	9080.00	-4080.00	70.0	-18.5
	b. Commercial Banks	121491.43	113360.25	100729.15	-8131.18	-12631.10	-6.7	-11.1
	c. Development Banks	1406.00	721.43	906.95	-684.58	185.53	-48.7	25.7
	d. Finance Companies	551.75	337.50	253.08	-214.25	-84.43	-38.8	-25.0
	e. Others	50.00	0.00	0.00	-50.00	0.00	-100.0	
2	Development Bonds	51610.90	47110.90	57070.00	-4500.00	9959.10	-8.7	21.1
	a. Nepal Rastra Bank	319.18	0.00	28.68	-319.18	28.68	-100.0	
	b. Commercial Banks	25738.73	23006.78	35633.93	-2731.95	12627.15	-10.6	54.9
	c. Development Banks	1503.58	2022.93	2180.88	519.35	157.95	34.5	7.8
	d. Finance Companies	1551.38	2702.48	2793.88	1151.10	91.40	74.2	3.4
	e. Others	22498.05	19378.73	16432.65	-3119.33	-2946.08	-13.9	-15.2
3	National Saving Certificates	15679.99	16586.48	16586.48	906.49	0.00	5.8	0.0
	a. Nepal Rastra Bank	17.36	18.67	21.37	1.31	2.70	7.5	14.5
	b. Commercial Banks	0.00	0.00	0.00	0.00	0.00		
	c. Development Banks	0.00	0.00	0.00	0.00	0.00		
	d. Finance Companies	0.00	0.00	0.00	0.00	0.00		
	e. Others	15662.63	16567.81	16565.11	905.18	-2.70	5.8	0.0
4	Citizen Saving Bonds	3183.83	1516.75	3056.17	-1667.08	1539.42	-52.4	101.5
	a. Nepal Rastra Bank (Secondary Market)	2411.26	1265.36	507.60	-1145.90	-757.76	-47.5	-59.9
	b. Commercial Banks	0.00	0.00	0.00	0.00	0.00		
	c. Development Banks	0.00	0.00	0.00	0.00	0.00		
	d. Finance Companies	13.17	6.35	0.00	-6.83	-6.35	-51.8	-100.0
	e. Others	759.40	245.04	2548.57	-514.36	2303.53	-67.7	940.1
5	Foreign Employment Bonds	58.90	135.31	215.03	76.42	79.72	129.7	58.9
	a. Nepal Rastra Bank	0.01	0.04	0.02	0.03	-0.03	300.0	-62.5
	b. Others	58.89	135.27	215.01	76.39	79.74	129.7	58.9
6	Total Domestic Debt	207001.72	201817.54	196785.78	-5184.18	-5031.76	-2.5	-2.5
	a. Nepal Rastra Bank	15716.74	23333.00	18526.59	7616.27	-4806.41	48.5	-20.6
	b. Commercial Banks	147230.15	136367.03	136363.08	-10863.13	-3.95	-7.4	0.0
	c. Development Banks	2909.58	2744.35	3087.83	-165.23	343.48	-5.7	12.5
	d. Finance Companies	2116.30	3046.32	3046.95	930.03	0.63	43.9	0.0
	e. Others	39028.96	36326.84	35761.34	-2702.12	-565.50	-6.9	-1.6
7	Balance at NRB (Overdraft+)/Surplus(-)	-184.50	-23500.80	-33813.00*	-23316.30	-10312.00	-	43.9

Note:

(a) IMF Promissory Note	13345.50	4871.10	4871.10
(b) Foreign Loan	333441.50	346819.10	342964.80
(c) Total Public Loan (except IMF Promissory Note)	540443.20	548636.60	539750.6

* Based on second revision of GON's central treasury position

Table 19
Monetary Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	468238.00	599219.71	747287.4	127127.08 ¹	27.2	145036.0 ²	24.2
1.1 Foreign Assets	554093.55	686759.02	847679.0	132665.47	23.9	160920.0	23.4
1.2 Foreign Currency Deposits	85855.55	87539.31	100391.6	1683.75	2.0	12852.3	14.7
(a) Deposits	74332.31	80052.69	94395.6	5720.37	7.7	14342.9	17.9
(b) Other	11523.24	7486.62	5996.0	-4036.62	-35.0	-1490.7	-19.9
2. Net Domestic Assets	847138.28	966747.45	1130514.1	123463.80 ¹	14.6	166798.4 ²	17.3
2.1 Domestic Credit	1165866.28	1314304.96	1527345.6	148438.69	12.7	213040.7	16.2
(a) Net Claims on Government*	167788.26	141989.49	127211.4	-25798.76	-15.4	-14778.1	-10.4
Claims on Government	167972.77	165490.34	161024.5	-2482.43	-1.5	-4465.8	-2.7
Government Deposits	184.52	23500.85	33813.1	23316.33	12636.5	10312.3	43.9
(b) Claims on Non-Financial Govt Enterprises	11389.10	10417.33	10100.8	-971.77	-8.5	-316.6	-3.0
(c) Claims on Financial Enterprises	13662.84	11073.53	16088.6	-2589.31	-19.0	5015.0	45.3
Government	1317.39	1487.62	3260.7	170.24	12.9	1773.1	119.2
Non-Government.	12345.46	9585.91	12827.9	-2759.55	-22.4	3242.0	33.8
(D) Claims on Private Sector	973026.08	1150824.61	1373944.9	177798.53	18.3	223120.3	19.4
2.2 Net Non-Monetary Liabilities	318728.00	347557.52	396831.5	24974.89 ¹	7.8	46242.3 ²	13.3
3. Broad Money Supply (M2)	1315376.28	1565967.16	1877801.54	250590.88	19.1	311834.38	19.9
3.1 Money Supply (M1+)	925469.13	1130173.71	1376048.57	204704.58	22.1	245874.87	21.8
(a) Money Supply (M1)	301590.19	354830.03	424744.64	53239.83	17.7	69914.61	19.7
Currency	195874.24	227537.39	270080.36	31663.16	16.2	42542.97	18.7
Demand Deposits	105715.94	127292.65	154664.23	21576.70	20.4	27371.59	21.5
(b) Saving & Call Deposits	623878.94	775343.68	951303.93	151464.74	24.3	175960.26	22.7
3.2 Time Deposits	389907.15	435793.45	501752.96	45886.31	11.8	65959.51	15.1
4. Broad Money Liquidity (M3)	1389708.59	1646019.85	1972197.16	256311.26	18.4	326177.31	19.8

P Provisional

1 Adjusting exchange valuation gain of Rs. 3854.63 million

2 Adjusting exchange valuation gain of Rs. 3031.72 million

* Based on second revision of GON's central treasury position

Table 20
Central Bank Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets	473791.12	593752.93	726683.9	119961.82 ¹	25.3	132931.0 ²	22.4
1.1 Gold Investment	14201.73	15882.79	19527.1	1681.06	11.8	3644.3	22.9
1.2 SDR Holdings	6594.92	5469.27	4095.9	-1125.66	-17.1	-1373.4	-25.1
1.3 IMF Reserve Position	0.00	0.00	0.0	0.00		0.0	
1.4 Foreign Exchange	452994.47	572400.88	703060.9	119406.41	26.4	130660.1	22.8
2. Claims on Government	15716.75	23332.64	18526.6	7615.89	48.5	-4806.0	-20.6
2.1 Treasury Bills	12968.93	22048.57	17968.9	9079.64	70.0	-4079.7	-18.5
2.2 Development Bonds	319.20	0.00	28.7	-319.20	-100.0	28.7	
2.3 Other Government Securities	2428.62	1284.07	529.0	-1144.55	-47.1	-755.1	-58.8
2.4 Loans and Advances	0.00	0.00	0.0	0.00		0.0	
3. Claims on Non-Financial Government Enterprises	31.00	31.00	31.0	0.00	0.0	0.0	0.0
4. Claims on Non-Financial Institutions	249.86	506.99	2423.8	257.13	102.9	1916.8	378.1
4.1 Government Institutions	233.86	490.99	2407.8	257.13	109.9	1916.8	390.4
4.2 Non-Government Institutions	16.00	16.00	16.0	0.00	0.0	0.0	0.0
5. Claims on Banks and Financial Institutions	2757.62	1932.99	3261.5	-824.64	-29.9	1328.5	68.7
5.1 Refinance	2757.62	1932.99	3261.5	-824.64	-29.9	1328.5	68.7
5.2 Repo Lending/SLF	0.00	0.00	0.0	0.00		0.0	
6. Claims on Private Sector	4587.00	4125.41	4695.8	-461.60	-10.1	570.4	13.8
7. Other Assets	37764.50	31598.62	31359.3	-6165.88	-16.3	-239.3	-0.8
Assets = Liabilities	534897.86	655280.58	786981.9	120382.72	22.5	131701.3	20.1
8. Reserve Money	354220.22	436594.18	522898.4	82373.96	23.3	86304.3	19.8
8.1 Currency Outside ODCs	195874.24	227537.39	270080.4	31663.16	16.2	42543.0	18.7
8.2 Currency Held by ODCs	34872.07	41129.87	47292.0	6257.81	17.9	6162.2	15.0
8.3 Deposits of Commercial Banks	107355.68	143481.39	174939.8	36125.72	33.7	31458.4	21.9
8.4 Deposits of Development Banks	6773.18	8221.41	11483.8	1448.24	21.4	3262.4	39.7
8.5 Deposits of Finance Companies	3600.97	4511.15	5815.5	910.18	25.3	1304.4	28.9
8.6 Other Deposits	5744.10	11712.96	13286.9	5968.87	103.9	1573.9	13.4
9. Government Deposits	184.52	23500.85	33813.1	23316.33	12636.5	10312.3	43.9
10. Deposit Auction	0.00	0.00	60000.0	0.00		60000.0	
11. Reverse Repo	0.00	20000.00	5000.0	20000.00		-15000.0	-75.0
12. Foreign Liabilities	8568.98	7482.50	5996.0	-1086.48	-12.7	-1486.5	-19.9
13. Capital and Reserve	105822.57	110775.13	118248.2	4952.56	4.7	7473.1	6.7
14. Other Liabilities	66101.57	56927.92	41026.1	-9173.65	-13.9	-15901.8	-27.9

P Provisional

1 Adjusting exchange valuation gain of Rs. 3695.30 million

2 Adjusting exchange valuation gain of Rs. 2881.72 million

* Based on second revision of GON's central treasury position

Table 21
Condensed Assets and Liabilities of Banks and Financial Institutions

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	1188090.24	1406769.50	1688829.86	218679.26	18.4	282060.36	20.1
1.1 Demand Deposits	113692.96	129689.18	159289.98	15996.21	14.1	29600.80	22.8
(a) Domestic Deposits	99971.85	115579.68	141377.34	15607.84	15.6	25797.66	22.3
(b) Foreign Deposits	13721.12	14109.49	17912.64	388.38	2.8	3803.14	27.0
1.2 Saving Deposits	469485.20	589705.92	712471.20	120220.72	25.6	122765.29	20.8
(a) Domestic Deposits	462333.84	580319.74	702459.39	117985.90	25.5	122139.65	21.0
(b) Foreign Deposits	7151.36	9386.18	10011.82	2234.82	31.3	625.64	6.7
1.3 Fixed Deposits	420994.58	452941.94	509201.12	31947.36	7.6	56259.18	12.4
(a) Domestic Deposits	380750.22	424742.37	489602.77	43992.14	11.6	64860.40	15.3
(b) Foreign Deposits	40244.36	28199.57	19598.35	-12044.78	-29.9	-8601.22	-30.5
1.4 Call Deposits	174760.58	223381.38	295717.36	48620.80	27.8	72335.98	32.4
(a) Domestic Deposits	161545.10	195023.94	248844.55	33478.84	20.7	53820.61	27.6
(b) Foreign Deposits	13215.48	28357.44	46872.82	15141.96	114.6	18515.37	65.3
1.5 Margin Deposits	9156.92	11051.09	12150.20	1894.16	20.7	1099.11	9.9
2. Borrowings from NRB	2757.62	1932.99	3261.50	-824.64	-29.9	1328.51	68.7
3. Foreign Liabilities	2954.26	4.12	0.00	-2950.14	-99.9	-4.12	-100.0
4. Other Liabilities	293180.07	348672.11	383714.93	55492.05	18.9	35042.81	10.1
4.1 Paid-up Capital	117449.03	129485.05	141598.56	12036.02	10.2	12113.51	9.4
4.2 General Reserves	58425.40	68466.48	80937.46	10041.08	17.2	12470.98	18.2
4.3 Other Liabilities	117305.64	150720.59	161178.90	33414.94	28.5	10458.31	6.9
Assets=Liabilities	1486982.19	1757378.72	2075806.29	270396.53	18.2	318427.57	18.1
5. Liquid Funds	230696.75	286916.39	353447.00	56219.60	24.4	66530.60	23.2
5.1 Cash in Hand	34872.07	41129.87	47292.02	6257.81	17.9	6162.15	15.0
5.2 Balance with NRB	117729.82	156213.95	192239.20	38484.10	32.7	36025.20	23.1
5.3 Foreign Currency in Hand	852.06	788.70	1336.94	-63.36	-7.4	548.24	69.5
5.4 Balance Held Abroad	77062.17	88693.81	112504.77	11631.63	15.1	23810.97	26.8
5.5 Cash in Transit	180.63	90.06	74.09	-90.57	-50.1	-15.97	-17.7
6. Loans and Advances	1147854.37	1313333.35	1542634.93	165478.98	14.4	229301.58	17.5
6.1 Claims on Government	152256.02	142157.70	142497.90	-10098.32	-6.6	340.20	0.2
6.2 Claims on Non-Financial Government Enterprises	11358.10	10386.33	10069.77	-971.77	-8.6	-316.56	-3.0
6.3 Claims on Financial Enterprises	13412.98	10566.54	13664.79	-2846.44	-21.2	3098.25	29.3
Government	1083.52	996.63	852.92	-86.89	-8.0	-143.71	-14.4
Non-Government	12329.46	9569.91	12811.87	-2759.55	-22.4	3241.96	33.9
6.4 Claims on Private Sector	968439.08	1146699.20	1369249.07	178260.13	18.4	222549.87	19.4
(a) Principal	941182.11	1117321.02	1338931.58	176138.91	18.7	221610.55	19.8
(b) Interest Accrued	27256.97	29378.18	30317.50	2121.21	7.8	939.31	3.2
6.5 Foreign Bills Purchased & Discounted	2388.20	3523.58	7153.40	1135.38	47.5	3629.82	103.0
7. Other Assets	108431.08	157128.97	179724.40	48697.90	44.9	22595.40	14.4

P Provisional

Table 22
Condensed Assets and Liabilities of Commercial Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	1015578.04	1196479.36	1452748.76	180901.32	17.8	256269.40	21.4
1.1 Demand Deposits	107309.78	122544.75	150442.94	15234.97	14.2	27898.19	22.8
(a) Domestic Deposits	93603.99	108467.26	132566.90	14863.27	15.9	24099.64	22.2
(b) Foreign Deposits	13705.80	14077.49	17876.04	371.70	2.7	3798.55	27.0
1.2 Saving Deposits	358804.60	450769.13	559350.96	91964.52	25.6	108581.84	24.1
(a) Domestic Deposits	351736.94	441455.98	549436.31	89719.04	25.5	107980.33	24.5
(b) Foreign Deposits	7067.67	9313.15	9914.65	2245.48	31.8	601.50	6.5
1.3 Fixed Deposits	345641.93	365549.73	417355.11	19907.80	5.8	51805.38	14.2
(a) Domestic Deposits	305282.54	337378.44	397787.37	32095.90	10.5	60408.94	17.9
(b) Foreign Deposits	40359.39	28171.29	19567.73	-12188.10	-30.2	-8603.55	-30.5
1.4 Call Deposits	194933.45	246884.41	313798.86	51950.95	26.7	66914.45	27.1
(a) Domestic Deposits	181631.51	218529.75	266863.40	36898.24	20.3	48333.65	22.1
(b) Foreign Deposits	13301.94	28354.65	46935.46	15052.72	113.2	18580.80	65.5
1.5 Margin Deposits	8888.27	10731.34	11800.88	1843.07	20.7	1069.54	10.0
2. Borrowings from NRB	2187.62	1932.99	3261.50	-254.64	-11.6	1328.51	68.7
3. Foreign Liabilities	2954.26	4.12	0.00	-2950.14	-99.9	-4.12	-100.0
4. Other Liabilities	222161.44	268735.40	297716.12	46573.96	21.0	28980.73	10.8
4.1 Paid-up Capital	77548.46	87334.02	98300.07	9785.56	12.6	10966.05	12.6
4.2 General Reserves	44173.96	53749.94	63635.73	9575.98	21.7	9885.79	18.4
4.3 Other Liabilities	100439.02	127651.44	135780.32	27212.42	27.1	8128.89	6.4
Assets=Liabilities	1242881.36	1467151.86	1753726.39	224270.51	18.0	286574.52	19.5
5. Liquid Funds	214723.31	267110.39	327932.50	52387.08	24.4	60822.10	22.8
5.1 Cash in Hand	29120.10	33942.22	39383.42	4822.12	16.6	5441.21	16.0
5.2 Balance with NRB	107355.68	143481.39	174939.80	36125.72	33.7	31458.40	21.9
5.3 Foreign Currency in Hand	800.94	699.91	1252.06	-101.03	-12.6	552.14	78.9
5.4 Balance Held Abroad	77273.93	88901.08	112283.64	11627.16	15.0	23382.56	26.3
5.5 Cash in Transit	172.66	85.78	73.55	-86.88	-50.3	-12.24	-14.3
6. Loans and Advances	938102.56	1066926.49	1267006.82	128823.93	13.7	200080.34	18.8
6.1 Claims on Government	147230.15	136367.10	136363.10	-10863.05	-7.4	-4.00	0.0
6.2 Claims on Non-Financial Government Enterprises	11074.04	10047.26	9774.47	-1026.78	-9.3	-272.80	-2.7
6.3 Claims on Financial Enterprises	11087.49	10136.62	11901.18	-950.87	-8.6	1764.55	17.4
Government	1083.52	996.63	852.92	-86.89	-8.0	-143.71	-14.4
Non-Government	10003.97	9140.00	11048.26	-863.97	-8.6	1908.27	20.9
6.4 Claims on Private Sector	766327.22	906851.92	1101814.67	140524.70	18.3	194962.76	21.5
(a) Principal	745999.64	885806.02	1080542.10	139806.38	18.7	194736.08	22.0
(b) Interest Accrued	20327.58	21045.90	21272.58	718.32	3.5	226.67	1.1
6.5 Foreign Bills Purchased & Discounted	2383.66	3523.58	7153.40	1139.92	47.8	3629.82	103.0
7. Other Assets	90055.50	133114.98	158787.10	43059.48	47.8	25672.10	19.3

P Provisional

Table 23
Condensed Assets and Liabilities of Development Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	155224.89	200328.93	230725.31	45104.04	29.1	30396.37	15.2
1.1 Demand Deposits	3083.71	4228.32	5539.38	1144.60	37.1	1311.06	31.0
(a) Domestic Deposits	3068.38	4196.31	5502.78	1127.93	36.8	1306.47	31.1
(b) Foreign Deposits	15.33	32.00	36.60	16.67	108.7	4.60	14.4
1.2 Saving Deposits	82945.64	108357.49	120640.84	25411.85	30.6	12283.35	11.3
(a) Domestic Deposits	82861.95	108284.46	120543.68	25422.51	30.7	12259.22	11.3
(b) Foreign Deposits	83.69	73.03	97.16	-10.66	-12.7	24.14	33.1
1.3 Fixed Deposits	45028.30	55395.14	62212.66	10366.84	23.0	6817.52	12.3
(a) Domestic Deposits	44760.14	54980.06	62182.04	10219.93	22.8	7201.98	13.1
(b) Foreign Deposits	268.17	415.08	30.62	146.92	54.8	-384.47	-92.6
1.4 Call Deposits	23913.82	32040.49	41997.05	8126.67	34.0	9956.55	31.1
(a) Domestic Deposits	23848.64	32002.95	41472.61	8154.31	34.2	9469.66	29.6
(b) Foreign Deposits	65.18	37.54	524.44	-27.63	-42.4	486.89	1296.9
1.5 Margin Deposits	253.42	307.49	335.38	54.07	21.3	27.89	9.1
2. Borrowings from NRB	570.00	0.00	0.00	-570.00		0.00	
3. Foreign Liabilities	0.00	0.00	0.00	0.00		0.00	
4. Other Liabilities	44159.91	55044.49	57998.07	10884.58	24.6	2953.58	5.4
4.1 Paid-up Capital	23576.76	26219.49	27534.73	2642.73	11.2	1315.24	5.0
4.2 General Reserves	7340.86	9026.48	11783.22	1685.62	23.0	2756.75	30.5
4.3 Other Liabilities	13242.29	19798.53	18680.12	6556.24	49.5	-1118.41	-5.6
Assets=Liabilities	199954.81	255373.42	288723.38	55418.62	27.7	33349.96	13.1
5. Liquid Funds	11830.45	14644.17	18683.72	2813.73	23.8	4039.55	27.6
5.1 Cash in Hand	4781.37	6125.73	6894.11	1344.36	28.1	768.38	12.5
5.2 Balance with NRB	6773.18	8221.41	11483.84	1448.24	21.4	3262.43	39.7
5.3 Foreign Currency in Hand	50.85	88.42	84.49	37.56	73.9	-3.93	-4.4
5.4 Balance Held Abroad	219.31	206.12	220.87	-13.19	-6.0	14.75	7.2
5.5 Cash in Transit	5.73	2.49	0.41	-3.24	-56.5	-2.08	-83.4
6. Loans and Advances	175893.82	223339.68	253591.79	47445.85	27.0	30252.11	13.5
6.1 Claims on Government	2909.58	2744.30	3087.80	-165.28	-5.7	343.50	12.5
6.2 Claims on Non-Financial Government Enterprises	242.28	273.72	195.92	31.44	13.0	-77.80	-28.4
6.3 Claims on Financial Enterprises	41161.03	50514.52	54041.74	9353.49	22.7	3527.22	7.0
Government	0.00	0.00	0.00	0.00		0.00	
Non-Government	41161.03	50514.52	54041.74	9353.49	22.7	3527.22	7.0
6.4 Claims on Private Sector	131576.40	169807.13	196266.33	38230.73	29.1	26459.19	15.6
(a) Principal	129039.26	166791.38	193415.80	37752.12	29.3	26624.42	16.0
(b) Interest Accrued	2537.14	3015.75	2850.53	478.61	18.9	-165.22	-5.5
6.5 Foreign Bills Purchased & Discounted	4.54	0.00	0.00	-4.54		0.00	
7. Other Assets	12230.54	17389.58	16447.87	5159.04	42.2	-941.70	-5.4

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Table 24
Condensed Assets and Liabilities of Finance Companies

(Rs. in Million)

	Mid-July			Annual Change			
				2013/14		2014/15	
	2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	68165.12	72080.75	71636.19	3915.64	5.7	-444.57	-0.6
1.1 Demand Deposits	5410.23	5824.85	5426.42	414.62	7.7	-398.44	-6.8
(a) Domestic Deposits	5410.23	5824.85	5426.42	414.62	7.7	-398.44	-6.8
(b) Foreign Deposits	0.00	0.00	0.00	0.00		0.00	
1.2 Saving Deposits	28930.26	31184.72	33755.02	2254.45	7.8	2570.31	8.2
(a) Domestic Deposits	28930.26	31184.72	33755.02	2254.45	7.8	2570.31	8.2
(b) Foreign Deposits	0.00	0.00	0.00	0.00		0.00	
1.3 Fixed Deposits	32896.21	33952.66	31550.04	1056.46	3.2	-2402.63	-7.1
(a) Domestic Deposits	32896.21	33952.66	31550.04	1056.46	3.2	-2402.63	-7.1
(b) Foreign Deposits	0.00	0.00	0.00	0.00		0.00	
1.4 Call Deposits	913.19	1106.27	890.77	193.09	21.1	-215.50	-19.5
(a) Domestic Deposits	913.19	1106.27	890.77	193.09	21.1	-215.50	-19.5
(b) Foreign Deposits	0.00	0.00	0.00	0.00		0.00	
1.5 Margin Deposits	15.23	12.25	13.94	-2.98	-19.6	1.68	13.7
2. Borrowings from NRB	0.00	0.00	0.00	0.00		0.00	
3. Foreign Liabilities	0.00	0.00	0.00	0.00		0.00	
4. Other Liabilities	32691.60	33511.84	33399.75	820.24	2.5	-112.09	-0.3
4.1 Paid-up Capital	16323.80	15931.54	15763.77	-392.26	-2.4	-167.77	-1.1
4.2 General Reserves	6910.58	5690.06	5518.50	-1220.52	-17.7	-171.56	-3.0
4.3 Other Liabilities	9457.22	11890.24	12117.48	2433.02	25.7	227.24	1.9
<i>Assets=Liabilities</i>	<i>100856.72</i>	<i>105592.59</i>	<i>105035.93</i>	<i>4735.87</i>	<i>4.7</i>	<i>-556.66</i>	<i>-0.5</i>
5. Liquid Funds	4574.33	5575.49	6830.78	1001.16	21.9	1255.29	22.5
5.1 Cash in Hand	970.60	1061.92	1014.49	91.33	9.4	-47.43	-4.5
5.2 Balance with NRB	3600.97	4511.15	5815.50	910.18	25.3	1304.35	28.9
5.3 Foreign Currency in Hand	0.26	0.37	0.39	0.10	39.6	0.03	6.9
5.4 Balance Held Abroad	0.26	0.26	0.26	0.00	0.0	0.00	0.0
5.5 Cash in Transit	2.24	1.79	0.13	-0.45	-20.1	-1.65	-92.6
6. Loans and Advances	89508.78	93392.69	93715.72	3883.90	4.3	323.04	0.3
6.1 Claims on Government	2116.30	3046.30	3047.00	930.00	43.9	0.70	0.0
6.2 Claims on Non-Financial Government Enterprises	41.77	65.34	99.38	23.57	56.4	34.03	52.1
6.3 Claims on Financial Enterprises	16815.25	20240.89	19401.27	3425.64	20.4	-839.61	-4.1
Government	0.00	0.00	0.00	0.00		0.00	
Non-Government	16815.25	20240.89	19401.27	3425.64	20.4	-839.61	-4.1
6.4 Claims on Private Sector	70535.46	70040.16	71168.07	-495.31	-0.7	1127.92	1.6
(a) Principal	66143.21	64723.63	64973.68	-1419.59	-2.1	250.06	0.4
(b) Interest Accrued	4392.25	5316.53	6194.39	924.28	21.0	877.86	16.5
6.5 Foreign Bills Purchased & Discounted	0.00	0.00	0.00	0.00		0.00	
7. Other Assets	6773.62	6624.42	4489.43	-149.20	-2.2	-2134.99	-32.2

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Table 25
Sectorwise Loan of Commercial Banks

(Rs. in Million)

		Mid-July			Annual Change			
					2013/14		2014/15	
		2013	2014	2015 ^P	Amount	Percent	Amount	Percent
1.	Agriculture	31531.0	40270.0	50706.0	8739.0	27.7	10436.0	25.9
2.	Mining	3487.0	3255.0	3064.0	-232.0	-6.7	-191.0	-5.9
3.	Production Sector	176662.0	207428.0	239723.0	30766.0	17.4	32295.0	15.6
4.	Construction	71713.0	88741.0	115176.0	17028.0	23.7	26435.0	29.8
5.	Metal Production, Machinery & Electrical Tools and Fitting	10044.0	10929.0	12402.0	885.0	8.8	1473.0	13.5
6.	Transportation, Equipment Production and Fitting	12666.0	15489.0	14377.0	2822.0	22.3	-1111.0	-7.2
7.	Transportation, Communication and Public Service	30152.0	31411.0	41289.0	1259.0	4.2	9878.0	31.4
8.	Wholesalers and Retailers	161588.0	205415.0	256253.0	43827.0	27.1	50838.0	24.7
9.	Finance, Insurance and Fixed Assets	66080.0	72814.0	89220.0	6734.0	10.2	16406.0	22.5
10.	Service Industry	56855.0	68630.0	88438.0	11774.0	20.7	19808.0	28.9
11.	Consumption Loan	33484.0	39366.0	43036.0	5882.0	17.6	3669.0	9.3
12.	Local Government	1176.0	1096.0	1622.0	-80.0	-6.8	526.0	48.0
13.	Other	101652.0	116165.0	147837.0	14513.0	14.3	31672.0	27.3
	Total	757091.0	901009.0	1103143.0	143918.0	19.0	202134.0	22.4

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Table 26
Outstanding Amount of Refinance Facility Provided by Nepal Rastra Bank to Banks and Financial Institutions

(Rs. in Million)

S.N.	Institutions	2013/14	2014/15
1.	Commercial Banks	7710.0	8910.0
2.	Agriculture Development Bank	0.0	0.0
3.	Nepal Industrial Development Corporation	0.0	0.0
4.	Rural Development Banks	10.0	0.0
5.	Other Development Banks	570.0	0.0
	Total	7710.0	8910.0

Table 27
Sources and Uses of Funds of Microfinance Institutions

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2013	2014	2015 ⁺	2013/14	2014/15
Sources					
Capital Funds	3801.0	5810.0	6143.0	52.8	5.7
Deposits	7218.0	11200.0	15997.0	55.2	42.8
Borrowings	20225.0	28581.0	38597.0	41.3	35
Others	3690.0	3854.0	5390.0	4.4	39.9
P/L Account	841.0	1140.0	2556.0	35.6	124.2
Sources=Uses	35775.0	50585.0	68682.0	41.4	35.8
Uses					
Liquid Funds	6431.0	9794.0	6980.0	52.3	-28.7
Investment	2964.0	470.0	2466.0	-84.1	424.4
Loans & Advances	23420.0	36426.0	55067.0	55.5	51.2
Others	2828.0	3749.0	4123.0	32.6	10
P/L Account	132.0	145.0	46.0	10.1	-68.2

+ Unaudited

Table 28
Sources and Uses of Funds of NRB Licensed Cooperatives

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2013	2014	2015 ⁺	2013/14	2014/15
Sources					
Capital Funds	1176.7	1396.2	1666.4	18.66	19.35
Deposits	11402.7	15873.5	18712.8	39.21	17.89
Borrowings	937.6	1355.6	1441.2	44.58	6.31
Others	1457.9	2319.7	2423.8	59.12	4.49
P/L Account	440.2	373.4	737.2	-15.17	97.46
Sources=Uses	15415.1	21318.5	24981.5	38.3	17.18
Uses					
Liquid Funds	3742.7	6587.0	6575.2	76	-0.18
Investment	1146.9	1259.2	2181.6	9.79	73.26
Loans & Advances	9458.4	11823.8	14407.9	25.01	21.85
Others	1045.1	1548.3	1627.2	48.15	5.1
P/L Account	21.9	100.2	189.6	356.94	89.25

+ Unaudited

Table 29
Sources and Uses of Funds of Insurance Companies

(Rs. in Million)

Particulars	Mid-July			2013/14		2014/15	
	2013	2014	2015 ⁺	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	4595.5	7840.6	8300.0	3245.1	70.6	459.4	5.9
Reserve Funds	65891.8	79305.0	99300.0	13413.2	20.4	19995.0	25.2
Other Liabilities	10663.3	13951.6	16700.0	3288.3	30.8	2748.4	19.7
Sources=Uses	81150.6	101097.2	124300.0	19946.6	24.6	23202.8	23.0
Uses							
Bank & Cash Balances	3217.7	4111.2	5100.0	893.5	27.8	988.8	24.1
Investment	66995.0	83082.3	101700.0	16087.3	24.0	18617.7	22.4
Fixed Assets	2555.8	2485.7	3300.0	-70.1	-2.7	814.3	32.8
Other Assets	8382.1	11418.0	14200.0	3035.9	36.2	2782	24.4

+ Unaudited

Source: Insurance Board Nepal

Table 30
Sources and Uses of Funds of Employees Provident Fund

(Rs. in Million)

Particulars	Mid-July			2013/14		2014/15	
	2013	2014	2015 ⁺	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	140709.9	163548.6	189698.3	22838.7	16.2	26149.7	16.0
Reserve Funds	3478.0	4202.9	3993.3	724.9	20.8	-209.6	-5.0
Other Liabilities	1515.5	1938.9	2212.0	423.4	27.9	273.1	14.1
Sources=Uses	145703.4	169690.4	195903.6	23987.0	16.5	26213.2	15.4
Uses							
Bank & Cash Balance	3890.2	7380.8	5517.9	3490.6	89.7	-1862.9	-25.2
Investment	43677.7	43010.6	54358.6	-667.1	-1.5	11348.0	26.4
Fixed Deposits	27800.0	26660.0	37020.0	-1140.0	-4.1	10360.0	38.9
GON Securities	13703.7	14130.1	15110.1	426.4	3.1	980.0	6.9
Housing Plan	0.4	0.0	0.0	-0.4	-100.0	0.0	0.0
Share Investment	2173.6	2220.5	2228.5	46.9	2.2	8.0	0.4
Other Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans and Advances	95329.6	116438.6	132956.1	21109.0	22.1	16517.5	14.2
Project Loan	15563.9	24862.3	26208.6	9298.4	59.7	1346.3	5.4
Depositor Loan	79765.8	91576.3	106747.5	11810.5	14.8	15171.2	16.6
Fixed Assets	481.0	328.9	300.0	-152.1	-31.6	-28.9	-8.8
Other Assets	2324.8	2531.5	2771.0	206.7	8.9	239.5	9.5

+ Unaudited

Source: Employees Provident Fund

Table 31
Sources and Uses of Funds of Citizen Investment Trust

(Rs. in Million)

Particulars	Mid-July			2013/14		2014/15	
	2013	2014	2015 ⁺	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
1. Paid-up Capital	300.0	450.0	450.0	150.0	50.0	0.0	0.0
2. Reserve Funds	1052.3	1684.7	1845.7	632.5	60.1	161.0	9.6
3. Fund Collection	40324.6	51784.1	67225.4	11459.5	28.4	15441.3	29.8
4. Other Liabilities	1076.7	702.5	972.3	-374.2	-34.8	269.8	38.4
Sources=Uses	42753.6	54621.3	70493.4	11867.7	27.8	15872.1	29.1
Uses							
1. Liquid Assets	1185.2	7562.3	9313.6	6377.2	538.1	1751.3	23.2
2. Investment	27293.4	26314.1	41723.4	-979.3	-3.6	15409.3	58.6
3. Loans & Advances	11741.1	17905.1	17373.7	6164.0	52.5	-531.4	-3.0
4. Other Assets	2534.0	2839.8	2082.7	305.8	12.1	-757.0	-26.7

+ Unaudited

Source: Citizen Investment Trust

Table 32
Structure of Nepalese Financial System

(Rs. in Million)

Particulars	2012/13			2013/14			2014/15		
	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)
Financial Institutions	2136380.7	88.7	126.0	2565101.4	88.7	132.1	3047071.3	88.6	143.4
Nepal Rastra Bank	534897.9	22.2	31.6	655280.6	22.7	33.7	786981.9	22.9	37.0
Commercial Banks	1242881.4	51.6	73.3	1467151.9	50.7	75.6	1753726.4	51.0	82.5
Development Banks	199954.8	8.3	11.8	255373.4	8.8	13.2	288723.4	8.4	13.6
Finance Companies	100856.7	4.2	6.0	105592.6	3.7	5.4	105035.9	3.1	4.9
Microfinance Companies	35774.9	1.5	2.1	50584.5	1.7	2.6	68682.3	2.0	3.2
Cooperatives	15415.1	0.6	0.9	21318.5	0.7	1.1	24981.5	0.7	1.2
Microfinance NGOs	6600.0	0.3	0.4	9800.0	0.3	0.5	18940.0	0.6	0.9
Agreement Deposit Institutions	269607.5	11.2	15.9	325408.9	11.3	16.8	390697.0	11.4	18.4
Provident Fund	145703.4	6.1	8.6	169690.4	5.9	8.7	195903.6	5.7	9.2
Citizen Investment Trust	42753.6	1.8	2.5	54621.3	1.9	2.8	70493.4	2.0	3.3
Insurance Companies	81150.6	3.4	4.8	101097.2	3.5	5.2	124300.0	3.6	5.9
Postal Saving Bank	1430.0	0.1	0.1	1580.0	0.1	0.1	1784.9	0.1	0.1
Total	2407418.2	100.0	142.0	2892090.3	100.0	149.0	3439553.2	100.0	161.9
GDP (Rs. in billion)			1695.01			1941.62			2124.65
Market Capitalization of Securities Market (Rs. in billion)			514.43			1057.17			989.40
Ratio of Market Capitalization to GDP (%)			30.35			54.45			46.57

Table 33
Stock Market Indicators

Particulars	Mid-July			Percent Change	
	2013	2014	2015	2013/14	2014/15
1 Number of Listed Companies	230	237	232	3.0	-2.1
2 Paid-up Capital of the Listed Companies (Rs. in million)	143658.1	150245.9	179689.7	4.6	19.6
3 Total Market Capitalization (Rs. in million)	514429.6	1057165.8	989404	105.5	-6.4
4 Annual Turnover (Rs. in million)	21553.1	77291.6	65333.6	258.6	-15.5
5 Market Days	232	230	216	-0.9	-6.1
6 Number of Companies Traded	232	269	276	15.9	2.6
7 Number of Transactions	292235	566371	477287	93.8	-15.7
8 Number of Listed Shares (in '000)	1587949	1653827	2218265	4.1	34.1
9 Number of Shares Traded (in '000)	78050	214055	159722	174.3	-25.4
10 Ratio of Paid-up Capital to GDP (%)	8.48	7.74	8.46	-8.7	9.3
11 Ratio of Turnover to Paid-up Capital (%)	1.27	3.98	3.08	213.1	-22.8
12 Ratio of Turnover to Market Capitalization (%)	4.19	7.31	6.60	74.5	-9.7
13 Ratio of Market Capitalization to GDP (%)	30.35	54.45	46.57	79.4	-14.5
14 NEPSE Index (closing)	518.33	1036.1	961.23	99.9	-7.2
15 NEPSE Sensitive Index (closing)	129.19	222.5	204.67	72.2	-8.0
16 NEPSE Float Index (closing)	35.8	64.1	68.47	79.1	6.8

Source: Nepal Stock Exchange Limited

Table 34
Securities Listed at Nepal Stock Exchange Limited

	2013/14			2014/15		
	No. of Shares ('000)	Amount (Rs. in Million)	Share %	No. of Shares ('000)	Amount (Rs. in Million)	Share %
Institutionwise						
Commercial Banks	120109.1	14,081.0	61.2	80800.4	8,080.0	33.0
Development Banks	27947.3	2,795.0	12.1	36476.5	3,648.0	14.9
Insurance Companies	15735.5	1,573.0	6.8	18314.2	1,831.0	7.5
Finance Companies	6874.0	697.0	3.0	10504.0	1,050.0	4.3
Productive and Processing Companies	0.0	-	0.0	540.0	54.0	0.2
Hotels	8596.2	860.0	3.7	12034.7	120.0	0.5
Trading Organizations	112.8	11.0	0.0	696.0	70.0	0.3
Hydro Power Companies	29331.9	2,933.0	12.7	4842.7	484.0	2.0
Others	813.6	71.0	0.3	236500.0	9,115.0	37.3
Total	209520.4	23,022.0	100.0	400708.6	24,453.0	100.0
Securitywise						
Ordinary Shares	75852.3	7,585.0	32.9	243400.1	9,940.0	40.6
Right Shares	60337.8	6,034.0	26.2	15397.1	1,540.0	6.3
Bonus Shares	71030.3	7,103.0	30.9	141911.4	12,973.0	53.1
Government Bonds	0.0	-	0.0	0.0	-	0.0
Convertible Preference Shares	0.0	-	0.0	0.0	-	0.0
Debentures Issued by Banks	2300.0	2,300.0	10.0	0.0	-	0.0
Others	0.0	-	0.0	0.0	-	0.0
Total	209520.4	23,022.0	100.0	400708.6	24,453.0	100.0

Source: Nepal Stock Exchange Limited

Table 35
Listed Companies and Market Capitalization

Particulars	No. of Listed Companies			Market Capitalization (Rs. In Million)						Share Price	
	Mid-July 2013	Mid-July 2014	Mid-July 2015	Mid-July 2013		Mid-July 2014		Mid-July 2015		Percent Change	
				Price	Share %	Price	Share %	Price	Share %	2013/14	2014/15
Financial Institutions	198	204	198	3690970.0	71.7	820648.0	77.6	769057.0	77.7	122.3	-6.3
<i>Commercial Banks</i>	28	30	29	2928520.0	56.9	555609.0	52.6	496242.0	50.2	89.7	-10.7
<i>Development Banks</i>	83	93	96	265410.0	5.2	82160.0	7.8	96920.0	9.8	209.6	18.0
<i>Finance Companies</i>	66	59	51	222940.0	4.3	42239.0	4.0	42218.0	4.3	89.5	0.0
<i>Insurance Companies</i>	21	22	22	274110.0	5.3	140643.0	13.3	133677.0	13.5	413.1	-5.0
Construction and Processing Companies	18	18	18	154130.0	3.0	20196.0	1.9	29681.0	3.0	31.0	47.0
Hotels	4	4	4	86920.0	1.7	24983.0	2.4	24856.0	2.5	187.4	-0.5
Trading Organizations	4	4	4	9850.0	0.2	1097.0	0.1	1178.0	0.1	11.3	7.4
Hydro Power Companies	4	5	6	308860.0	6.0	91825.0	8.7	69212.0	7.0	197.3	-24.6
Others	2	2	2	894180.0	17.4	98417.0	9.3	95420.0	9.6	10.1	-3.0
Total	230	237	232	5144920.0	100.0	1057166.0	100.0	989404.0	100.0	105.5	-6.4

Appendix 1.1

Lists of Banks and Financial Institutions Licensed for Performing Financial Transactions (As in mid-July 2015)

1. Commercial Banks

S.No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)
1	Nepal Bank Ltd.	Dharmapath, Kathmandu	1937/11/15	6465.00
2	Rastriya Banijya Bank Ltd.	Singhadurbar Plaza, Kathmandu	1966/01/23	8588.97
3	Agriculture Development Bank Ltd.	Ramshahpath, Kathmandu	1968/01/21	9636.80
4	Nabil Bank Ltd.	Kantipath, Kathmandu	1984/07/12	3657.65
5	Nepal Investment Bank Ltd.	Durbarmarg, Kathmandu	1986/03/09	4771.20
6	Standard Chartered Bank Nepal Ltd.	Nayabaneshwor, Kathmandu	1987/02/28	2248.16
7	Himalayan Bank Ltd.	Thamel, Kathmandu	1993/01/18	3332.70
8	Nepal SBI Bank Ltd.	Hattisar, Kathmandu	1993/07/07	3058.06
9	Nepal Bangladesh Bank Ltd.	Nayabaneshwor, Kathmandu	1994/06/06	2430.29
10	Everest Bank Ltd.	Lazimpat, Kathmandu	1994/10/18	2137.39
11	Bank of Kathmandu Ltd.	Kamaladi, Kathmandu	1995/03/12	2120.21
12	Nepal Credit and Commerce Bank Ltd.	Siddharthanagar, Rupandehi	1996/10/14	1470.00
13	Kumari Bank Ltd.	Durbarmarg, Kathmandu	2001/04/03	2431.68
14	Laxmi Bank Ltd.	Adarshanagar, Birgunj, Parsa	2002/04/03	2337.87
15	Siddhartha Bank Ltd.	Kamaladi, Kathmandu	2002/12/24	2031.18
16	Citizens Bank International Ltd. ¹	Kamaladi, Kathmandu	2007/04/20	2554.36
17	Prime Commercial Bank Ltd	Newroad, Kathmandu	2007/09/24	3140.05
18	Sunrise Bank Ltd.	Gairidhara, Kathmandu	2007/10/12	2236.65
19	Grand Bank Nepal Ltd.	Kamaladi, Kathmandu	2008/05/25	2000.00
20	NMB Bank Ltd.	Babarmahal, Kathmandu	2008/06/02	2400.00
21	Janata Bank Nepal Ltd.	Nayabaneshwor, Kathmandu	2010/04/05	2060.00
22	Mega Bank Nepal Ltd.	Kantipath, Kathmandu	2010/07/23	2609.60
23	Century Commercial Bank Ltd.	Putalisadak, Kathmandu	2011/03/10	2120.00
24	Sanima Bank Ltd.	Nagpokhari, Kathmandu	2012/02/15	2550.24
25	Machhapuchchhre Bank Ltd.	Prithivichowk, Pokhara, Kaski	2000/10/03	2776.25
26	NIC Asia Bank Ltd.	Biaratnagar, Morang	1998/07/21*	2658.28
27	Global IME Bank Ltd.	Birgunj, Parsa	2007/01/02*	5011.60
28	Civil Bank Ltd.	Kamaladi, Kathmandu	2010/11/26*	2887.85
29	Lumbini Bank Ltd.	Narayangadh, Chitawan	1998/07/17*	2000.83
30	Prabhu Bank Ltd.	Anamnagar, Kathmandu	2009/05/07*	3208.89

Paid-up capital is based on the financial statements as in mid-month of previous month. In case of merged banks and financial institutions, paid-up capital resulting after the merger.

* Operation date after the merger

¹ After acquiring Nepal Housing and Merchant Finance Ltd. and People's Finance Ltd.

2. Development Banks

S.No.	Names	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)
1	NIDC Development Bank Ltd.	Durbarmarg, Kathmandu	1959/06/15	415.82
2	Malika Bikash Bank Ltd.	Dhangadhi, Kailali	1999/11/11	242.55
3	Siddhartha Development Bank Ltd.	Tinkune, Kathmandu	2000/06/26	645.00
4	Narayani Development Bank Ltd.	Ratnanagar, Chitwan	2001/10/17	55.57
5	Pashimanchal Development Bank Ltd.	Butwal, Rupandehi	2003/04/03	336.52
6	Sahayogi Bikas Bank Ltd.	Janakpurdham, Dhanusha	2003/10/23	201.47
7	Karnali Bikash Bank Ltd.	Nepalgunj, Banke	2004/02/18	80.00
8	Bhrikuti Bikas Bank Ltd.	Butwal, Rupandehi	2004/09/03	521.23
9	Shubhechchha Bikas Bank Ltd.	Narayangadh, Chitwan	2004/09/26	150.26

10	Gorkha Development Bank (Nepal) Ltd.	Putalisadak, Kathmandu	2004/12/05	198.25
11	Gandaki Development Bank Ltd.	Pokhara, Kaski	2005/01/25	352.00
12	Excel Development Bank Ltd.	Birtamod, Jhapa	2005/07/21	202.50
13	Western Development Bank Ltd.	Ghorahi, Dang	2005/09/15	109.00
14	Clean Energy Development Bank Ltd.	Sitapaila, Kathmandu	2006/09/07	1259.91
15	Miteri Development Bank Ltd.	Dharan, Sunsari	2006/10/13	162.52
16	Tinau Bikas Bank Ltd.	Butwal, Rupandehi	2006/11/01	185.15
17	Sewa Bikas Bank Ltd.	Butwal, Rupandehi	2007/02/25	360.64
18	Kankai Bikas Bank Ltd.	Damak, Jhapa	2007/05/03	100.00
19	Ace Development Bank Ltd.	Narayanchaur, Kathmandu	2007/08/15	885.31
20	Mahakali Bikas Bank Ltd.	Mahendranagar, Kanchanpur	2007/08/18	127.20
21	Bhargab Bikas Bank Ltd.	Nepalgunj, Banke	2007/08/30	100.00
22	Country Development Bank Ltd.	Banepa, Kavre	2007/10/04	320.00
23	Alpine Development Bank Ltd.	Hetauda, Makwanpur	2007/10/05	118.00
24	City Development Bank Ltd.	Pokhara, Kaski	2007/10/19	468.16
25	Kamana Bikas Bank Ltd.	Pokhara, Kaski	2007/10/29	278.30
26	Corporate Development Bank Ltd.	Birgunj, Parsa	2007/11/07	200.00
27	Pathibhara Bikas Bank Ltd.	Urlabari, Morang	2007/11/21	141.45
28	Kabeli Bikas Bank Ltd.	Hulaktole, Dhankuta	2007/12/16	41.28
29	Purnima Bikas Bank Ltd.	Siddharthanagar, Rupandehi	2008/05/20	136.13
30	Jyoti Bikas Bank Ltd.	Kamalpokhari, Kathmandu	2008/07/24	847.23
31	Bagmati Development Bank Ltd.	Hariwon, Sarlahi	2009/03/23	50.00
32	Hamro Bikas Bank Ltd.	Battar, Nuwakot	2009/04/19	106.38
33	Kakre Bihar Bikas Bank Ltd.	Birendranagar, Surkhet	2009/05/15	37.95
34	Pacific Development Bank Ltd.	Beshishahar, Lamjung	2009/07/26	87.84
35	International Development Bank Ltd.	Teku, Kathmandu	2009/09/04	704.00
36	Kanchan Development Bank Ltd.	Mahendranagar, Kanchanpur	2009/09/19	132.00
37	Matribhumi Bikas Bank Ltd.	Sindhulimadi, Sindhuli	2009/10/09	44.00
38	Innovative Development Bank Ltd.	Siddharthanagar, Rupandehi	2009/11/13	150.00
39	Jhimruk Bikas Bank Ltd.	Bagdula, Pyuthan	2009/12/14	41.50
40	Metro Development Bank Ltd.	Pokhara, Kaski	2009/12/16	185.67
41	Raptibheri Bikas Bank Ltd.	Nepalgunj, Banke	2010/01/15	125.01
42	Gaumukhee Bikas Bank Ltd.	Bijuwar, Pyuthan	2010/01/25	44.93
43	Tourism Development Bank Ltd.	Newbaneshwor, Kathmandu	2010/03/18	678.40
44	Mission Development Bank Ltd.	Butwal, Rupandehi	2010/06/15	115.00
45	Mount Makalu Development Bank Ltd.	Basantapur, Terathum	2010/07/21	20.00
46	Sindhu Bikas Bank Ltd.	Barhabise, Sindhupalchowk	2010/09/09	107.50
47	Sahara Bikas Bank Ltd.	Malangawa, Sarlahi	2010/10/27	20.00
48	Nepal Community Development Bank Ltd.	Butwal, Rupandehi	2010/11/03	100.00
49	Cosmos Development Bank Ltd.	Shaktichok, Gorkha	2010/11/17	43.75
50	Manasalu Bikash Bank Ltd.	Buspark, Gorkha	2010/12/14	161.70
51	Society Development Bank Ltd. [%]	Kamaladi, Kathmandu	2011/06/15*	897.93
52	Ekata Bikash Bank Ltd.	Butwal, Rupandehi	2011/10/24	200.00
53	Kalinchowk Development Bank Ltd.	Charikot, Dolakha	2011/11/21	100.00
54	Business Universal Development Bank Ltd.	Anamnagar, Kathmandu	2012/04/04*	934.69
55	Kasthamandap Development Bank Ltd.	Newroad, Kathmandu	2012/05/01*	679.90
56	Kailsh Bikash Bank Ltd.	Putalisadak, Kathmandu	2012/04/24	895.32
57	Infrastructure Development Bank Ltd.	Ghantaghar, Kathmandu	2012/07/10*	827.53
58	Supreme Development Bank Ltd.	Tinkune, Kathmandu	2012/07/13*	811.62
59	Salapa Bikash Bank Ltd.	Diktel, Khotang	2012/07/16	14.00
60	Vibor Bikas Bank Ltd.	Tripureshwor, Kathmandu	2012/09/02*	917.07
61	Saptakoshi Development Bank Ltd.	Tankisunwari, Morang	2012/10/02	60.00
62	Shine Resunga Development Bank Ltd.	Tamghas, Gulmi	2013/03/17*	633.33
63	Sajha Bikash Bank Ltd.	Dhangadhi, Kailali	2013/04/30	53.45
64	Professional Diyalo Bikas Bank Ltd.	Banepa, Kavre	2013/06/30*	220.00
65	Arniko Development Bank Ltd.	Dhulikhel, Kavre	2013/07/14*	234.39
66	Yeti Development Bank Ltd.	Durbarmarg, Kathmandu	2013/07/15*	1386.23
67	Apex Development Bank Ltd.	Hattisar, Kathmandu	2013/07/15	666.56
68	Green Development Bank Ltd.	Baglungbazar, Baglung	2013/08/25	55.00

69	Reliable Development Bank Ltd.	Gyaneshwor, Kathmandu	2014/04/16	716.89
70	Biratlaxmi Bikas Bank Ltd.	Biratnagar, Morang	2014/05/17*	340.29
71	Sangrila Development Bank Ltd.	Baluwatar, Kathmandu	2014/07/13*	736.00
72	Triveni Bikas Bank Ltd. ²	Narayangadh, Chitwan	2015/06/01*	740.44
73	Dev Bikas Bank Ltd. ³	Laldurbarmarg, Kathmandu	2015/07/10*	582.45
74	Fewa Bikas Bank Ltd. ⁴	Pokhara, Kaski	2015/07/13*	360.36
75	Garima Bikas Bank Ltd. ⁵	Pokhara, Kaski	2015/07/14*	561.00
76	Muktinath Bikas Bank Ltd. ⁶	Pokhara, Kaski	2007/01/03	599.03

Paid-up capital is based on the financial statements as in mid-month of previous month. In case of merged banks and financial institutions, paid-up capital resulting after the merger.

% After the change of name of then existing H & B Development Bank

* Operation date after the merger

2 Formed after the merger of then existing Public Development Bank Ltd., Triveni Development Bank Ltd., and Bright Development Bank Ltd.

3 Formed after the merger of then existing NDEP Development Bank Ltd. and Rising Development Bank Ltd.

4 Formed after the merger of then existing Vishwa Bikas Bank Ltd. and Fewa Finance Ltd.

5 Formed after the merger of then existing Garima Bikas Bank Ltd. and Nilgiri Bikas Bank Ltd.

6 After acquiring then existing Civic Development Bank Ltd.

3. Finance Companies

S.No.	Names	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)
1	Nepal Aawas Finance Ltd.	Subidhanagar, Kathmandu	1992/08/03	200.80
2	Nepal Finance Ltd.	Kamaladi, Kathmandu	1993/01/06	135.80
3	NIDC Capital Markets Ltd.	Kamalpokhari, Kathmandu	1993/03/11	233.56
4	Narayani National Finance Ltd.	Kalikasthan, Kathmandu	1993/05/07	679.86
5	Nepal Share Markets and Finance Ltd.	Ramshahapath, Kathmandu	1993/10/19	2034.29
6	Kathmandu Finance Ltd.	Dillibazar, Kathmandu	1994/11/10	183.78
7	Himalaya Finance Ltd.	Sundhara, Kathmandu	1994/11/11	140.00
8	Union Finance Ltd.	Kamaladi, Kathmandu	1994/12/12	176.59
9	Paschimanchal Finance Co.Ltd.	Butwal, Rupandehi	1995/04/09	303.51
10	Samjhana Finance Co. Ltd.**	Banepa, Kavre	1995/05/03	
11	Goodwill Finance Ltd.	Dillibazar, Kathmandu	1995/05/15	330.00
12	Shree Investment & Finance Co. Ltd.	Dillibazar, Kathmandu	1995/06/01	197.12
13	Lumbini Finance & Leasing Co. Ltd.	Thamel, Kathmandu	1995/06/26	339.18
14	International Leasing & Finance Co. Ltd.	Nayabaneshwor, Kathmandu	1995/10/31	2008.80
15	Mahalaxmi Finance Ltd.	Putalisadak, Kathmandu	1995/12/01	420.00
16	Lalitpur Finance Co. Ltd.	Lagankhel, Lalitpur	1995/12/14	187.95
17	United Finance Co. Ltd.	Durbarmarg, Kathmandu	1996/01/26	403.42
18	General Finance Ltd.	Chababil, Kathmandu	1996/02/01	132.23
19	Progressive Finance Co. Ltd.	Newroad, Kathmandu	1996/02/26	120.00
20	Janaki Finance Co. Ltd.	Janakpurdham, Dhanusha	1997/03/07	248.63
21	Pokhara Finance Ltd.	Pokhara, Kaski	1997/03/16	330.72
22	Central Finance Ltd.	Kupondole, Lalitpur	1997/04/14	185.38
23	Premier Finance Co. Ltd.	Kumaripati, Lalitpur	1997/06/08	127.01
24	Arun Finance Ltd.	Dharan, Sunsari	1997/08/17	150.00
25	Multipurpose Finance Co. Ltd	Rajbiraj, Saptari	1998/04/15	28.75
26	Shrijana Finance Ltd.	Biratnagar, Morang	1999/12/14	134.40
27	Om Finance Ltd.	Pokhara, Kaski	2000/09/17	389.22
28	World Merchant Banking & Finance Ltd.	Hetauda, Makwanpur	2001/08/10	181.98
29	Capital Merchant Banking & Finance Co. Ltd.	Battisputali, Kathmandu	2002/02/01	935.07
30	Crystal Finance Ltd.	Thapathali, Kathmandu	2002/03/13	70.00
31	Guheshwori Merchant Banking & Finance Ltd.	Pulchowk, Lalitpur	2002/06/13	255.40
32	Everest Finance Ltd.	Siddharthanagar, Rupandehi	2003/07/02	120.63
33	ICFC Finance Ltd.	Bhatbhateni, Kathmandu	2004/07/15	426.81
34	Kuber Merchant Finance Ltd.	Kamalpokhari, Kathmandu	2006/03/24	150.00
35	Nepal Express Finance Ltd.	Sundhara, Kathmandu	2006/05/04	264.11

36	Seti Finance Ltd.	Tikapur, Kailali	2006/05/18	55.66
37	Hama Merchant & Finance Ltd.	Tripureshwor, Kathmandu	2006/06/16	200.00
38	Namaste Bittiya Sanstha Ltd..	Ghorahi, Dang	2007/07/09	31.25
39	Kaski Finance Ltd.	Pokhara, Kaski	2007/07/30	283.58
40	Unique Financial Institution Ltd.	Putalisadak, Kathmandu	2007/10/12	223.00
41	Manjushree Financial Institution Ltd.	Nayabaneshwor, Kathmandu	2007/10/17	225.00
42	Jebil's Finance Ltd.	Newroad, Kathmandu	2009/10/28	220.00
43	Bhaktapur Finance Ltd.	Chyamhasingh, Bhaktapur	2011/02/08	200.00
44	Synergy Finance Ltd.	Butwal, Rupandehi	2012/12/06*	474.41
45	Prudential Finance Company Ltd.	Nagpokhari, Kathmandu	2013/03/18*	483.10
46	Siddhartha Finance Ltd.	Siddharthanagar, Rupandehi	2014/05/02*	324.31
47	Reliance Lotus Finance Ltd.	Pradarsanimarg, Kathmandu	2014/05/08*	320.00
48	Sagarmatha Finance Ltd. ⁷	Manbhawan, Lalitpur	2015/07/16*	263.77

Paid-up capital is based on the financial statements as in mid-month of previous month. In case of merged banks and financial institutions, paid-up capital resulting after the merger.

* Operation date after the merger

** In the process of liquidation

7 Formed after the merger of then existing Sagarmatha Merchant and Finance Co. Ltd. and Patan Finance Ltd.

4. Microfinance Development Banks

S.No	Names	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)
1	Nirdhan Utthan Bank Ltd.	Anamnagar, Kathmandu	1999/04/13	572.00
2	Rural Microfinance Development Centre Ltd.	Putalisadak, Kathmandu	1996/12/06	336.00
3	Deprosc Microfinance Development Bank Ltd.	Ratnanagar, Chitwan	2001/07/03	171.95
4	Chhimek Microfinance Development Bank Ltd.	Oldbaneshwor, Kathmandu	2001/12/10	283.69
5	Shwabalamban Laghu Bitta Bikas Bank Ltd.	Lalcolonymarg, Kathmandu	2002/02/22	219.80
6	Sana Kisan Bikas Bank Ltd.	Subidhanagar, Kathmandu	2002/03/11	230.68
7	Nerude Laghu Bitta Bikas Bank Ltd.	Biratnagar, Morang	2007/06/15	125.00
8	Naya Nepal Laghu Bitta Bikas Bank Ltd.	Dhulikhel, Kavre	2009/03/20	20.00
9	Mithila Laghu Bitta Bikas Bank Ltd.	Dhalkebar, Dhanusha	2009/04/29	28.29
10	Summit Microfinance Development Bank Ltd	Anarmani, Jhapa	2009/05/20	28.00
11	Sworogjar Laghu Bitta Bikas Bank Ltd	Banepa, Kavre	2009/12/01	20.00
12	First Microfinance Development Bank Ltd	Gyaneshwor, Kathmandu	2009/12/28	199.67
13	Nagbeli Microfinance Development Bank Ltd	Anarmani, Jhapa	2010/02/04	20.00
14	Kalika Microcredit Development Bank Ltd.	Waling, Syangja	2010/07/21	50.00
15	Mirmire Microfinance Development Bank Ltd.	Banepa, Kavre	2010/09/23	20.00
16	Janautthan Samudayik Microfinance Dev. Bank Ltd.	Butwal, Rupandehi	2010/11/09	11.00
17	Womi Microfinance Bittiya Sanstha Ltd.	Khanikhola, Dhading	2012/03/08	15.30
18	Laxmi Microfinance Bittiya Sanstha Ltd.	Nayabaneshwor, Kathmandu	2012/06/04	100.00
19	ILFCO Microfinance Bittiya Sanstha Ltd.	Chuchhepati, Kathmandu	2012/07/05	100.00
20	Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	Chitlang, Makwanpur	2012/12/25	77.00
21	Kisan Microfinance Bittiya Sanstha Ltd.	Rajhar, Nawalparasi	2013/03/28	12.00
22	Vijaya Laghubitta Bittiya Sanstha Ltd.	Kamalbajar, Achham	2013/01/16	140.00
23	Clean Village Microfinance Bittiya Sanstha Ltd.	Hemja, Kaski	2013/03/31	28.00
24	Forward Community Microfinance Bittiya Sanstha Ltd.	Duhabi, Sunsari	2013/05/17	105.00
25	Reliable Microfinance Bittiya Sanstha Ltd.	Beshishahar, Lamjung	2013/05/19	35.00
26	Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd.	Bakdhuwa, Saptari	2013/06/15	14.00
27	Suryodaya Laghubitta Bittiya Sanstha Ltd.	Putalibazar, Syanja	2013/07/16	28.00
28	Mero Microfinance Bittiya Sanstha Ltd.	Battar, Nuwakot	2013/07/18	138.80
29	Samata Microfinance Bittiya Sanstha Ltd.	Pipra, Simara	2013/08/25	11.06
30	RSDC Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2013/09/11	60.00
31	Samudayik Laghubitta Bittiya Sanstha Ltd.	Panchkhal, Kavre	2070/12/30	14.00
32	National Microfinance Bittiya Sanstha Ltd.	Nilkantha, Dhading	2071/03/18	70.00
33	Nepal Grameen Bikas Bank Ltd.	Butwal, Rupandehi	2072/04/30*	557.50
34	Nepal Sewa Laghubitta Bittiya Sanstha Ltd.	Sindhupalchowk	2071/07/09	10.50
35	Unnati Microfinance Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2071/07/21	15.40
36	Swadeshi Laghubitta Bittiya Sanstha Ltd.	Itahari-8, Sunsari	2071/09/16	70.00

37	Nadepa Laghubitta Bittiya Sanstha Ltd.	Gajuri, Dhading	2072/02/01	110.00
38	Support Microfinance Bittiya Sanstha Ltd.	Hanspos, Itahari	2072/03/27	14.00

Paid-up capital is based on financial statements as in mid-month of previous month. In case of merged banks and financial institutions, paid-up capital resulting after the merger.

* Operation date after the merger

5. Savings and Credit Cooperatives (performing limited banking transactions only)

S.No	Names	Head Office	Operation Date (A.D.)	Paid up Capital [#] (Rs. in Million)
1	Shree Nabajivan Co-operatives Ltd.	Dhangadhi, Kailali	1993/12/15	93.29
2	Sagun Co-operative Society Ltd.	Kathmandu	1994/10/9	12.33
3	Nepal Co-operative Society Ltd.	Kathmandu	1994/12/30	44.84
4	The Sahara Loan, Savings Co-op.Soc. Ltd.	Sarlahi	1995/04/15	105.68
5	Bindabasini Saving & Credit Co-operative Society Ltd.	Khopasi, Kavre	1995/06/21	123.84
6	Mahila Co-operative Society Ltd.	Kathmandu	1995/09/27	25.11
7	Nepal Bahooddeshya Co-operative Society Ltd.	Jhapa	1995/12/25	205.22
8	Sahakari Bittiya Sanstha Ltd.	Nepalgunj, Banke	1996/6/16	17.84
9	Shree Manakamana Sahakari Sanstha Ltd.	Banepa, Kavre	1997/02/18	50.74
10	Veri Co-operative Sanstha Ltd.	Nepalgunj, Banke	1997/12/25	14.25
11	Viccu Saving & Loan Co-operative Sanstha Ltd.	Gaidakot, Nawalparasi	1997/02/18	75.84
12	Kisan Bahoo-uddesyia Co-op. Sanstha Ltd.	Lamki, Kailali	1997/08/11	47.26
13	Star Bahoo-Uddesyia Saving & Credit Co-op Ltd.	Biratnagar, Morang	1998/02/13	25.64
14	Himalaya Co-operative Ltd.	Puranobaneshwor, Kathmandu	1998/12/29	57.26
15	Upakar Savings & Credit Co-operative So. Ltd.	Walling, Syangja	1998/04/14	43.06

Paid-up capital is based on the financial statements as in mid-April.

6. Non-Government Organizations (performing microfinance transactions)

S.No	Names	Head Office	Operation Date (A.D.)
1	Chartare Yuba Club	Baglung	2000/06/05
2	Unique Nepal	Bardiya	2000/06/29
3	Samudayik Mahila Bikas Kendra	Saptari	2000/07/14
4	Grameen Jagaran Manch	Baglung	2000/09/11
5	Dhaulagiri Community Research Dev. Centre	Baglung	2000/10/21
6	Society of Local Volunteers Efforts Nepal (Solve)	Dhankuta	2001/07/10
7	Center for Women's Right and Development	Kathmandu	2002/04/30
8	MANUSHI	Kathmandu	2002/05/03
9	Life Development Society	Morang	2002/06/18
10	Mahila Adarsha Sewa Kendra	Kathmandu	2002/07/02
11	Patan Buisness and Professional Women	Lalitpur	2002/07/02
12	Women's Selfreliant Society	Chitwan	2002/07/14
13	Creative Women Environment Development Association	Kathmandu	2002/07/24
14	Shreejana Development Center	Kaski	2002/08/22
15	Cottage & Small Industries Organization	Kathmandu	2002/09/02
16	Adarsha Yuba Club	Bhaktapur	2002/09/06
17	Social Upgrade in Progress of Educational Region (SUPER)	Dang	2002/10/29
18	Nepal Women Community Service Center	Dang	2002/10/30
19	Gramin Mahila Bikash Sanstha	Dang	2003/04/23
20	Gramin Mahila Utthan Kendra	Dang	2003/06/18
21	Gramin Sewa Nepal	Kailali	2003/09/18
22	Mahila Upakar Manch	Banke	2003/10/29
23	Gramin Swayam Sewak Samaj	Sarlahi	2005/11/20
24	Srijana Community Development Center	Siraha	2012/11/18
25	Rastriya Shaichhik Tatha Samajik Bikas Sanstha	Parbat	2012/11/18
26	Nepal Grameen Bikas Sanstha	Kathmandu	2012/12/13
27	Women Enterprises Association of Nepal	Kathmandu	2013/01/04

Note: The licence of Bhagwan Yuva Club, Alapot, Kathmandu, cancelled on April 13, 2014.

7. Other Institutions

S.No.	Names	Office	Contact Office	Licensed Date
1	Rastriya Sahakari Bank Ltd.	Kupondole, Lalitpur	Baneshwor, Kathmandu	2010/07/20
2	Mashreq Bank PSC	Dubai, UAE	Thapathali, Kathmandu	2010/10/12
3	Hydroelectricity Investment & Development Company Ltd.	Babarmahal, Kathmandu	Babarmahal, Kathmandu	2012/07/10
4	Omni P. Ltd.*	Adarshanagar, Birgunj	Adarshanagar, Birgunj	2014/05/07
5	Hulas Investment P. Ltd.*	Ganabahal, Kathmandu	Ganabahal, Kathmandu	2014/08/03
6	Sipradi Hirepurchase P. Ltd.*	Thapathali, Kathmandu	Thapathali, Kathmandu	2014/11/06
7	MAW Investment P. Ltd.*	Biratnagar, Morang	Teku, Kathmandu	2015/01/14
8	Batas Investment Co. P. Ltd.*	Pokhara, Kaski	Gairidhara, Kathmandu	2015/02/04

* For the purpose of performing hirepurchase transactions

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PART – 2

ACTIVITIES OF NEPAL RASTRA BANK

Monetary Policy for Fiscal Year 2014/15

- 2.1 In accordance with the provision made in the Nepal Rastra Bank Act, 2002, the NRB has been formulating and implementing monetary policy with the objective of maintaining price, external sector, and financial sector stability. In addition, the monetary policy has been according high priority toward the expansion of financial inclusion through the promotion of access to finance and financial literacy. Accordingly, the monetary policy for FY2014/15 had also set the objectives of controlling inflation attributable to excessive aggregate demand, maintaining external stability, and attaining financial sector stability. With the objective of contributing to the realization of targeted economic growth, monetary policy also gave emphasis on increasing the flow of credit to the productive sector as well as expanding financial services and fostering the process of financial inclusion. In coordination with the GON's budget for FY2014/15 as well as other economic policies and programs, the NRB brought into implementation the monetary policy for FY2014/15 through its public announcement on July 18, 2014.

Objectives and Targets

- 2.2 The stance of monetary policy for FY2014/15 was made slightly restrictive so as to avoid likely adverse impacts on price, external sector, and financial sector stability in the context of factors like conditions of high liquidity prevailing in the banking sector at the time of formulating monetary policy, continuing pressure on the price situation on account of domestic and external reasons, and ever-widening trade deficit. Notwithstanding this, arrangement was made for making available adequate amount of credit from the banking system so as to facilitate the attainment of the targeted economic growth.
- 2.3 The monetary policy for FY2014/15 set the target of containing average annual consumer inflation at 8.0 percent and maintaining the foreign exchange reserve level sufficient to cover the import of goods and services for at least 8.0 months. In addition, the monetary policy targeted for managing necessary monetary liquidity to facilitate the attainment of 6.0 percent economic growth.
- 2.4 Mid-term review of the monetary policy for FY2014/15 was published on February 16, 2015 by revising projections of certain major economic and financial indicators for the year based on the emerging developments during the first six months as well as the outlook for the remaining six months. Due to the likely slowdown in the overall

agricultural growth rate because of contraction in the output of major agricultural food crops like paddy and maize attributed to the adverse monsoon conditions, the overall economic growth rate was revised downward to 5.0 percent. Similarly, the target of BOP surplus was revised to Rs. 55.0 billion and foreign exchange reserve level sufficient to cover the import of goods and services was revised to 9.0 months.

- 2.5 While the country's overall economic activities declined in FY2014/15 due to the devastating earthquake of April 25, 2015 and its after-shocks, there was, however, satisfactory condition as to price and external sector. In the review year, real GDP growth recorded was 3.0 percent at basic prices and 3.4 percent at producers' prices, according to the preliminary estimates of the CBS. In the review year, the BOP surplus amounted to Rs. 145.04 billion and foreign exchange reserve level as in mid-July 2015 was sufficient for financing imports of goods and services equivalent to 11.2 months. Likewise, the average annual consumer inflation during FY2014/15 remained at 7.2 percent.

Table 2.1
Inflation and Balance of Payments Surplus

Particulars	2012/13	2013/14	2014/15		Actual
			Target	Revised Estimates of Mid-Term Review of Monetary Policy	
Annual Average Inflation (in percent)	9.9	9.1	8.0	8.0	7.2
Balance of Payments Surplus (Rs. billion)	68.94	127.13	60.00	55.00	145.04

Intermediate and Operating Targets of Monetary Policy

- 2.6 The monetary policy targeted to conduct monetary operations on the basis of movements of the major economic indicators like the inflation, BOP, economic growth, etc. while maintaining the fixed exchange rate regime of the Nepalese currency vis-à-vis the Indian currency. For this purpose, continuity was given to the practice of designating the growth rate of broad money supply as the intermediate target and excess reserve of the BFIs as the operating target of the monetary policy.
- 2.7 In order to control the price pressure arising from the monetary expansion and to manage liquidity required for attaining the targeted economic growth, broad money supply as the intermediate target of monetary policy was projected to rise by 16.0 percent in FY2015/16. Similarly, the narrow money supply was projected to rise by 14.5 percent during the review year. Keeping in view the likely increase in the demand generated by inflation and economic growth targets, the growth rate of domestic credit and private sector credit which was initially projected at 18.7 percent and 18.0 percent respectively in the review year was revised to 19.2 percent and 20.0 percent respectively

in the mid-term review of the monetary policy by taking into consideration the actual results of the implementation of the monetary policy for six months and also the outlook for the remaining period of the year.

- 2.8 Though there was overall contraction in the economic activities in the review year due to the damage inflicted by the earthquake, phenomenal expansion in the remittance increased the foreign assets and domestic assets of the banking system. Accordingly, the growth rate of broad money supply (19.9 percent) exceeded the targeted growth rate (16.0 percent) for the year. Likewise, the rate of increase of narrow money supply was 19.7 percent, that of domestic credit 16.2 percent, and that of private sector credit 19.4 percent.

Table 2.2
Money Supply and Domestic Credit

Particulars	2012/13	2013/14	2014/15		Actual
			Target	Revised Estimates of Mid-Term Review of Monetary Policy	
Growth rate of broad money supply (in percent)	16.4	19.1	16.0	16.0	19.9
Growth rate of narrow money supply (in percent)	14.4	17.7	14.5	14.0	19.7
Growth rate of domestic credit (in percent)	17.2	12.7	18.7	19.2	16.2
Growth rate of credit to private sector (in percent)	20.2	18.3	18.0	20.0	19.4

Instruments of Monetary Policy

- 2.9 Instruments of monetary policy operation were selected by taking into consideration the monetary policy objective, stance, and economic and monetary targets. Accordingly, with the objective of managing excess liquidity and adopting some restrictive monetary policy, cash reserve ratio (CRR) was raised, banks were allowed to invest abroad a specified portion of their foreign exchange reserve, making open market operations (OMOs) more active, and issuing more monetary instruments for this purpose.
- 2.10 Keeping unchanged at 8.0 percent the bank rate for the provision of lender of last resort facility and discounting of securities, the arrangement of providing standing liquidity facility (SLF) to BFIs for managing short-term liquidity at the bank rate was continued.
- 2.11 The refinance rate for agriculture, hydropower, livestock, fishery, and other specified productive sector was reduced to 4.0 percent from 5.0 percent. Other existing refinance rates were kept unchanged. Likewise, as mentioned in the budget statement for FY2014/15, arrangement was made for providing concessional credit at 6.0 percent rate of interest from commercial banks for livestock, herbs, horticulture, dairy, fishery,

mushroom farming, agriculture storage, cold storage, animal slaughterhouse, and meat-related business.

- 2.12 For FY2014/15, the CRR to be maintained by BFIs was raised by 1.0 percentage point to 6.0 percent for "A"-class, 0.5 percentage point to 5.0 percent for "B"-class, and unchanged at 4.0 percent for "C"-class financial institutions. The existing provision with respect to the statutory liquidity ratio (SLR) was kept unchanged.

Table 2.3
CRR and SLR to be Maintained by BFIs (Percent)

Headings	2012/13	2013/14	2014/15
Cash Reserve Ratio			
“A” Class Institutions	6.0	5.0	6.0
“B” Class Institutions	5.5	4.5	5.0
“C” Class Institutions	5.0	4.0	4.0
Statutory Liquidity Ratio			
“A” Class Institutions	15.0	12.0	12.0
“B” Class Institutions	11.0	9.0	9.0
“C” Class Institutions	10.0	8.0	8.0

- 2.13 To conduct OMO, the principal instrument of monetary policy, in a purposeful and transparent manner, the Nepal Rastra Bank Open Market Operations Bylaw, 2014 has been brought into implementation. Accordingly, arrangement was made for bringing into gradual implementation the new provisions of the Bylaw, namely, (1) regular OMO, (2) fine tuning OMO, and (3) structural OMO.
- 2.14 If short-term interest rates fluctuate because of monetary liquidity causing financial market to be unstable, fine tuning OMO could be conducted any day of the week. Under this arrangement, repo/reverse repo auction as well as auction based interest-paying deposit collection (deposit auction) instruments could be used for a maximum period of three months.
- 2.15 The structural OMOs comprise the outright sale/purchase auctions, repo/reverse repo auctions for a maximum period of six months and, as need arises, even issuing the NRB bonds, as stated in the monetary policy for the review year.
- 2.16 Main foundation of the OMO comprised the overall liquidity of the banking system as shown by the Liquidity Monitoring and Forecasting Framework (LMFF) report prepared on the basis of NRB's balance sheet and as indicated by other financial indicators.
- 2.17 To further facilitate the work of liquidity management, a provision was made whereby commercial banks could invest, without adversely affecting their daily liquidity, up to

40 percent of their foreign exchange reserve balance in call deposit, certificate of deposit or similar other safe instruments up to the maturity of two years.

Public Debt Management

Issue and Management

- 2.18 The Public Debt Management Department of the NRB is carrying out the public debt management (domestic debt management) and monetary management (liquidity management) functions. Likewise, in the course of short-term liquidity management, the SLF has been provided against the collateral of the government securities (development bonds and treasury bills). The Department conducts the domestic debt management function on behalf of the GON in accordance with the Public Debt Act, 2002, Public Debt Rules, 2003 (Second Amendment), and Management of Primary and Secondary Market of Securities Rules, 2005.
- 2.19 Following the enactment of the Raising of Public Debt Act on an annual basis for raising domestic debt as provided in the annual budget of the GON, the work of raising domestic debt has been conducted in accordance with the GON-approved domestic debt issue calendar and auction calendar.
- 2.20 The NRB is conducting domestic debt management by presently issuing treasury bills, development bonds, citizen saving bonds, national saving bonds, and foreign employment saving bonds.

Treasury Bills

- 2.21 The domestic debt issue calendar and auction calendar as approved for FY2014/15 projected issue of treasury bills amounting to Rs. 15.0 billion. However, as per the revised calendar, only the 91-day treasury bill amounting to Rs. 10.0 billion was actually issued during the review year due to the availability of substantial cash balance in the treasury account. Likewise, the outstanding amount of treasury bills as in mid-July 2015 totaled Rs. 119.86 billion representing fresh issues and renewals/redemption of past issues on different times as per their maturity period. During FY2014/15, the amount of treasury bills redeemed by the GON amounted to Rs. 26.61 billion.

Development Bonds

- 2.22 Since the government maintained large amount of cash surplus in its account, fresh development bonds amounting to Rs. 30.0 billion only were issued as per revised calendar in FY2014/15 as against the target of issuing Rs. 35.0 billion. In accordance with the system of issuing development bond based on the interest rate determined

through the Dutch auction method, development bonds were issued a total of five times during the review year. The maturities and amounts of these bonds were as follows: 5-year Rs. 5.0 billion, 7-year Rs. 5.0 billion, 9-year Rs. 5.0 billion, 10-year Rs. 10.0 billion, and 15-year Rs. 5 billion. The interest rates determined for these bonds were as follows: 5-year 4.00 percent, 7-year 3.44 percent, 9-year 3.08 percent, 10-year 2.99 percent, and 15-year 2.65 percent. The outstanding development bonds as in mid-July 2015 amounted to Rs. 57.07 billion. The maturity period of these outstanding development bonds remained 5 years through 15 years. During FY2014/15, the amount of development bonds redeemed by the GON amounted to Rs. 20.04 billion.

Citizen/National/Foreign Employment Saving Bonds

2.23 As per the domestic debt issue calendar for 2014/15, citizen saving bond amounting to Rs. 2.50 billion was open for subscription, of which subscription was made for Rs. 2.34 billion only. The interest rate (coupon) on the 5-year citizen saving bond was fixed at 8.0 percent. The outstanding amount of citizen saving bonds as in mid-July 2015 reached Rs. 3.06 billion while the maturity period ranged between 5 and 12 years. During FY2014/15, the amount of citizen saving bonds redeemed by the GON amounted to Rs. 0.80 billion.

2.24 There was no fresh issue of national saving bond during FY2014/15. The outstanding national saving bonds as in mid-July 2015 amounted to Rs. 16.59 billion. The maturity period of such bonds ranged between 4 and 5 years.

2.25 Foreign employment saving bond amounting to Rs. 250.0 million at 9 percent rate of interest (coupon rate) was offered for sale in FY2014/15, out of which Rs. 83.70 million only was subscribed.

Net Domestic Debt Issue

2.26 In FY2014/15, gross domestic debt amounting to Rs. 42.42 billion was raised through various instruments while repayment amounted to Rs. 47.45 billion. As the amount of repayment exceeded the gross amount of debt raised, the net domestic debt issued resulted in a negative sum of Rs. 5.03 billion.

Table 2.4
Net Domestic Debt Issue

(Rs in Million)

Description	2012/13	2013/14	2014/15	Ratio with GDP (%)		
				2012/13	2013/14	2014/15
(A) Total Issue	19042.90	19982.90	42423.145	1.13	1.04	1.99
Treasury Bill	19000.00	10000.00	10000.00	1.12	0.52	0.47
Development Bond	0.00	9000.00	30000.00	0.00	0.47	1.41
National Saving Bond	0.00	906.50	0.00	0.00	0.05	0.00
Citizen Saving Bond	0.00	0.00	2339.43	0.00	0.00	0.11
Foreign Employment Bond	42.90	76.40	83.715	0.00	0.00	0.00
Special Bond	0.00	0.00	0.00	0.00	0.00	0.00
(B) Payment	21161.40	25167.10	47454.90	1.25	1.30	2.23
Treasury Bill	14156.00	10000.00	26610.00	0.84	0.52	1.25
Development Bond	5908.50	13500.00	20040.90	0.35	0.70	0.94
National Saving Bond	0.00	0.00	0.00	0.00	0.00	0.00
Citizen Saving Bond	939.30	1667.10	800.00	0.06	0.09	0.04
Foreign Employment Bond	0.00	0.00	4.00	0.00	0.00	0.00
Special Bond	157.60	0.00	0.00	0.01	0.00	0.00
(C) Net Domestic Debt	-2118.50	-5184.20	-5031.80	-0.13	-0.27	-0.24
Treasury Bill	4844.00	0.00	-16610.00	0.29	0.00	-0.78
Development Bond	-5908.50	-4500.00	9959.10	-0.35	-0.23	0.47
National Saving Bond	0.00	906.50	0.00	0.00	0.05	0.00
Citizen Saving Bond	-939.30	-1667.10	1539.40	-0.06	-0.09	0.07
Foreign Employment Bond	42.90	76.40	79.70	0.00	0.00	0.00
Special Bond	-157.60	0.00	0.00	-0.01	0.00	0.00
(D) Total Outstanding Domestic Debt	207001.71	201817.53	196785.70	12.23	10.46	9.26
Gross Domestic Product	1692643.00	1928517.00	2124650.00	0.00	0.00	0.00

Total Outstanding Domestic Debt Liability of the Government of Nepal

2.27 Total domestic debt liability of the GON decreased to Rs. 196.79 billion as in mid-July 2015 from Rs. 201.82 billion as in mid-July 2014. Of the government debt instruments, the volume of treasury bills declined to Rs. 119.86 billion in mid-July 2015 from Rs. 136.47 billion in mid-July 2014 on account of redemption amounting to Rs. 26.61 billion compared to raising amounting to Rs. 10.0 billion during the review year. Domestic debt raised through development bonds in the review year amounted to Rs. 30.0 billion compared to the amount of redemption that totaled Rs. 20.04 billion, thereby increasing the outstanding amount over the previous year. Likewise, in comparison to the previous year, the outstanding amount of citizen saving bonds and foreign employment saving bonds witnessed some increment as domestic debt was also raised by issuing these bonds in the review year. The outstanding amount of national saving bonds remained constant as in the previous year.

Table 2.5
GON's Total Outstanding Domestic Debt

(Rs in Million)

S. N.	Type of Bond	2012/13		2013/14		2014/15		Percent Change	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	2013/14	2014/15
1.	Treasury Bill	136468.1	65.9	136468.1	67.6	119858.1	60.9	0.0	-12.2
2.	Development Bond	51610.9	24.9	47110.9	23.3	57070.0	29.0	-8.7	21.1
3.	National Saving Bond	15680.0	7.6	16586.5	8.2	16586.5	8.4	5.8	0.0
4.	Citizen Saving Bond	3183.8	1.5	1516.8	0.8	3056.1	1.6	-52.4	101.5
5.	Foreign Employment Bond	58.9	0.0	135.3	0.1	215.0	0.1	129.8	58.9
6.	Special Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		207001.7	100.0	201817.6	100.0	196785.7	100.0		

Government Securities in the Ownership of Nepal Rastra Bank

2.28 Citizen/national/foreign employment saving bonds, development bonds, and treasury bills are transferred to the ownership of the NRB in the case of securitization of the amount of overdraft, direct repurchase auction while conducting OMO, purchase of securities from the secondary market by the NRB if BFIs fail to repay the amount of SLF, and sale/request to sell to NRB by the market maker. Similarly, securities are also transferred to the ownership of the NRB under the provision of direct purchase of treasury bills and development bonds from the secondary market for the monetary policy management. Among the government securities held in the ownership of the NRB, the share of treasury bills has remained the highest in FY2014/15 as in the previous years.

Table 2.6
Details of Government Securities in Ownership of NRB

(Rs. in Million)

S. N.	Type of Security	2012/13		2013/14		2014/15		Percent Change	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	2013/14	2014/15
1.	Treasury Bill	12,968.9	82.5	22,048.9	94.5	15,468.9	96.7	70.0	-29.8
2.	Development Bond	319.2	2.0	0.0	0.0	0.0	0.0		
3.	National Saving Bond	17.4	0.1	18.7	0.1	21.4	0.1	7.5	14.5
4.	Citizen Saving Bond	2,411.2	15.3	1,265.4	5.4	507.6	3.2	-47.5	-59.9
5.	Foreign Employment Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		15,716.7	100.0	23,333.0	100.0	15,997.9	100.0		

Note: The outstanding amount of treasury bills as in FY2013/14 has been reduced on account of direct sale auction of treasury bills amounting to Rs. 6.0 billion in FY2014/15.

Infrastructure Related to Public Debt Management

- 2.29 The registry, transfer, and payment system of the government securities has been modernized in accordance with the GL software system of accounting adopted by NRB since April 14, 2013. Likewise, accounting records have been maintained on the basis of the same system.
- 2.30 The online actions through the Online Bidding System Software (OBSS) was started since June 29, 2015 by replacing the old auction system employed for issuing the instruments of public debt management (treasury bill and development bond) and while conducting the liquidity management instruments (repo, reverse repo, direct purchase/sale, deposit collection).
- 2.31 With a view to providing knowledge on OBSS and procedures relating to auction through the OBSS, officials from all the BFIs located inside and outside the valley were engaged in the workshop. Besides, officials of Biratnagar, Birgunj, Pokhara, Siddharthanagar, and Dhanagadhi offices of the NRB were also imparted knowledge on the system.

Licensing the Market Makers and Sales Agents and their Inspection

- 2.32 In FY2014/15, altogether 47 BFIs were granted license to handle primary issue and secondary market transactions of government bonds (citizen saving bond and national saving bond) issued for the general public as well as secondary market transactions of foreign employment bond. Besides, for primary sale of foreign employment bonds, eight BFIs and remittance companies were appointed the sales agents. The activity of some licensed market makers was inspected and feedback provided in the review year.

Awareness Program Relating to Government Securities

- 2.33 In order to promote awareness relating to government securities and extend the reach of the securities to the rural areas, a leaflet incorporating information relating to government securities has been prepared and uploaded in the website of the NRB. Likewise, the leaflet has been sent to all the NRB offices outside the valley and, through them, distributed among the BFIs and the general public of that region.

Liquidity Management

- 2.34 The management of excess/deficit liquidity has been carried out with the use of instruments, namely, repo, reverse repo, outright sale, outright purchase, and deposit collection in accordance with the decision of the open market operation committee based on the prevailing situation of liquidity in the banking system as per the Nepal Rastra Bank Open Market Operations Bylaw, 2014.

- 2.35 In view of the excess liquidity in the banking system in FY2014/15, only the liquidity absorbing instruments (reverse repo, outright sale, and deposit collection) were implemented.
- 2.36 Absorption of liquidity through reverse repo, direct purchase, and deposit collection amounted to Rs. 476.80 billion on the basis of turnover in FY2014/15. Liquidity was absorbed two times through outright sale auction for Rs. 6.0 billion, 51 times through reverse repo auction for Rs. 315.80 billion, and 16 times through deposit collection auction for Rs. 155.0 billion. NRB has borne interest cost of Rs. 190.50 million for absorbing the liquidity.
- 2.37 With the objective of short-term liquidity management, the NRB has also been providing SLF to BFIs at their initiative against the collateral of the government securities (treasury bills and development bonds) at the bank rate for a maximum period of five working days.
- 2.38 Such SLF provided to various banks at 8 percent rate of interest (bank rate) for 29 times amounted to Rs. 10.31 billion (on the basis of turnover) during FY2014/15. NRB has earned interest amounting to Rs. 8.16 million for the SLF provided.

Financial Sector Reform, Expansion of Financial Access, and Regulation

Restructuring of Nepal Bank Limited and Rastriya Banijya Bank

- 2.39 Following the expiry of the financial sector reform program on December 31, 2011, NRB took control of the Nepal Bank Limited (NBL) since March 14, 2002 under section 86 (c) of sub-section 1, part (o) of the Nepal Rasta Bank Act, 2002 with the purpose of restructuring the NBL. As most of the activity relating to reform of the NBL has now been accomplished and new Board of Directors has been constituted, NRB control of the NBL has been released since December 15, 2014. The chief executive officer of the NBL has also been appointed for carrying out day to day management activities.
- 2.40 Most of the activities mentioned in the capital plan of the NBL have been accomplished. In the pursuit of meeting the capital fund ratio as prescribed by the NRB by making the ratio positive from its prevailing negative position, the loan of Rs. 2.50 billion provided to the NBL under the financial sector reform program has been converted into ordinary share, as per the decision of the GON. Afterward, the paid-up capital of the NBL reached Rs. 6.50 billion. NBL has received share premium amounting to Rs. 90.60 million through auction of unsubscribed rights shares in premium. These measures increased the capital fund of the NBL to 7.8 percent in mid-July 2015. However, in view of the shortfall in the

capital fund as fixed by the NRB, the process of sale of non-banking assets as a remaining component of the capital plan has been ongoing.

- 2.41 The paid-up capital of Rastriya Banijya Bank (RBB) amounted to Rs. 8.59 billion and capital fund was maintained at 10.34 percent as in mid-July 2015. Increase in paid-up capital was eased due to RBB already receiving the government's cash contribution as a component of the capital plan of the RBB, conversion into the share capital the amount lent to the RBB by the GON under the financial sector reform program, conversion into the ordinary share the 1-percent preference share of GON in the RBB, and conversion into the share capital the outstanding dividend on the preference share payable to the GON. In addition, capital fund has been positive due to the substantial increase in the profit of the RBB on account of the auction of promoter shares held by the RBB in Nepal Investment Bank Ltd. and Nepal Housing Finance Company Ltd.
- 2.42 Notwithstanding the positive capital fund of both the NBL and RBB at the present, the capital fund of NBL has not been at the level as prescribed by the NRB. Accordingly, the capital plan is in the process of implementation to maintain the mandated capital adequacy ratio in NBL. The overall financial condition of both the banks has been satisfactory attributed to the substantial rise in the paid-up capital of both the banks, noticeable increase in the deposits of both the banks, gradually declining volume of non-performing assets, and both the banks earning noticeable profit in the review year.

Program for Enhancing Financial Inclusion

- 2.43 Financial inclusion has been expanding along with expansion in BFI network. In accordance with the objective of expanding financial inclusion through encouragement in the opening of BFI branches in the geographical regions having low access of financial services, the NRB has adopted the policy of extending loan to the BFIs for opening branches of NRB-licensed "A", "B", and "C" category BFIs for the specified maturity at zero percent rate of interest up to Rs. 5.0 million per branch in the headquarters of the specified 14 districts and up to Rs. 10.0 million per branch outside the headquarters of these districts. In the review year, no BFIs have demanded such credit.
- 2.44 Similarly, while opening branches by "D"-class financial institutions in the specified 22 districts with low access to microfinance services, there has been a provision of providing loan of Rs. 3.0 million per branch at zero percent rate of interest. The details of such loans extended during the review year were as follows:

NRB Loan to 'D' - Class Institutions

S. No.	Institution	District	Branches	No. of Branches	Amount of Loan (Rs. million)	Date of Loan
1	Mahila Sahayatra Microfinance Financial Institution Ltd.	Rolpa	Ghartigau, Liwang	2	6.0	Nov.13, 2014
2	Kisan Microfinance Financial Institution Limited	Bajura	Martadi Phalasain	5	15.0	April 14, 2015
		Achham	Jayagadh Chaukhutte			
		Darchula	Gokuleshwor			
3	Clean Village Microfinance Financial Institution Limited	Taplejung	Fungling	1	3.0	Feb.16, 2015
4	Mirmire Microfinance Financial Institution Ltd.	Rasuwa	Kalikaasthan	1	3.0	March 29, 2015
5	Swawalamban Microfinance Development Bank Ltd.	Solukhumbu	Salleri	1	3.0	June 13, 2015

Incorporation/Licensing of Banks and Financial Institutions

2.45 Licensing has been granted to six microfinance institutions (MFIs) for commencing financial operations during the review year. These institutions were: (a) Nepal Sewa Microfinance Financial Institution Ltd., Phatkasila, Sindhupalchowk, (b) Unnati Microfinance Financial Institution Ltd., Padsari, Rupandehi, (c) Swadeshi Microfinance Financial Institution Ltd., Itahari, Sunsari, (d) Nadep Microfinance Financial Institution Ltd., Gajuri, Dhading, (e) Arambha Microfinance Financial Institution Ltd., Bansbari, Sindhupalchowk, and (f) Support Microfinance Financial Institution Ltd., Hansposa, Itahari, Sunsari. Similarly, the four institutions that have been licensed to conduct hire-purchase transactions during the review year are: (a) Hulas Investment Pvt. Ltd., Ganabahal, Kathmandu, (b) Siprodi Hire Purchase Pvt. Ltd., Thapathali, Kathmandu, (c) M.A.W. Investment Pvt. Ltd., Biratnagar, Morang, and (d) Batash Investment Pvt. Ltd., Pokhara, Kaski.

Issue of Letter of Consent

2.46 In the review year, letter of consent for commencement of financial transactions was issued to proposed (a) Janasewi Microfinance Financial Institution Ltd., Kushma, Parbat, (b) Chautari Microfinance Financial Institution Ltd., Butwal, Rupandehi, and (c) Ghodaghodi Microfinance Financial Institution Ltd., Belauri, Kanchanpur.

Submission of Application by NGOs Engaged in Financial Intermediation

2.47 NGOs numbering 23 have submitted application for conversion into microfinance financial institutions (MFFIs) as per the requirement of monetary policy for FY2014/15 that the NGOs should convert into "D"-class MFFI by mid-July 2015 by fulfilling the necessary procedures.

Branchless Banking Service

2.48 For enhancing financial inclusion, NRB has been giving priority to branchless banking services. Till now, branchless banking service has been provided by 503 spots of 14 commercial banks through the Point of Transaction (POT) basis by also monitoring the technical and practical aspects of the banks.

Merger of Banks and Financial Institutions

2.49 With the implementation of the merger policy for enhancing financial stability, the number of BFIs under merger process has been growing. With the implementation of the BFI Merger Bylaw, 2011, 30 BFIs have been created by the merger of 78 BFIs till mid-July 2015. The Nepal Grameen Bikas Bank Limited, created by the merger of five rural development banks in FY2014/15, commenced unified operation since August 16, 2014.

Table 2.7
Merged Banks and Financial Institutions

(Rs in Million)

Banks and Financial Institutions	Before 2010/11	2010/11	2011/12	2012/13	2013/14	2014/15
Commercial Banks	2		2	3	4	1
Development Banks		1	6	12	6	10
Finance Companies	5	1	8	12	8	4
Microfinance Institutions			–	–	–	5
Merged BFIs	7	2	16	27	18	20
BFIs after Merged	3	1	7	11	8	7

* Three BFIs were created by the merger of seven BFIs before the implementation of BFI Merger Bylaw, 2011.

** One development bank was created by merging one development bank and one finance company on June 15, 2011.

2.50 The Banks and Financial Institutions Acquisition Bylaw, 2014 was formulated and brought into implementation for facilitating the work relating to acquisition of BFIs. Under this Bylaw, one commercial bank has acquired two finance companies while one development bank has acquired another development bank in the review year.

Branch Expansion

2.51 The number of branches of BFIs has increased substantially in the review year. In mid-July 2015, the total number of BFI branches reached 3,838 comprising 1,672 branches of commercial banks, 808 branches of development banks, 242 branches of finance companies and 1,116 branches of MFFIs compared to 1,547 branches of commercial banks, 818 branches of development banks, 239 branches of finance companies and 826 branches of MFFIs in mid-July 2014. In this way, each branch of BFIs has served an estimated population of 7,206. In "A", "B", and "C" institutions, total number of deposit accounts reached 14.90 million while total borrowers numbered 1.03 million in mid-July 2015.

Table 2.8
Branches of Banks and Financial Institutions

Banks and Financial Institutions	Mid-July		
	2013	2014	2015
Branches of Commercial Banks	1486	1547	1672
Branches of Development Banks	764	818	808
Branches of Finance Companies	242	239	242
Branches of Microfinance Institutions	634	826	1116
Total	3126	3430	3838

Extension of Scope of Operations

2.52 The scope of operations of Ekata Bikas Bank Ltd, Butwal, Rupandehi, a NRB-licensed "B"-class institution, was approved for extending operations from 3 to 10 districts. Similarly, Nilgiri Bikas Bank Limited, Myagdi, and Mahakali Bikas Bank Limited, Kanchanpur, were each approved for extending operations from one to three districts.

Refinance Facility

2.53 The use of refinance facility provided by the NRB has impressively gone up due to the reduction in the refinance rates and procedural simplification. In the review year, four class-"A" banks and one class-"C" finance company were provided general refinance against the collateral of good loan extended for productive sector amounting to Rs. 5.99 billion, out of which Rs. 2.21 billion was extended for hydro-power projects and Rs. 0.41 billion for tourism sector. In FY2013/14, four class-"A" banks were provided general refinance amounting to Rs. 4.53 billion against the collateral of good loan extended for productive sector. Export refinance facility amounting to Rs. 2.93 billion was provided to eight such banks in the review year. Export refinance provided to six BFIs in FY2013/14 had amounted to Rs. 2.93 billion.

Hearing of Grievances Relating to Refinance

2.54 According to the provision made in the monetary policy, the Refinance Cell stationed in the Banks and Financial Institutions Regulation Department has been specified for hearing the grievances relating to the refinance provided by the NRB. No grievance relating to refinance was received during the review year.

Activities of Grievance Management Committee

2.55 As per the decision of the Council of Ministers on December 15, 2006, Grievance Management Committee was formed under the convenorship of Deputy Governor comprising representatives from MOF and President of Nepal Bankers Association as members and Federation of Nepal Chambers of Commerce and Industry (FNCCI) as

observer for hearing grievances if any party feels aggrieved in connection with transactions between the bank and the borrower.

- 2.56 The activities pertaining to the grievance management have assisted in solution of problems created between the bank and borrower. Likewise, grievance management activities have also helped in minimizing the problems relating to credit as witnessed in the banking and financial sector. In the review year, among the 70 grievances and complaints received, hearing by the Grievance Management Committee has been undertaken in the case of 33 while necessary correspondence has been made with concerned BFIs in the case of 16. Regarding the remaining 21 grievances, efforts are ongoing for bringing about understanding between the applicants and the concerned parties through coordinating between them. The complaints received by the Committee especially pertain to the subjects like extending the maturity period of the loan, discontinuing the auctioning of the property pledged as collateral as the auction was not in accordance with the procedures followed, releasing the collateral as the third party failed to release it on account of misutilization of the credit, blacklisting, removal from the black list, etc. Regarding such complaints, both the borrower and the bank are invited at the Committee meeting where efforts are made to bring to the mutual understanding besides communicating Committee decisions on the matters and getting them implemented.

Activities Relating to Confiscation of Passports

- 2.57 Among the 362 borrowers who faced prosecution including the confiscation of their passports, 58 borrowers were freed from action as in mid-July 2015. In the review year, the GON was requested to impose punishments to seven borrowers including confiscation of passports and accordingly, they were punished including by confiscation of their passports. Recommendation has been submitted to the GON for freeing actions against six borrowers in the review year.

Refinance for Sick Industries

- 2.58 In order to provide relief for rehabilitating the sick industries, the provision of providing refinance by the NRB for sick industries against the security of the collateral of good loan at one percent rate of interest was continued. The BFIs as in the previous year were not allowed to charge more than 4.5 percent interest to the borrowers within the period of the utilization of such refinance. In addition, Facilities that could be provided by the Financial Sector in Connection with the Sick Industries Guidelines, 2013 was under implementation. No refinance was demanded from any BFI for sick industries during FY2014/15.

Productive Sector Credit

2.59 Commercial banks are mandated to lend a minimum of 20 percent of their total loans and investments in productive sector like agriculture, energy, tourism, cottage and small industries, etc. Under this provision, a minimum of 12 percent is required to be lent to agriculture and energy sectors. Till mid-July 2015, commercial banks have extended credit representing 15.7 percent of the total or Rs. 173.60 billion. In the similar way, to provide productive sector credit by "B" and "C"-class institutions licensed by the NRB, a provision has been made to prepare annual work plan requiring at least 15 percent of the total loan portfolio by the "B"-class institutions and 10 percent of the total loan portfolio by the finance companies in the agriculture, energy, tourism sector and cottage and small industries by mid-July 2016.

Publication of the List of Professional Experts

2.60 With respect to maintaining the list of professional experts in accordance with section 13 of the Banks and Financial Institutions Act, 2006, an additional 12 individuals meeting the qualifications and other requirements as specified have been included in the list in the review year, with the list totaling 158 professional experts.

Publication of the List of Auditors/Audit Firms

2.61 With reference to maintaining the list of approved auditors as per sub-section (2) of section 60 of the Banks and Financial Institutions Act, 2006, the NRB has maintained auditors' roster of 1,713 individuals/firms in accordance with the understanding reached between the NRB and the Institute of Chartered Accountants of Nepal (entity regulating the auditors engaged in auditing profession).

Online Reporting

2.62 As per the provisions under the Unified Directive, BFIs are required to report their statistics to NRB on daily, weekly, monthly, and quarterly basis. Accordingly, the online software, namely, Liquidity and Inter-Bank Transaction Information System (LIBTIS) Software (for Banks and Financial Institutions) has been developed to expeditiously and reliably avail statistics and prepare reports as required. Through this System, details regarding the inter-bank transactions and liquidity are reported on daily basis. On monthly basis, details as per Directive Form No. 9.16 (details of offices of BFIs and branch-wise deposit and credit details are reported through the System. Quarterly reporting through the Online Software has commenced also for details of big borrowers to be reported as per Directive Form No. 3.10, details like name, surname, address, etc. of directors and CEO of the institution to be reported as per Directive Form No. 6.4, quarterly financial reports to be reported as per Directive Form No. 9.14, and details relating to E-banking to be reported as per Directive Form No. 9.15.

Publication of Bulletin

2.63 Monthly and annual bulletins have been prepared and published on a regular basis on the basis of daily, monthly, and quarterly statistics received by NRB from BFIs as per Consolidated Directive.

Financial Stability Report

2.64 NRB has published the Financial Stability Report (fifth issue) and also uploaded it in the website. In addition, draft Financial Stability Report (sixth issue) has also been prepared based on statistics as in mid-December 2014.

Arrangement Relating to Protection of Financial Clients and Financial Literacy

2.65 Directive has been issued to the BFIs in relation to protection of financial clients and financial literacy in the review year.

Implementation of Basel-III Provisions

2.66 In accordance with the policy of gradually implementing the Basel-III provisions on the basis of the need and justification, a study on Basel-III and Nepalese Banking: An Assessment of Capital Regulation in Nepal (Consultative Document for Basel-III Implementation) has been prepared on the basis of the study of prevailing situation of capital regulation in Nepalese commercial banks along with underlying provisions of Basel-III and the Study published for the comments/feedback of the concerned parties. Besides, the implementation matrix for the Basel-III has been approved and communicated to the Nepal Bankers Association.

Payment and Settlement System

2.67 Payment and Settlement Bylaw, 2015 was approved by the NRB Board of Directors and brought into implementation since June 7, 2015. In order to discharge the oversight functions relating to payment and settlement, a separate Payment Systems Department was established in place of the then arrangement of a desk performing the related functions under the Banks and Financial Institutions Regulation Department of the NRB.

Post-Earthquake Relief/Rehabilitation Activities

2.68 Directive was issued to BFIs to smoothly carry out essential services like payment relating to relief operations carried out by GON as well as payment of amount to the general public.

- 2.69 With respect to the collection of amounts through opening accounts by various institutions for the purpose of providing relief to the affected public, arrangement has been made for earmarking these accounts and transferring the amounts only to the Prime Minister's Disaster Relief Fund besides submitting the particulars of the account to the NRB on daily basis.
- 2.70 Information as to the actual position and particulars of losses of properties of the licensed BFIs was requested for the purpose of making necessary revision in the policy provision by ascertaining the impact of earthquake on the banking sector.
- 2.71 NRB approval will not be required while opening BFI branches in market centers/VDCs without branches excepting in Kathmandu valley, Banepa, Dhulikhel, and headquarters of the districts affected by the earthquake for the purpose of running branches, mobile banking, branch-less banking, and roaming banking services for easier availability and enhanced access of the banking services in the earthquake-affected districts in the context of the interruptions in the easier availability of the banking services due to the earthquake.
- 2.72 In the case of absence of citizenship certificate in the districts affected by the earthquake, the general public could open account even on the basis of earthquake victim certificate issued by the GON.
- 2.73 In consideration of the post-earthquake conditions, while the period since April 26, 2015 to May 9, 2015 was notified as a week for the purpose of CRR computation, the communication, contact, and transactions in the banking system could not yet be normalized due to the aftershock that struck on May 12, 2015. Hence, it was notified that the period since April 26, 2015 to May 16, 2015 could be considered as a week for the computation of CRR.
- 2.74 With the purpose of not allowing any business to close on account of the earthquake and making the outcomes of the policy provisions made by the NRB reach the ultimate client of the bank or financial institution, directive was issued on June 24, 2015 by incorporating flexible policy provision on loan loss provision, restructuring of loan, accounting of income/expenditure, grace period, computation of capital, and additional facility for banks or financial institutions in severely affected districts.
- 2.75 NRB has approved the Reconstruction of Residential Houses Refinance Procedures, 2015 for the purpose of providing refinance facility by NRB for BFIs at zero percent interest rate for an amount up to Rs. 2.5 million inside the valley and up to Rs. 1.5 million outside the valley, which BFIs will lend at 2.0 percent interest rate for households whose residential houses were damaged due to earthquake.

Microfinance

"D" Class Financial Institutions

- 2.76 Altogether 38 "D"-class financial institutions engaged in microfinance transactions were in operation as in mid-July 2015 comprising 34 institutions as replicators of the Grameen banking system and 4 institutions engaged in wholesale transactions on microfinance.
- 2.77 Among the 4 financial institutions providing wholesale credit to MFFIs as in mid-July 2015, Rural Microfinance Development Centre Limited (RMDC) established in 1998 has been providing wholesale microcredit to development banks, cooperatives, and NGOs while Small Farmers Development Bank Limited (SFDB) established in 2001 has been providing wholesale microcredit to small farmer cooperatives. Similarly, First Microfinance Development Bank Limited established in 2009 and RSDC established in 2013 have been providing wholesale credit to cooperatives, NGOs licensed for carrying out limited banking transactions, and microfinance development banks.
- 2.78 Total assets/liabilities of "D"-class financial institutions carrying out transactions relating to microfinance amounted to Rs. 68.68 billion as in mid-July 2015, an increase of 35.78 percent compared to the amount as in mid-July 2014.

Table 2.9
Sources and Uses of MFFIs

(Rs in Million)

	Particulars	Mid-July			Percent Change	
		2013	2014	2015*	2013/14	2014/15
Sources	Capital Funds	3801.3	5809.7	6142.7	52.83	5.73
	Deposits	7218.4	11199.9	15996.8	55.16	42.83
	Borrowings	20225.0	28581.3	38596.9	41.32	35.04
	Others	3689.9	3853.6	5389.7	4.44	39.86
	P/L Account	840.8	1140.0	2556.1	35.58	124.22
	Sources = Uses	35775.0	50584.5	68682.3	41.40	35.78
Uses	Liquid Funds	6430.7	9793.8	6979.8	52.30	-28.73
	Investment	2963.6	470.3	2466.3	-84.13	424.43
	Loans and Advances	23420.0	36426.0	55066.9	55.53	51.17
	Others	2828.4	3749.2	4123.1	32.56	9.97
	P/L Account	131.8	145.2	46.2	10.13	-68.18

* Unaudited

Cooperatives Licensed for Performing Limited Banking Transactions

- 2.79 Cooperatives established under Cooperatives Act, 1992 and licensed by NRB for performing limited banking transactions have been conducting limited banking transactions in accordance with the directives issued by NRB. There are 16 such cooperatives including one National Cooperative Development Bank as of mid-July 2015. Total assets/liabilities of these institutions amounted to Rs. 24.98 billion as of mid-July 2015.

Table 2.10
Sources and Uses of Resources of Cooperatives Licensed for
Performing Limited Banking Transactions

(Rs in Million)

	Particulars	Mid-July			Percent Change	
		2013	2014	2015*	2012/13	2013/14
Sources	Capital Funds	1176.7	1396.2	1666.4	18.66	19.35
	Deposits	11402.7	15873.5	18712.8	39.21	17.89
	Borrowings	937.6	1355.6	1441.2	44.58	6.31
	Others	1457.9	2319.7	2423.8	59.12	4.49
	P/L Account	440.2	373.4	737.2	-15.17	97.46
	Total Sources	15415.1	21318.5	24981.5	38.30	17.18
Uses	Liquid Funds	3742.7	6587.0	6575.2	76.00	-0.18
	Investment	1146.9	1259.2	2181.6	9.79	73.26
	Loans and Advances	9458.4	11823.8	14407.9	25.01	21.85
	Others	1045.1	1548.3	1627.2	48.15	5.10
	P/L Account	21.9	100.2	189.6	356.94	89.25
	Total Uses	15415.1	21318.5	24981.5	38.30	17.18

* Unaudited

Non-Government Organizations Licensed for Performing limited Banking Transactions

2.80 The number of NGOs established under Institutions Registration Act, 1977 and licensed by NRB for performing limited banking transactions under Institutions Performing Functions relating to Financial Intermediaries Act, 1999 was 26. Total sources/uses of these institutions as in mid-July 2015 amounted to Rs. 12.0 billion.

Rural Self-Reliance Fund

2.81 With the joint initiative and capital participation by GON and NRB, the Rural Self-Reliance Fund (RSRF) was established in 1991 to provide the wholesale loan to cooperatives and NGOs. The total seed fund in RSRF till now reached Rs.793.4 million with the contribution of Rs. 540.0 million from GON and Rs. 253.4 million from NRB. With the objective of expanding the investment coverage of the RSRF in line with its objective in the context of changing circumstances, the Rural Self Reliance Fund Operations Directive, 2012 was implemented since February 13, 2013. The RSRF has been providing loan on installment basis to its affiliate institutions not exceeding 20 times at first time and 15 times each at second and third times of their respective core capital (viz., share capital, general reserve, and profit) amounting up to Rs. 2.5 million, Rs. 3.0 million, and Rs. 3.5 million at first, second, and third times respectively.

2.82 There is an arrangement of providing microcredit through cooperatives/NGOs to each member up to Rs. 90,000 for enhancing the economic/social status of the deprived sector. For borrowing members well-known for having best utilization of their second time loan and desiring to run any micro-enterprise on a mutual basis, there is also an arrangement of providing credit up to Rs. 150,000 per project. Similarly, since FY2002/03, there has also

been an arrangement of providing wholesale credit from the RSRF to Agricultural Development Bank Limited (ADBL) and development banks performing microfinance activities for businesses requiring long-term capital especially tea, cardamom, and cold storage.

Table 2.11
Transaction Details of Rural Self-Reliance Fund

Description	Mid-July		
	2013	2014	2015
Loan Disbursement:			
Number of Districts	66	68	68
Number of Institutions	721	940	1,024
Number of Benefited Families	40,004	46,081	49,245
Loan Disbursed (Rs. in million)	1210.8	1523.3	1700.6
Principal Repaid (Rs. in million)	674.5	913.0	1165.0
Outstanding Loan (Rs. in million)	536.3	610.4	535.6
Overdue Loan (as percentage of loan to be repaid)	3.56	3.67	5.38
Loan Recovery (in percent)	96.44	96.33	94.62

2.83 As in mid-July 2015, the RSRF disbursed loan amounting to Rs. 1,541.4 million to a total of 1,023 institutions comprising 970 cooperatives and 53 NGOs. Of the total disbursed amount, Rs. 1,165.0 million was repaid and Rs. 535.6 million remained outstanding. As at that date, out of the total long-term loan disbursed amounting to Rs. 159.2 million, Rs. 103.8 million was repaid, leaving Rs. 55.4 million as outstanding. At the present, the long-term loan amount has been invested in ADBL only.

Table 2.12
Credit Flow Position of Rural Self-Reliance Fund
(As in mid-July 2015)

Particulars	NGOs	Cooperatives	Long Term Loan	Total
Loan Disbursement				
a) No. of Institutions	53	970	1	1,024
b) Loan Amount (Rs. in million)	22.5	1518.9	159.2	1700.6
c) No. of Benefited Families	4,004	45241	-	49245
Loan Recovery				
a) Principal Amount (Rs. in million)	20.5	1040.7	103.8	1165.0
b) Interest Amount (Rs. in million)	2.8	131.0	-	133.8
Outstanding Loan				
a) No. of Institutions	15	490	1	506
b) Principal Amount (Rs. in million)	2.0	478.2	55.4	535.6
Overdue Loan				
a) No. of Institutions	15	57	-	72
b) Principal Amount (Rs. in million)	2.0	64.2	-	66.2

Microfinance Project Activities

- 2.84 As per the subsidiary loan agreement entered into between the GON and NRB, various projects with time-bound repayment features were implemented by the Microfinance Promotion and Supervision Department. Various projects that were under implementation and investment activities of which have now been completed are the Production Credit for Rural Women (20-year), Micro-Credit for Women (16-year), Third Livestock Project (30-year), Western Terai Poverty Alleviation Project (18-year), and Community Underground Water Irrigation Sector Project. Out of the total sum invested in these projects, Rs. 183.5 million has so far remained outstanding. The due amount has been repaid to the GON by realizing the sum from the concerned participating financial institutions in accordance with the repayment schedule. Similarly, out of the sum of Rs. 164.65 million received till mid-July 2015 from the project entitled Raising Income of Small and Medium Farmers Project (RISMFP) that has been in operation under the grants assistance of the Asian Development Bank (ADB), Rs. 63.49 million was invested among the cooperatives which have been in operation in 10 districts of the Mid-Western and Far-Western Development Regions of the country.
- 2.85 Decision has been taken to accept the German Financial Cooperation (KFW) with Nepal Project at the financial assistance amounting to 9.0 million Euros for promoting sustainable economic development through financial access in the rural areas. For this project, NRB will act as the on-lending agent on behalf of the MOF.
- 2.86 Various projects and programs have been implemented and the same continued over the years for the promotion of financial access, financial literacy, financial inclusion, rural finance, agricultural development, micro-enterprise, etc. in association with international agencies and fora like CICTAB, APRACA, Alliance for Financial Inclusion (AFI), Child and Youth Finance International (CYFI), World Bank, ADB, UNDP, UNCDF, UNICEF, Save the Children, Danida, DFID, etc.
- 2.87 As per the bilateral agreement between GON and Government of Denmark in connection with bringing into implementation the UNNATI-Inclusive Growth Program in assistance of UNCDF in partnership with NRB, the Access to Finance-A2F Program has been brought into operation for the period 2014 to 18. As part of UNNATI-A2F, Making Access to Financial Services Possible (MAP) Program has come into operation. With a view to contributing to value chain activities of 150,000 small farmers mainly engaged in dairy, ginger, and orthodox tea in the seven hilly districts of eastern region, namely, Ilam, Panchthar, Tehrathum, Bhojpur, Dhankuta, Taplejung, Sankhuwasabha, financial services will be made available through BFIs working in that region. Besides, the Project aims at providing branchless banking services and mobile financial services to 100,000 clients. The total assistance of the Project amounts to US\$ 9.4 million.

- 2.88 In order to address the policy-related issue relating to financial literacy, NRB has formulated National Financial Literacy Policy, 2015 and has moved it forward for its approval.
- 2.89 In the process of conducting the Fourth Rural Credit Survey with the main objective of acquiring information on access to financial services available in the rural areas of Nepal along with its conditions by encompassing 952 BFIs and cooperatives engaged in the 15 districts and 5,400 households living in 100 VDCs in these districts, the work of field survey has now been withdrawn following the devastating earthquake that struck on April 25, 2015.

Supervision of Banks and Financial Institutions

Supervision of Commercial Banks

- 2.90 The work of performing corporate level on-site inspection of commercial banks on an annual basis has been continued in FY2014/15 also. In pursuit of application of supervisory system in accordance with international standards, priority has been accorded to risk-based supervision in the review year. Among the 30 commercial banks in the review year, nine have been supervised through compliance-based system, five have been supervised through risk-based method (corporate level onsite inspection), and one has undergone inspection through targeted method. Similarly, inspection teams comprising supervisors from KPMG, an international consulting firm, and NRB have been conducting special inspection in 11 commercial banks under the financial and technical assistance of United Kingdom's Department for International Development (DFID).
- 2.91 Besides the corporate level on-site inspection, altogether 50 special on-site inspection has been accomplished on matters concerning complaints and grievances.
- 2.92 In the review year, approval has been granted to 29 commercial banks for publication of the financial statements for FY2014/15. While authorizing the publication of the financial statements, banks have been instructed to correct the comments and qualifications expressed also by external auditors while conducting on-site inspection and off-site supervision of the banks. In addition, commercial banks have been instructed to make arrangements not to repeat such qualifications.
- 2.93 Regular monitoring has been done specifying the compliance of the qualifications and comments expressed in the reports prepared on the basis of corporate level on-site inspection, special inspection, and targeted on-site inspection as well as off-site monitoring along with directions issued in connection with them.

- 2.94 Continuity has been given to the work of timely cautioning the concerned BFIs by preparing the early warning signals in addition to performing the CAMELS rating on the basis of the analysis of information received from off-site supervision.
- 2.95 The work of monitoring liquidity in the banking system has been increasingly systematized by establishing one monitoring desk under Off-site Cell with the view of timely identifying the risk relating to liquidity as an important aspect of banking system as well as assisting in the making of policy decisions accordingly.
- 2.96 In the context of monitoring the maintenance of CRR by the banks on a weekly basis and the SLR on a monthly basis besides charging penalties for banks not meeting the CRR and SLR, all banks have maintained the specified CRR and SLR in the review year.

Table 2.13
Details Regarding the Penalties for not Complying with the Specified CRR and SLR

BFIs	2012/13		2013/14		2014/15	
	No.	Rs.	No.	Rs.	No.	Rs.
"A"	2	267,012.26	–	-	–	–
"B"	3	6,002,018.40	7	2,585,553.67	3	9,464.54
"C"	–	–	–	–	–	–
Total Amount	5	6,269,030.66	7	2,585,553.67	3	9,464.54

- 2.97 On failing to maintain by certain percentage points the specified capital adequacy ratio, three commercial banks were subjected to prompt corrective action (PCA) of which two of them were later released of the PCA.
- 2.98 With the purpose of accessing the deprived sector credit to specified people, work has been continued to monitor the compliance with respect to deprived sector credit and charging the banks penalties for not extending the credit as per the requirement.

Table 2.14
Details Regarding the Penalties for not Complying with the Deprived Sector Lending Ratio

BFIs	2012/13		2013/14		2014/15	
	No.	Rs.	No.	Rs.	No.	Rs.
"A"	1	4,017.53	1	677,920.79	1	1,752,101.43
"B"	4	2,494,664.00	5	3,006,949.25	4	2,750,085.25
"C"	–	–	–	–	4	5,688,613.56
Total Amount	5	2,498,681.53	6	3,684,870.04	9	10,190,800.24

- 2.99 Continuity has been given to the work of monitoring the risk concentration in the credit extended by the banks in one sector and purpose of the economy.
- 2.100 Bank supervision report has been published for FY2013/14 by incorporating the analysis of corporate level inspection and financial condition of the commercial banks.

2.101 Correspondence with the central banks of different countries has been made for exchange of mutual cooperation and information for the purpose of supervising banks which are in operation or likely to be in operation in each other country.

Supervision of Development Banks

2.102 With respect to doing the monitoring work for preparing to bring within the framework of Basel II the national level “B”-class financial institutions, a separate cell had been created and monitoring made since FY2010/11. The task of monitoring has been continued even in the review year.

2.103 With reference to applying the concept of base rate to other financial institutions in addition to the class-“A” banks on a gradual basis, regular monitoring of base rate in “B”-class financial institutions has been made.

2.104 Regular monitoring has been made for implementing the work plan submitted to NRB with reference to the requirement of “B”-class financial institutions to extend 15 percent of their total loan portfolio in productive sector by mid-July 2015.

2.105 Regular monitoring of stress testing done by national level “B”-class financial institutions is made in accordance with the guidelines on stress testing issued by the NRB.

2.106 KPMG Portugal in association with local partner along with participation of NRB accomplished special inspection and submitted the report with the purpose of evaluating 10 “B”-class financial institutions selected on the first phase out of the 54 selected BFIs under the Development Policy Credit Program in coordination of the World Bank and DFID.

2.107 Despite planned program for completion of on-site supervision of all “B”-class financial institutions at least once a year, the inspection program could not move ahead as per the plan due to the devastating earthquake that struck Nepal in the fourth quarter of the review year. Corporate level on-site inspection of 58 “B”-class financial institutions has been completed during the review year.

2.108 Off-site supervision report for all the four quarters of FY2013/14 has been completed and uploaded in NRB website for public information.

2.109 As the Corporate Development Bank Limited did not comply with the prescribed capital adequacy ratio, Prompt Corrective Action (PCA) in the institution was initiated as per sub-rule 3(c) of the PCA of Banks and Financial Institutions Bylaw, 2007 since August 18, 2013. However, the day-to-day condition of the institution deteriorated even during the period of PCA. So, permitting the operation of the institution in the prevailing circumstances was highly likely to lead to additional erosion in depositors’ deposits and

deterioration in the assets of the institution. In such a situation, the possibility of running the institution as a going concern also remained minimum. So, the institution faced action as per the PCA Bylaw's sub-rule 3(e) (i) since December 19, 2014. Likewise, in accordance with section 86 (b) of the Nepal Rastra Bank Act, 2002, the institution was declared problematic financial institution as per sub-rule 3 (e)(ii) of PCA Bylaw, 2007.

- 2.110 In the case of Apex Development Bank Limited, PCA was initiated on July 14, 2014 as per sub-rule 3(a)(i) of the PCA Bylaw, 2007. According to the qualifications mentioned in the preliminary report of the corporate level on-site inspection of unprocessed financial statements as in mid-December 2013, the capital adequacy ratio of the institution was lower than the minimum prescribed by the NRB resulting in the PCA in the institution. Following the PCA, the institution complied with the minimum capital adequacy ratio resulting in the release of the institution from the PCA on July 24, 2014.

Supervision of Finance Companies

- 2.111 In the review year, corporate level on-site inspection has been conducted in 36 finance companies while special and monitoring inspection has been completed in 10 finance companies. Approval has been given for publication of the annual financial statements for the purpose of general meetings of 39 finance companies.
- 2.112 Under off-site supervision, major financial indicators of finance companies like CRR, SLR, deprived sector credit, loan, deposit, liquidity condition, etc. have been monitored on weekly/monthly/quarterly basis.
- 2.113 Nepal Finance Limited, Arun Finance Limited, and Lalitpur Finance Limited were declared problematic financial institutions since December 3, 2014, January 26, 2015, and March 30, 2015 respectively.
- 2.114 For maintaining lower ratio of deprived sector credit for the previous quarter than specified by the NRB, penalties have been charged on Siddhartha Finance Limited, Nepal Housing and Merchant Finance Limited, Nepal Awas Finance Limited, NIDC Capital Market Limited, Arun Finance Limited, Lalitpur Finance Limited, Patan Finance Limited, and Premier Finance Limited.

Supervision of Microfinance Institutions

- 2.115 In the review year, on-site inspection has been completed in 36 microfinance development banks, 8 cooperatives engaged in limited banking operations, and 16 NGOs involved in transactions of financial intermediation.

Resolution of Problem Banks and Financial Institutions

- 2.116 The work relating to resolution has been proceeding in 13 institutions, viz., 3 development banks and 10 finance companies, declared problematic as in mid-July 2015. According to unprocessed financial statements, the total deposits and loans in 13 problematic institutions as in mid-July 2015 amounted to Rs. 6.01 billion and Rs. 8.46 billion respectively. In the starting phase when the institutions were declared as problematic, the deposits and loans of the 13 institutions amounted to Rs. 15.85 billion and Rs. 19.12 billion respectively.
- 2.117 In order to make legal foundation in the context of making the resolution of Problematic Bank and Financial Institution Resolution Bylaw has been prepared and implemented by remaining within the boundary of existing Acts and Rules.
- 2.118 In order to seek information regarding the resolution process of the problematic institutions, interaction with Boards of Directors and CEOs of the concerned institutions were held and information as to the actual situation of institutions has been appraised.
- 2.119 In order to make improvement/resolution of problematic institutions effective, Problematic Bank Resolution Framework has been approved by the NRB Board of Directors and brought into implementation.
- 2.120 For the purpose of regular monitoring of problematic institutions and making the work of reforming the institution effective, supervision and monitoring of all problematic institution has been undertaken.
- 2.121 Efforts have been made for making the management more accountable in problematic institutions by permitting the appointment of CEO in the problematic institution for a period of three months in consideration of targets like quarterly loan recovery and for making the loan recovery and other progress realistic in accordance with the targets for the period.
- 2.122 Quarterly updated information on financial indicators of institutions declared problematic has been prepared and posted on the website of NRB since March 2015 for the information of the concerned stakeholders as well as public at large.

Foreign Exchange Management

- 2.123 In order to make timely provisions with respect to capital account convertibility in the context of increasing integration of Nepalese economy with the global financial market, draft proposals for amending the Foreign Exchange Regulation Act and Imposing Restrictions on Investment in Foreign Countries Act have been prepared and submitted to the GON.

- 2.124 Policy of adding the items on the basis of necessity in the list of items that could be imported from India on payment of convertible foreign currency has been continued.
- 2.125 Provision has been made to allow licensed BFIs to provide exchange facility up to US\$ 10,000 on an annual basis to the Nepalese citizens, if they meet specified conditions, for the purpose of medical treatment and purchase of medicine by visiting hospitals in foreign countries.
- 2.126 In the context of increasing trade points along with increasing trade with China, provision has been made also for importing through Letter of Credit (LC) from Rasuwagadhi customs point.
- 2.127 Foreign exchange facility up to US\$ 1,000 per individual, based on invoice, has been provided to Nepalese travel/tour companies who sell, by themselves or through joint participation with foreign agency, tour package services to Nepalese citizens.
- 2.128 Provision has been made to allow exchange facility up to 1 million Indian currency of the payable rent from commercial banks themselves while bringing machinery and equipment from India on hire.
- 2.129 The existing limit of one-time foreign exchange conversion facility of US\$ 1,000 or equivalent convertible currency in cash held by the Nepalese citizens providing valid identity has been increased to US\$ 3,000 at the request to the authorized BFIs.
- 2.130 While purchasing software from India on payment of US dollars by Nepalese organizations and companies, arrangement has been made for allowing imports through LC up to US\$ 10,000.
- 2.131 In the context of making simpler and easier the inward flow of remittance from India through solving at diplomatic and central bank levels the difficulties existing in the remittance inflow from India, discussions have been held in coordination with the Reserve Bank of India along with conducting a study next year.
- 2.132 For making the online transactions systematic by formulating appropriate policy in the context of increasing online payments for different services in Nepal from abroad, one bank has been presently allowed to conduct such transactions. Similarly, with the purpose of providing facility for online purchase of goods or services, the provision of issuing the debit and credit cards has been relaxed besides making the provision of online purchase of foreign goods and services up to USD 2,000 per annum.
- 2.133 Arrangement has been made to send in advance up to US\$ 100,000 through commercial banks on the basis of the recommendation of the concerned regulatory authority in the case of imports or repairs of items abroad like engine and spare parts of the airplane by Nepalese airlines.

- 2.134 A provision has been made to allow telecommunication-related Nepalese service provider companies on the recommendation of the respective regulatory agency to make annual rental payment up to US\$ 100,000 through commercial banks for hiring or using satellite services by making agreement with foreign companies.
- 2.135 In the event of INGOs working in Nepal obtaining foreign exchange through their offices in Nepal for conducting programs in Nepal as well as in other countries, a provision has been made to allow these INGOs to send the money to other countries through commercial banks after deducting the amount received for Nepal on the basis of proof of foreign exchange received.
- 2.136 A provision has been made to allow Nepalese citizens maintaining convertible currency account to pay up to US\$ 10,000 per annum for the purchase of goods and services from their foreign currency account.
- 2.137 In order to make systematic the payment system through commercial banks for exports/imports with China, a provision has been made to allow banking transactions through commercial banks situated in different places of China.
- 2.138 Arrangement has been made to enable the commercial banks to earn appropriate returns on their foreign exchange reserve held abroad by allowing them to invest, without creating adverse impact on daily liquidity, up to 40 percent of the reserve also on call deposits, certificates of deposits, and other similar secured instruments in the currencies of Nepal's major trading partners for a maturity up to two years.
- 2.139 The one-time maximum limit of US\$ 30,000 for the payment of imports of goods from third countries except India through draft and TT has been increased to US\$ 35,000.
- 2.140 During the review year, US dollar purchased from BFIs on 208 occasions amounted to US\$ 4,043.8 million while sale to BFIs on four occasions amounted to US\$ 11.4 million, resulting in the net purchase of US\$ 4,032.4 million. Likewise, for managing Indian currency requirements, NRB acquired 217.56 billion Indian currency by selling US\$ 3.50 billion during the review year.
- 2.141 Among the firms, companies or institutions (except BFIs) licensed for dealing in foreign exchange, there was a program of on-site inspection of 400 entities out of which regular inspection was conducted in 401 entities while special inspection on six occasions was completed in five commercial banks in the review year.
- 2.142 The number of firms and companies licensed for conducting remittance transactions reached 431 comprising 165 inside the valley and 266 outside the valley.
- 2.143 Among the firms/companies licensed for foreign exchange dealing till mid-July 2015, the number of hotels was 329, trekking agencies 1,660, travel agencies 1,744, and

GSA/PSA of foreign airlines 59. Similarly, license for dealing in foreign exchange was given for 305 cargo couriers and 79 other entities.

Currency Management

- 2.144 NRB has been maintaining stock of notes and coins adequate for three years and three months. Notes of Rs. 100, Rs. 10 and, Rs. 5 denominations numbering 200 million pieces printed in the review year have been deposited in the NRB vault. In the review year, the expenses incurred in the printing of notes amounted to Rs. 631.2 million. Likewise, tenders for the printing of 200 million pieces notes of Rs. 100 denominations have already been opened and the work of entering into agreement with note printing foreign company is in the process.
- 2.145 NRB has issued into circulation notes of various denominations amounting to Rs. 90.80 billion during the period of mid-July 2014 through mid-July 2015.

Table 2.15
Details of Currency Notes Issued from Note Stock in FY2014/15

Denomination (Rs.)	Notes in Circulation (Pieces in Million)	Amount (Rs. in Million)
5	75.60	378.0
10	73.95	739.5
20	63.60	1272.0
50	47.90	2395.0
100	38.20	3820.0
500	43.40	21700.0
1000	60.50	60500.0
Total Amount	403.15	90804.5

- 2.146 Notes in circulation as in mid-July 2015 amounted to Rs. 319.08 billion recording an increase of 16.77 percent over the notes in circulation amounting to Rs. 273.25 billion as in mid-July 2014. Notes issued are currently secured by foreign currency and foreign securities. The details of currency in circulation are given below:

Table 2.16
Details of Currency Notes in Circulation (Mid-July 2015)

Denomination (Rs.)	Notes in Circulation (Pieces in Million)	Amount (Rs. in Million)
1	161.36	161.4
2	93.31	186.6
5	371.80	1859.0
10	279.44	2794.4
20	170.93	3418.6
25	2.33	58.2
50	113.86	5693.2
100	115.54	11554.3
250	0.35	87.5
500	176.98	88489.6
1000	204.78	204777.2
	Total Amount	319080.0

- 2.147 In order to make simple, convenient, and effective the supply management of system of Nepalese currency throughout the country, NRB has been supplying Nepalese notes and seizing the soiled notes through the 75 currency chests across the nation, comprising NRB's one chest in the valley and one each in seven offices outside the valley, RBB's 43 and NBL's 24. If the amount deposited in the currency chests exceeds the amount insured, the excess amount is returned back incurring the fund transfer costs by the NRB itself whereas arrangement has been made to immediately replenish the required amount through fund transfer if funds are needed.
- 2.148 During the review year, fund was transferred on 450 times for a total amount of Rs. 96.14 billion in 56 currency chests located under 7 offices of NRB outside the Kathmandu valley. Similarly, Rs. 10.71 billion was collected on 84 times from branch offices having the currency chests. Despite the number of currency chests remaining constant in the review year, the insurance amount for the currency chests increased to Rs. 14.85 billion from Rs. 10.34 billion in the previous year.
- 2.149 Various circulars have been issued on a number of dates in relation to clean note policy following the implementation of the Clean Note Policy since FY2010/11. Currently, the policy of 'single staple' and single label of the concerned BFI in each packet of notes is being implemented. Information is being published to impart awareness among the stakeholders and the general public about the need to bring into secure circulation and discontinue the soiled notes from circulation.
- 2.150 Soiled and non-usable notes were gathered from BFIs and general public by the NRB's Currency Management Department and offices outside the valley. The soiled and non-usable notes in various denominations amounting to Rs. 40.55 billion were burnt to

ashes during the review year. Such soiled and non-usable notes amounted Rs. 309.37 billion as of mid-July 2015.

- 2.151 The volume of notes in circulation has been increasing every year in Nepal. The notes in circulation amounted to Rs. 233.46 billion in FY2012/13, Rs. 273.25 billion in FY2013/14, and Rs. 319.08 billion in FY2014/15. Currency in circulation in the review year increased by 16.77 percent over the amount in the previous year.

Human Resource Management

- 2.152 Of the total number of NRB staff at 1,329 in mid-July 2015, 1,181 were from administration stream and 148 were from technical stream. The level-wise composition of the total staff strength showed 787 at officer-level, 381 at assistant-level, and 161 at office assistant-level (class-less). The ratio of the officers to assistants (including assistant-level (class-less) as at the end of the review year was 1:0.69. Such ratio in the previous year had been 1:0.61. Similarly, at the end of the review year, a total of 116 staff (security 81, health 11, engineer 3, sub-engineer 2, and others 19) were under contract basis.

Table 2.17
Details of Current Staff

Level	Staff Composition as in mid-July 2015		
	Administration	Technical	Total
Officer Special	11	–	11
Officer First	44	–	44
Officer Second	150	23	173
Officer Third	520	39	559
Total	725	62	787
Assistant First	41	21	62
Assistant Second	179	41	220
Assistant Third	75	24	99
Assistant Fourth	–	–	–
Assistant Fifth	–	–	–
Total	295	86	381
Office Assistant (Class-less) First	60	–	60
Office Assistant (Class-less) Second	31	–	31
Office Assistant (Class-less) Third	8	–	8
Office Assistant (Class-less) Fourth	62	–	62
Total	161	–	161
Grand Total	1,181	148	1,329

- 2.153 During FY2014/15, altogether 71 personnel (1 in officer III, 53 in assistant II, and 17 in office assistant IV) joined the NRB service. Likewise, the number of staff discontinuing from the NRB service due to various reasons was 131. Among them, 118 staff left due to the provision of compulsory retirement, 7 staff resigned, 2 were expelled, and 1 met untimely death.

Table 2.18
Details of Fulfillment of Vacancy during FY2014/15

S.N.	Level	Service Type	External Competition	Performance Appraisal	Internal Competition
1	Officer Special	Administration	-	3	-
2	Officer First	Administration	-	5	2
3	Officer Second	Administration	-	13	6
4	Officer Second	Technical	-	4	-
5	Officer Third	Administration	-	20	1
6	Officer Third	Technical	-	2	-
7	Assistant First	Administration	-	6	-
8	Assistant Second	Administration	45	4	-
9	Assistant Second	Technical	8	-	-
10	Assistant Third	Administration	-	4	-
11	Office Assist. 4th	Administration	17	-	-
Total			70	61	9

2.154 In the review year, the first amendment was made in the Nepal Rastra Bank Personnel Service Bylaw, 2011. Similarly, first amendment to the Transfer Policy, 2013 has been made. Review has been made in the salary and welfare fund facility of the NRB employees. The prevailing limit of borrowing for the House Land/House Repair has been raised and the Nepal Rastra Bank House Land/House Repair Borrowing Procedures, 2014 has been issued. The meeting allowance and tiffin expense of the Board of Directors and other committees has been reviewed. Likewise, circular has been issued for maintaining uniformity in the incentive allowance provided in the international programs. In order to make the electronic attendance system systematic, the related policy provision has been made. Accordingly, hand written attendance system has been discontinued and arrangement has been made for getting attendance only through electronic system since July 20, 2015. Review has been made on the vehicle facility for special and first class officers and on vehicle borrowing facility for employees below these posts. Policy provision for adding the timing of the banking transactions has been made since April 14, 2015. In view of the activities of the Fifth Household Budget Survey Project coming to the final stage during the review year, regional offices established under the Project have been closed.

2.155 Human Resource Management System Software has been procured with the purpose of timely and effectively conducting the work relating to human resource management. The Software has been revised and developed as per the requirements of the NRB. Modules like daily attendance of entire staff have already been implemented as per the policy of gradually implementing 12 Modules related to human resource management available in the Software. Among the Modules that have not yet been implemented, work has been expedited for full implementation of the Software in the coming days on a gradual basis. Following the full implementation of the Software, necessary information, data, and

records of the NRB staff shall become more systematic. Besides, it will enhance the efficiency, effectiveness, and strength in the performance of NRB's daily functions, which will result in the improvement of productivity as well. Moreover, the information system of NRB will become more effective, with the NRB staff, stakeholders, and NRB itself getting the expected outcomes.

Miscellaneous

Budget Management, Corporate Risk Mitigation, and Strategic Plan

- 2.156 NRB's Board of Directors approves the income-expenditure (budget) and the budget is implemented through the quarterly release in accordance with the provision made in the Nepal Rastra Bank Budget Manual, 2004 under the provision of section 43 of Nepal Rastra Bank Act, 2002.
- 2.157 All the departments/offices/divisions/cells of the NRB have been informed about the implementation and compliance of the 22-point directive issued by the Board of Directors at the time of the budget approval for making the NRB's annual income-expenditure (budget) for FY2014/15 more effective, economical, and outcome-oriented. While implementing the budget, it has also been informed of the need for compliance with the provisions in the budget manual of NRB.
- 2.158 According to Nepal Rastra Bank Act, 2002 and Nepal Rastra Bank Budget Manual, 2004, the Corporate Planning Department analyses the reports received from each office and makes quarterly review of the income-expenditure of NRB following which it submits to the Budget Review Committee incorporating necessary comments and suggestions. The Budget Review Committee submits the budget review report which is then approved after making evaluation of the report as per necessity and also recommending issue of additional directions for making the budget implementation effective.
- 2.159 Management Consultations Seminar is arranged every year for discussing annual work plan and related budget for the purpose of making the day-to-day activities of the NRB even more effective through ensuring mutual coordination among various departments/divisions/offices of the NRB. Accordingly, such seminar was organized in the review year also. Effective coordination in the function of departments/divisions/offices of the NRB has resulted from such consultations. Likewise, the seminar has resulted in qualitative improvement in the work performance as an outcome of effectiveness in work operations following the opportunity provided by the seminar to familiarize with the problems encountered in day-to-day activities.
- 2.160 The work relating to managing various risks facing the NRB has been moving forward through the Risk Management Committee and its Secretariat as per the Nepal Rastra

Bank Risk Management Guidelines, 2010. Work relating to risk minimization has been ongoing by way of the Risk Management Committee submitting to the Board of Directors a report along with recommendations arrived by analyzing the seriousness of the risks on the basis of the study, observations, and inspection. Moreover, the central bank's Integrated Risk Management Framework has been in the final stage of preparation. Likewise, with the objective of formulating NRB's annual programs and budget in consistence with the risk management, the work of implementing the suggestions for the risk management as submitted to, and approved by, the Board of Directors following the organization of the risk management seminar on the eve of formulation of budget for FY2014/15 has been continued.

- 2.161 The second Strategic Plan (2012-2016) of the NRB has now been under implementation phase for moving forward the NRB activities in a planned and systematic way. Among the various activities encompassed by the strategic plan so far completed are preparing the draft for the amendment of the BAFIA, enhancing the capital in NBL and RBB, preparing the framework relating to risk-based supervision, implementing modern, integrated GL System, etc.

Information Technology

- 2.162 In the process of procuring new software in the NRB, Human Resource Management Information System Software (HRMISS) is brought into implementation with the objective of making the NRB's human resource management efficient and transparent. Similarly, various software, namely, Inventory Management System for computerizing the storage and distribution work, On-Line Bidding System Software (OBSS) for simplifying and modernizing auction work in NRB, and Price Index System Software (PISS) for Fifth Household Budget Survey Project have been implemented.
- 2.163 The Web-based IT Help Desk System has been prepared and is in the process of test run with a view to making the IT system support work being provided by the Information Technology Department fast, systematic, and effective. Similarly, in accordance with a plan to centrally run and manage the internet services, the capacity of the bandwidth has been increased from 5 mbps to 15 mbps. According to this plan, internet service for NRB's Nepalgunj office has been provided through the central office itself in the first stage. Likewise, necessary process has been going on to develop the Backup Link of NRB Wide Area Network (WAN) for establishing secured and reliable communication/network mechanism among NRB offices.
- 2.164 For modernization and bringing into operation the NRB's website and internet, NRB Website Implementation Project Task Force has been constituted and this Task Force has already prepared necessary Requirement Specification which is under procurement process through General Services Department.

- 2.165 The draft Expression of Interest (EOI) and Request for Proposal (RFP) has been in the process of preparation with a view to procure and bring into use the new Corporate E-mail System Software.
- 2.166 For formulating IT Outsourcing Policy, necessary draft has been prepared and is in the process of being placed before the NRB's High Level IT Steering Committee for necessary discussions. Likewise, with a view to formulating policy for paperless environment, report is being prepared by studying the technical aspects.
- 2.167 In accordance with the objective of transferring NRB's Data Center (DC), Disaster Recovery Site (DRS), and Data Center of Financial Information Unit to the Government Integrated Data Center (GIDC) operated by National Information Technology Centre of the GON and bringing it into operation in the near future, necessary agreement has been made for establishing the NRB's Disaster Recovery Site (DRS) and Data Center of Financial Information Unit in the GIDC for the present.
- 2.168 Online support has been provided for the repair of the computers and related equipment besides carrying out regular repair and maintenance. Technical specification of computers and related equipment has been prepared and the same has been tested in the new purchases by the NRB.
- 2.169 At the request of the Banks and Financial Institutions Department, inspection of physical infrastructure related with information technology by visiting the newly established BFIs has been undertaken. Similarly, risk-based supervision has been undertaken by visiting different banks at the request of the Bank Supervision Department

Activities Related to Financial Information

- 2.170 The specialized information technology software called goAML developed by the United Nations Office on Drugs and Crime (UNODC) which has been found useful in making the main functions of Financial Information Unit (FIU) fast, efficient, and effective like obtaining financial information from reporting institutions, making effective analysis of the obtained information, transmitting the conclusions of the analysis to various institutions engaged in research and investigation of the crime, etc. The software has been procured and installed along with encompassing the necessary information and details in accordance with the Act, Rules and Directive. For the purpose, Schema has been prepared and sent to certain specified class-"A" banks and homework has been underway for the effective implementation of the online reporting.
- 2.171 The FIU has been obtaining information on cross-border and suspicious transactions from informing agencies regularly. The details relating to cross-border and suspicious transactions during FY2014/15 have been presented in the following table.

Table 2.19
Details Regarding the Cross Border Transactions during FY2014/15

Reporting Institutions	No. of Transactions
Banks and Financial Institutions	3,165,319
Government Institutions	846
Insurance Companies	21,261
Share Trading Companies	9,075
Others	1,218
Total	3,197,539

Table 2.20
Details Regarding the Suspicious Transactions during FY2014/15

Status of Suspicious Transactions	No. of Suspicious Transactions
Total Reported Number of Suspicious Transactions	517
Suspicious Transactions that have been analyzed	228
Suspicious Transactions the information of which has been sent to the law enforcement agencies for actions	133
Suspicious Transactions that have been analyzed and filed	95
Suspicious Transactions that have been under the process of analysis	591

- 2.172 Nepal has been removed from the watch list of the International Cooperation Review Group (ICRG) following the corrective actions undertaken to address the comments pointed out by the ICRG of Financial Action Task Force (FATF) also in active participation of FIU. These actions included the formulation and implementation of laws, in consistence with the international guidelines, like prevention of asset (money) laundering and elimination of financial investment in terrorist activities including freezing of property relating to criminal offences, control of organized crime, mutual legal assistance, etc.
- 2.173 By realizing the importance of international information exchange for eradication of money laundering, the Asset (Money) Laundering Prevention Act, 2008 granted rights to FIU for maintaining necessary understanding with the foreign counterpart agencies with the view to exchange necessary financial information. Accordingly, in the review year, with the signing of the bilateral understanding for the exchange of information with financial information units of Myanmar and People's Republic of China, understandings have already been signed with a total of 11 foreign counter-party agencies while only the signing of understanding with counter-party agency of New Zealand has remained.
- 2.174 The FIU of Nepal received 151st membership of the Egmont Group of FIUs, an international organization of financial information units established for exchange of financial information with foreign counter-party agencies worldwide, in June 2015.

Legal Draft/Amendment and Proceeding/Advocacy

2.175 Appeals made against the actions taken as per NRB's decision on various dates against the BFIs and officials thereof for the violation of the NRB's directive as well as pending cases lodged in various courts of law with NRB as defendant numbered 76. Also, there were 42 cases that were decided. Five cases were related to insolvency. The work of defending NRB effectively has been going on through drafting of the new suits and proceeding/lobbying.

Internal Audit

2.176 Among the activities relating to internal audit regularly conducted by Internal Audit Department of NRB during FY2014/15, risk-based audit of Banking Office, Currency Management Department, Financial Management Department, General Services Department, and seven Offices outside the Kathmandu valley have been completed. Similarly, the audit of the Fifth Household Budget Project has also been completed.

2.177 In order to make the internal audit effective and in the process of linking the internal audit with the NRB's statistical system, arrangement has been made to regularly monitor the daily activities inside the NRB through the General Ledger System in the Department.

2.178 The Audit Committee has directed various departments/offices in regard to formulating necessary policy-related provisions in order to make the internal control system of NRB more effective including minimization of the risk.

Banking Transactions

2.179 During FY2014/15, government transactions were conducted by nine banks through their 234 branches.

2.180 The number of Indian Currency (IC) Chests has remained 31, comprising 7 of NBL and 24 of RBB.

2.181 The total amount of IC purchased through NRB Offices outside the valley was equivalent to Rs. 87.4 million while the IC sold amounted to an equivalent of Rs. 2,283.7 million. Similarly, other foreign currencies purchased amounted to an equivalent of Rs. 2,304.2 million.

2.182 The number of transactions of fund transfers through SWIFT during FY2014/15 totaled 118,157, comprising 18,121 in foreign currencies and 100,036 in Nepalese rupee.

2.183 During FY2014/15, 18 branches (10 branches inside the valley and 8 branches outside the valley) of four banks performing government transactions were inspected. Ten IC

Chests (comprising NRB's seven offices outside the valley and three branches of two banks performing government transactions) were inspected. Likewise, Electronic Cheque Clearing (ECC) transactions of NRB's seven Offices outside the valley were inspected.

- 2.184 In place of the existing practice of conducting fund transfer by affixing in the foreign currency notes the code number provided by NRB for carrying out transactions in convertible foreign exchange, a policy-related provision has been made forbidding affixing any code number/seal in the foreign currency notes. Likewise, four machines at Banking Office, Thapathali, and two machines each in Offices outside the valley have been in operation for verifying counterfeit notes and performing note counting.
- 2.185 Supply of cash IC has been eased even by increasing the transaction limit of IC Chest in places where the public have high demand of IC. Similarly, exchange facility has been provided to the public as per their need at the rate of IC 5,000 each.
- 2.186 In accordance with the policy of diversifying the investment, IC 1.0 billion has been invested in the INR Flexi Deposit Account in the Standard Chartered Bank Limited, India.
- 2.187 In order to bring into circulation the Magnetic Ink Character Recognition (MICR) cheque, agreement has been made with NCR Global Holding Limited of Dubai, UAE, on November 6, 2014 for printing of MICR cheques and their supply and, accordingly, some Offices have received their supply of MICR cheques while others are in the process of receiving them.

Household Budget Survey

- 2.188 In the process of updating every ten years the National Consumer Price Index being published by the NRB, the Fifth Household Budget Survey has been accomplished with the purpose of ascertaining the revised weights on the basis of collection of details of the goods and services consumed by Nepalese households. In the Survey, details concerning income and expenditure since February 13, 2014 to February 12, 2015 were collected from 8,028 households in 207 wards from 84 market centers in 55 districts of the country. Likewise, the work of collecting price statistics for the base year of the new consumer price index covering the period since July 17, 2014 to July 16, 2015 has also been accomplished.
- 2.189 For computing National Consumer Price Index, a basket comprising 496 items (402 goods and 94 services) has been decided on the basis of the Survey data. Likewise, according to the new Survey, food and non-food groups were assigned weights at 43.91 percent and 56.09 percent respectively. Among the market centers included for the price collection survey, 60 market centers have been selected. Arrangement has been made to collect prices of goods and services included in the basket from the selected market centers on the weekly, monthly, and quarterly basis. As per the policy of getting the

prices collected by the teachers of community schools located in the market centers, the work of selection of price collectors from the 60 market centers along with collection of price statistics has been completed. Accordingly, work on imparting training relating to entering prices in the online system prepared for consumer price index by the NRB to teachers selected as price collectors has also been accomplished.

General Services

- 2.190 Items like property and miscellaneous furniture lying unauctioned for a long time inside the main building, damaged due to the devastating earthquake, and the Baluwatar complex have been sold by auction in compliance with the necessary process as per the directions of Emergency Management Committee.
- 2.191 Construction work of eastern wall and adjoining structure in Nepalgunj Office and wall and adjoining structure along with guard building in Siddharthanagar Office has been completed.
- 2.192 The Fixed Assets and Inventory System Software necessary for NRB's Store and Distribution Section has been procured and the work of data posting commenced. The installation work of the Software in offices other than the central office has been in progress following the agreement for such installation.
- 2.193 In order to modernize the work of NRB's Human Resource Management Department along with making systematic the work relating to attendance, the software and server related to HRMISS was procured and its trial operation commenced since April 14, 2012 following which the manual system of attendance has been fully abolished with the full implementation of the System since July 17, 2012.
- 2.194 As per the decision of the Emergency Management Committee, the previously proposed consultant (Nest Consultant Pvt. Ltd.) was requested to submit new Master Plan substituting the proposed Master Plan in the changing circumstances following the letter from the Department of Archeology to construct the building in new place. Accordingly, the work relating to construction of building in Thapathali is moving ahead following the acceptance by the NRB Board of Directors of the new Master Plan submitted by the consultant by making required revisions in the new circumstances.
- 2.195 Evaluation process of Expressions of Interest (EOI) received in connection with appointment of consultant for constructing various infrastructure in accordance with the approved Master Plan in the NRB land located at Sano Thimi, Bhaktapur, is underway.

Post-Earthquake Activities Relating to Emergency Management

- 2.196 Emergency management work has been carried out with the establishment of the Emergency Management Committee under the chairmanship of the Deputy Governor as

per the decision of the NRB Board of Directors for collecting full details of the destruction along with evaluating and performing emergency management in the situation of heavy damage inflicted on the main building of the Central Office and other buildings including that of the Banking Office.

- 2.197 The entire portion of Block "A" being used by the Finance Company Supervision Department has been partitioned, furnished, and internally decorated to the appropriate standards for the arrangement of Governor's chamber, meeting room, secretariat, board room, and additional meeting room.
- 2.198 In order to regularize the work of some departments by renting houses located in appropriate places in view of the obstacles faced in the performance of the work due to the damages in the NRB buildings on account of the devastating earthquake, the building of Prabhu Bank, Lainchaur, has been rented and four departments and one division have been conducting their operations from this location, as per the decision of the NRB Board of Directors on June 8, 2015.
- 2.199 In order to ease the daily activities through management of adverse situation following the damages to the buildings of the main offices of the NRB, work order has been issued to urgently finish work of constructing building in vacant sites in the northern and eastern side of the main building of NRB, constructing the wall in the northern side, and constructing prefabricated house over the roof of "A" and "B" blocks.
- 2.200 In order to operate and manage the Banking Office functions being temporarily conducted by the Central Office during the transition period on account of the damages to the NRB's Thapathali building due to the earthquake from the Thapathali complex itself, construction works of army residence in vacant sites of Thapathali complex, prefabricated truss for surveillance personnel, counters for Banking Office, vaults for Currency Management Department and Banking Office, and prefabricated truss on the roof of the building housing the Currency Management Department for Bankers Training Centre have been in full swing.
- 2.201 Work for construction of vault in the vacant part of ground floor housing the Currency Management Department as its vault has been accomplished.

Training, Workshop, Seminar, Travel, and Interaction Programs

- 2.202 As per the annual work program for FY2014/15, the work of conducting one-day workshop relating to government bonds outside the Kathmandu valley in Nepalgunj has been completed.
- 2.203 With the objective of making effective the work of obtaining correct statistics on time from BFIs, four workshops on statistics with the participation of BFI staff related to NRB Reporting have been completed.

- 2.204 In accordance with the objective of bringing into circulation only the clean notes, the implementation process of the Clean Note Policy has been continued during FY2014/15. Likewise, seminar has been organized in two places outside the valley for providing awareness about the clean notes to the general public.
- 2.205 For the purpose of effectively defending various cases relating to BFIs, banking offences, and commerce, two trainings related with banking processes and banking laws have been conducted by the National Banking Institute Ltd. in partnership with police, government lawyers, and also other stake-holder officials engaged in research and investigation work.
- 2.206 Interaction programs on contemporary issues like IT in Banking Supervision and IT Inspection Process in Kathmandu were organized. Similarly, at regional level, branch managers of commercial banks in Birgunj and Nepalgunj areas were involved in the interaction program on Current Issues of Bank Supervision, Multiple Banking, Basel Principles, Risk Management, International Best Practices, etc.

Special Study

- 2.207 A special study on ‘Situation and Prospect of Fishery in Bara District: A Study’ has been conducted by the Birgunj Office of the NRB.

Meeting of Board of Directors

- 2.208 The Board of Directors held 67 meetings in FY2014/15. The meetings held in the previous year numbered 67.

Table 1
Denomination-wise Currency Notes in Circulation

(Rs. in Million)

Denominations	Mid July					
	2013		2014		2015	
	Amount	Percent	Amount	Percent	Amount	Percent
1	162.2	0.7	161.6	0.1	161.4	0.1
2	189.8	0.1	187.1	0.1	186.6	0.1
5	1,336.5	0.6	1,683.9	0.6	1,859.0	0.6
10	1,937.6	0.8	2,526.8	0.9	2,794.4	0.9
20	2,246.5	1.0	2,999.0	1.1	3,418.6	1.1
25	60.8	0.0	58.6	0.0	58.2	0.0
50	3,802.0	1.6	4,752.3	1.7	5,693.2	1.8
100	8,920.5	3.8	11,064.4	4.1	11,554.3	3.6
250	88.0	0.0	87.6	0.0	87.5	0.0
500	62,901.1	26.9	77,757.7	28.5	88,489.6	27.7
1000	151,815.0	65.0	171,971.0	62.9	204,777.2	64.2
Total	233,460.0	100.0	273,250.0	100.0	319,080.0	100.0

Table 2
Security against Currency Notes in Circulation

(Rs. in Million)

Mid-July	Gold	Silver	Foreign Currency and Securities	Total	Government Securities	Security against Note Issued	Share of Foreign Currency, Gold and Silver in Total Security (%)
				(1+2+3)			(4+6)*100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006	703	-	79,756.0	80,459.0	4,172.0	84,631.0	95.1
2007	-	-	87,138.0	87,138.0	4,172.0	91,310.0	95.4
2008	-	-	108,778.0	108,778.0	4,172.0	112,950.0	96.3
2009	-	-	137,038.0	137,038.0	4,172.0	141,210.0	97.0
2010	-	-	157,128.0	157,128.0	4,172.0	161,300.0	97.4
2011	-	-	163,448.0	163,448.0	4,172.0	167,620.0	97.5
2012	-	-	197,078.0	197,078.0	4,172.0	201,250.0	97.9
2013	-	-	233,460.0	233,460.0	-	233,460.0	100.0
2014	-	-	273,250.0	273,250.0	-	273,250.0	100.0
2015	-	-	319,080.0	319,080.0	-	319,080.0	100.0

Table 3
Training Programs Conducted Internally

S. No.	Subject	Officer/Non Officer	Training Days	No. of Participants
1	Orientation Program relating to Economic Activities and Special Study	Officer	2	14
2	Online Bidding System Software	Officer	3	10
3	Interaction relating to Fifth Household Budget Survey	Officer	1	40
4	20th SAARCFINANCE Meeting and Seminar on Payment and Settlement System in SAARC Region.	Officer	2	2
5	Seminar on Tax and Value Added Tax (VAT) Amendment and e-filling	Both	1	4
6	Art of Living Centre Happiness Course	Both	6	20
7	Getting to Yes- Negotiation Skill	Officer	2	2
8	Online Bidding System Software	Officer	5	10
9	Workshop on Electronic Payments to Deliver Social Security Allowances	Officer	2	2
10	Nepal Infrastructure Summit 2014	Officer	2	4
11	Workshop relating to Capital Market Capacity Enhancement	Officer	3	6
12	Workshop on Colvir Software	Officer	2	1
13	Interaction relating to Identification of Doubtful Foreign Currency and Duration of Circulation	Officer	1	20
14	Workshop on Econometric Methods and Application	Officer	10	2
15	Tailor-made Training in Trade in Service	Officer	4	1
16	Workshop on Release of MM4P Research Publication and Launch of Consumer Centric Product and Service Design	Officer	1	2
17	Discussion on Relevant Subjects relating to Fifth Household Budget Survey	Officer	1	41
18	Positive Business for Positive Change	Officer	2	1
19	NFRS Management Workshop	Officer	1	30
20	Developing Negotiation Skill	Officer	3	1
21	Cross Asset Overview	Officer	3	3
22	CISCO international conference on cyber security and cyber law 2015 in association with SUBISU	Officer	1	1
23	ToT on Cooperative Directors' Competency Course	Officer	6	1
24	Revised Kyoto Convention	Officer	2	1
25	Program on Loan Repayment Process, Billing Process and e- Billing	Officer	1	3
26	Governance and Operational Risk Management	Officer	3	20
27	PDA Follow Up, Obligation and Responsibilities	Officer	4	1
28	Monitoring Transactions and Investments of Rural Self Reliance Fund	Both	3	21
29	Revenue Manangement Information System	Both	2	7
30	Fostering Team Work in Public Organizations	Officer	3	2
	Total			273

Table 4
Training Programs Conducted by Bankers Training Centre

S.No.	Subject	Level	Date	No. of Participants
1	IT Infrastructure and its Management in NRB	Officer	Aug 6-8, 2014	21
2	Inventory and Assets Management	Officer/Non-Officer	Aug 13-15, 2014	22
3	Public Debt Mgmt: Procedure, Settlement and Reconciliation	Officer/Non-Officer	Aug 18-20, 2014	19
4	G.L.System & Operation	Officer/Non-Officer	Sept 4-5, 2014	23
5	Fundamentals of Editing Skills of Economic, Management Articles and Reports.	Officer	Sept 9-11, 2014	24
6	AML/CFT Supervision	Officer	Sept 16-19, 2014	22
7	Problem Bank Resolution	Officer	Sept 21-23, 2014	22
8	Central Banking Training	Non-Officer	Oct 12-17, 2014	22
9	Role of Market makers and settlement of secondary transaction of Govt. Bonds.	Officer/Non-Officer	Nov 11-13, 2014	20
10	Monitoring and financial analysis of Saving & Credit Co-operatives	Officer/Non-Officer	Nov 19-21, 2014	22
11	Payment and Settlement	Officer/Non-Officer	Nov 30-Dec 2, 2014	20
12	G.L.System & Operation	Officer/Non-Officer	Dec 4-5, 2014	20
13	Forward Looking Approach of Supervision	Officer	Dec 7-9, 2014	19
14	NRB Reporting	Officer/Non-Officer	Dec 17-19, 2014	23
15	Cash Management (Forex/IC)	Officer/Non-Officer	Dec 21-22, 2014	20
16	Basel Core Principle and Supervisory Best Practices	Officer	Jan 4-6, 2015	20
17	Payment and Settlement Framework & Legal Issues	Officer	Jan 27-29, 2015	19
18	Monetary and Fiscal Managemet	Officer	Feb 1-6, 2015	21
19	Procurement Process & Procedures (as per Public Procurement Act & Bylaws)	Officer/Non-Officer	Feb 3-6, 2015	22
20	Government A/c Transaction	Officer/Non-Officer	Feb 7-9, 2015	19
21	Cash Management (Forex/IC)	Officer/Non-Officer	Mar 12-13, 2015	19
22	Skill Development Training in Financial and Economic News Reporting	Officer/Non-Officer	Mar 15-17, 2015	22
23	Pre-service	Non-Officer	Mar 29-Apr 3, 2015	29
24	Interaction on Problems and good governance experience in MFIs	CEOs & Senior Managers of MFIs	April 5, 2015	22
25	Pre-Service (Assistants)	Non-Officer	Jun 21-26, 2015	23
26	Management Development Program	Officer	Jun 28-Jul 9, 2015	21
	Total			556
Contemporary Issues				
1.	Mind Management Workshop	Principal/Senior Officers	March 20, 2015	31

Table 5
Participation in International Training, Seminar, Meeting, and Workshop Programs

S.No.	Program	No. of Participants	Host Institution	Place
1	Seminar on Risk Management and Risk Based Supervision	1	Financial Stability Institute / BIS	Beatenberg, Switzerland
2	Experience Sharing and High Level Exposure Program	1	MOF, GON, Economic Policy Analysis Division	New Delhi, India
3	28th SAARCFINANCE Governors' Symposium	3	Central Bank of Sri Lanka	Colombo, Sri Lanka
4	4th Meeting of the Sub-Committee on Host Country Evaluation in Germany	1	Alliance for Financial Inclusion (AFI)	Eschborn, Germany
5	Invitation to Visit UOB Hong Kong Cash Processing Centre	2	United Overseas Bank (UOB)	Hong Kong, China
6	8th SEACEN Advanced Signature Course on Advanced Leadership 'Leading with Character: The New Leadership Paradigm in Central Banking'	2	The SEACEN Centre	Kuala Lumpur, Malaysia
7	a. SEACEN-CGFS Workshop on Banking and Regional Financial Integration b. 16th SEACEN Conference of Directors of Supervision of Asia-Pacific Economies c. 27th Meeting of SEACEN Directors of Supervision	2	The SEACEN Centre / BIS	Singapore
8	Workshop on Basel III Monitoring	2	Bank for International Settlements	Basel, Switzerland
9	45th Meeting of Managing Committee and 18th Meeting of General Council of CICTAB	1	CICTAB	New Delhi, India
10	8th SEACEN Advanced Signature Course on Advanced Leadership 'Leading with Character: The New Leadership Paradigm in Central Banking'	1	The SEACEN Centre	Kuala Lumpur, Malaysia
11	36th Meeting of SEACEN Directors of Research and Training (DORT)	2	The SEACEN Centre	Bali, Indonesia
12	28th SEACEN-FSI Regional Seminar on Macro and Micro Stress Testing	1	Financial Stability Institute / BIS	Bali, Indonesia
13	SEACEN Research Seminar on Advancing Inclusive Financial System in the Next Decade	1	The SEACEN Centre	Kuala Lumpur, Malaysia
14	SEACEN Research Project on Advancing Inclusive Financial System in the Next Decade	1	The SEACEN Centre	Kuala Lumpur, Malaysia
15	2014 APG Assessor Training Workshop	1	Korean Financial Intelligence Unit (KoFIU)	Seoul, Korea
16	Programme on Financial Stability, Financial Surveillance and Macro-Prudential Policy	2	Bank Negara Malaysia	Kuala Lumpur, Malaysia
17	Price and Volume Indices in Official Statistics- Theory and Practice	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
18	SEACEN Cyber Security Summit Demystifying Cyber Risk: Evolving Regulatory Expectations	2	The SEACEN Centre	Kuala Lumpur, Malaysia
19	29th SEANZA Central Banking Course	4	Bangladesh Bank (Central Bank of Bangladesh)	Dhaka, Bangladesh
20	International Capital Market Integration: Managing Benefits and Costs	4	The SEACEN Centre	Kuala Lumpur, Malaysia
21	International Program on Data Management for Agriculture Cooperative and Rural Financing Institutions	2	CICTAB	Pune, India
22	1. Monetary Policy and Reserve Management Under Exchange Rate Pegged Arrangement 2. 29th SEANZA Governors' Symposium, August 30, 2014	2	Royal Monetary Authority of Bhutan/SEANZA	Bhutan/Bangladesh
23	Payment & Settlement System Simulator, Bank of Finland	1	12th Simulator Seminar	Helsinki, Finland
24	Women Empowerment Seminar	1	Bank Keshavari (Agriculture Bank of Iran)	Tehran-Zanjan, Iran
25	Seminar on Strategic Asset Allocation	1	BIS	Beatenberg, Switzerland
26	Seminar ST 14.13 Enhancing AML/CFT Frameworks	2	IMF-STI	Singapore
27	Regional Seminar on Regulation and Supervision of Investment Funds Under the Asia Pacific Economic Cooperation (APEC) Financial Regulators Training Initiative (FRTI)	3	ADB	Ulaanbaatar, Mongolia
28	FSI on Applied Risk Management - Market, Liquidity and Operational Risk	1	FSI	Beatenberg, Switzerland
29	Program on Management of Rural Financing Institutions and Cooperatives for Rural Development	5	CICTAB	Hyderabad, India
30	SAARCFINANCE Seminar on Payment and Settlement Systems in SAARC Region	5	Nepal Rastra Bank	Dhulikhel, Nepal
31	FSI-IADI Seminar on Bank Resolution, Crisis Management and Deposit Insurance Issues	1	FSI	Basel, Switzerland

S.No.	Programme	No. of Participants	Host Institution	Place
32	Basic Course relating to Laundering of Assets	1	Government of India	India
33	Clearing Payment and Settlement System: Operational and Legal Aspects	5	Centre for Banking Studies (CBS)	Colombo, Sri Lanka
34	Forecasting, Budgeting and Financial Management	6	Centre for Banking Studies (CBS)	Colombo, Sri Lanka
35	Global Partnerships, National Goals, Empowering People	1	Alliance for Financial Inclusion and Central Bank of Trinidad and Tobago	Trinidad and Tobago
36	5th Meeting of SEACEN Deputy Governors in charge of Financial Stability and Banking Supervision (back-to-back with High level Seminar on Financial Stability)	3	The SEACEN Centre / Central Bank of Sri Lanka	Colombo, Sri Lanka
37	Inflation Targeting after the Crisis: Foundations, Results and Policy Challenges	1	Istanbul School of Central Banking	Istanbul, Turkey
38	Central Bank Communication in a Changing World	1	Bank of England	London, UK
39	Workshop on Human Resources Management	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
40	Seminar on Applied Risk Management-Credit Risk and Asset Securitisation	1	FSI-BIS	Beatenberg, Switzerland
41	Feasibility Study of Labour Bank	1	Secretariat of Foreign Employment Promotion Board	Dhaka, Bangladesh
42	SEACEN-BIS High-Level Seminar and 13th EXCO Meeting	7	NRB	Kathmandu, Nepal
43	Seminar on Payment and Securities Settlement System (PSSS)	1	De Nederlandsche Bank	Amsterdam, Netherlands
44	Seminar on Reserve Management	1	BIS	Basel, Switzerland
45	Asia-Pacific Economic Cooperation (APEC) Financial Regulator Training Initiative (FRTI): Regional Seminar on Credit Risk Examination	2	ADB	Bangkok, Thailand
46	SEACEN Financial Reporting Symposium 2014 Promoting Financial Stability through Enhanced Bank Transparency	3	The SEACEN Centre	Kuala Lumpur, Malaysia
47	Exclusive Interaction Program	3	Standard Chartered Bank, China	Xiamen, Shanghai & Beijing, China
48	Printing Wastage Destruction: NPR 20	2	Giesecke & Devrient, Germany	Kuala Lumpur & Shah Alam, Malaysia
49	Developing, Implementing and Auditing a Business Continuity Program	4	Centre for Banking Studies (CBS)	Colombo, Sri Lanka
50	a. APABI Conference and Executive Meeting-2014 b. Second International User Group Meeting	1	a. Indian Institute of Banking & Finance b. FIU Morocco	a. Mumbai, India b. Marrakech, Morocco
51	SEACEN Course on Assessing Liquidity Risk of a Bank	3	The SEACEN Centre	Mongolia
52	Regional Economic and Financial Monitoring	1	Asian Development Bank	South Korea
53	Seminar on Macprudential Policies and Countercyclical Tools	1	BIS	Basel, Switzerland
54	FSI-SEANZA Regional Seminar on Capital adequacy and Basel III	3	SEANZA	Manila, Philippines
55	Feasibility Study of Labour Bank	1	Secretariat of Foreign Employment Promotion Board	Japan
56	Joint Meeting of the IMF-World Bank South East Asia Constituency/International Remittance and Investment Fair-2014	1	IMF-The World Bank./ South Asian American Entrepreneurs Alliance, INC	Washington, DC / New York, USA
57	38th Annual Central Banking Seminar	1	Federal Reserve Bank of New York	USA
58	Waste Destruction Under Contract for the Supply and Delivery of 140 Million Rs.500 Bank Notes	2	De La Rue International	Malta / England, UK
59	Combating Counterfeit Money by the National Analysis Centre	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
60	FATF-EAG Evaluators Training	1	FATF, Euro Asia Group on Money Laundering (EAG) & Ministry of Finance (GOI)	Delhi, India
61	Joint Meeting of the IMF-World Bank South East Asia Constituency	1	IMF-The World Bank	Washington, DC, USA
62	13th SEACEN Advanced Course on Payment and Settlement System for Emerging Economics: New Innovation in Payment and Settlement Systems and Implications for Central Banks	3	The SEACEN Centre	Sasana Kijang, Kuala Lumpur, Malaysia
63	Program on Adopting Area Based Integrated Approach for Inclusive Cooperative Development of NCDC's ICDP Scheme in Indian Context	3	CICTAB	Vennapur, Sri Lanka

S.No.	Programme	No. of Participants	Host Institution	Place
64	SEACEN Conference of Directors of Payment and Settlement Systems (DOPSS) of Asia-Pacific Central Banks and 13th Meeting of SEACEN	1	The SEACEN Centre	Kuala Lumpur, Malaysia
65	The Cash Cycle Seminar-ICCOS Asia 2014	2	Currency Research	Bali, Indonesia
66	Capacity Building Program: BNM-AFI Access to Financial Services for the Micro, Small & Medium Enterprises (MSME) Program	1	Bank Negara Malaysia	Kuala Lumpur, Malaysia
67	Data Centre World Leadership Conference Orlando	2	AFCOM DATA CENTRE WORLD	Orlando, USA
68	Capacity Building Seminar on Monetary Policy in Transition: The Case for a Two Pillar Monetary Regime	3	IMF Regional Office for Asia and the Pacific & Bank Indonesia	Bali, Indonesia
69	Training Workshops	2	Relationship Management South Asia	Singapore
70	Seminar on Safeguards Assessment of Central Banks	2	IMF-STI	Singapore
71	Liquidity Standards and Supervision	1	CCBS, Bank of England	London, UK
72	Regional Dissemination Forum on Microfinance in Agriculture	3	APRACA	Siem Reap, Cambodia
73	Ethical Hacking and Security	4	NET TECH India	Mumbai, India
74	SEACEN-IMF Course on Macroeconomic Diagnostics	5	The SEACEN Centre	Kuala Lumpur, Malaysia
75	Public Sector Debt Statistics Workshop	1	IMF	Bangkok, Thailand
76	Practical Issues on the Compilation and Dissemination of Foreign Direct Investment Statistics	2	IMF	Thimphu, Bhutan
77	Portfolio at Risk and Bank Failures	3	CBSL	Colombo, Sri Lanka
78	Operational risk management, business continuity planning and crisis management	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
79	3rd World Conference on Green Productivity	1	Asian Productivity Organization	Taipei, Taiwan
80	Central Bankers Exchange Meet- MM4P Countries	3	UNCDF	Cape Town, South Africa
81	8th SEACEN Intermediate Leadership Course Leading with Character: The New Leadership Paradigm in Central Banking	2	The SEACEN Centre	Brunei Darussalam
82	X-13ARIMA-SEATS-Seasonal Adjustment of Economic Data	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
83	Program on Development of Managerial Skills for Agricultural Cooperatives and Rural Financing Institutions in Collaboration with NCDC	3	CICTAB	Gurgaon, Haryana, India
84	Central Bankers Exchange Meet-MM4P Countries	3	UNCDF and Central Bank of Tanzania	Tanzania
85	Exclusive Interaction Program with Nepal Rastra Bank Executives	2	Standard Chartered Bank Nepal Limited	USA
86	ISI Regional Statistics Conference 2014	2	Sasana Kijang, Bank Negara Malaysia	Kuala Lumpur, Malaysia
87	IT Training on Disaster Recovery and Virtualization	3	Globalknowledge Ph, Inc.	Mandaluyong City, Philippines
88	Introductory Macroeconometric Workshop on Time Series and Forecasting	1	ADB	Manila, Philippines
89	Invitation as Speaker at SAMN Regional Conference Banking South Asia's Half Billion Unbanked	1	South Asia Micro-entrepreneurs Network (SAMN)	Islamabad, Pakistan
90	Asia-Pacific Economic Cooperation (APEC)-Financial Regulators Training Initiative (FRTI): Regional Seminar on Capital Planning and Stress Testing	2	ADB-Hong Kong Monetary Authority	Hong Kong, China
91	SAARCFINANCE Seminar on Developing a Regional Statistical Database	2	RBI	Pune, India
92	50th SEACEN Governors Conference, High-Level Seminar and 34th Meeting of the SEACEN Board of Governors	2	Bank of Papua New Guinea	Port Moresby, Papua New Guinea
93	Fourth Regional Forum on Investment of Foreign Exchange Reserve	1	ADB/ National Bank of Georgia	Tbilisi, Georgia
94	Mobile Money & Digital Payments Global 2014	1	Progress Soft Corporation, Jordan	Istanbul, Turkey
95	Payment and Settlement Systems Digital Payments: Serving a Billion People	4	Reserve Bank of India	Kovalam, Kerala, India
96	APEC-FRTI Regional Seminar on Regulation and Supervision of Interconnected Financial Markets-Banking	4	ADB	Seoul, Korea
97	Asian Reserve Management Workshop	1	Bank for International Settlements (BIS)	Colombo, Sri Lanka
98	FATF/ APG Joint Experts' Meeting on Typologies and APG Technical Seminars & 65th APRACA Executive Committee Meeting	1	Financial Action Task Force (FATF), Asia/Pacific Group on Money Laundering (APG), Egmont Group & Thailand FIU and APRACA	Bangkok, Thailand & Colombo, Sri Lanka

S.No.	Programme	No. of Participants	Host Institution	Place
99	FATF/ APG Joint Experts' Meeting on Typologies and APG Technical Seminars	3	FATF, APG on Money Laundering, Egmont Group & Thailand FIU	Bangkok, Thailand
100	19th MAS Banking Supervisors Training Program	2	Monetary Authority of Singapore (MAS)	Singapore
101	Prudential Supervision and Banking Industry Reforms	1	CCBS, Bank of England	England
102	International Regulators' Seminar	1	U.K Financial Conduct Authority (FCA)	London, UK
103	BNM-AFI Financial Inclusion Strategy and Data	2	AFI - Sasana Kijang, Bank Negara Malaysia	Kuala Lumpur, Malaysia
104	Economic Modelling and Forecasting	1	CCBS, Bank of England	London, England
105	SEACEN-BOJ Course on Financial Stability Analysis and Surveillance (Signature Program)	3	The SEACEN Centre	Kuala Lumpur, Malaysia
106	65th APRACA Executive Committee Meeting	1	APRACA	Colombo, Sri Lanka
107	APEC-FRTI Regional Seminar on Microfinance Activities-Supervision, Regulation, Market Conduct and SME Lending	5	ADB	Shanghai, China
108	Economics Research Workshop 2014	1	Bank Negara Malaysia	Sasana Kijang, Malaysia
109	Compliance for Financial Institutions	4	CBS, CBSL	Colombo, Sri Lanka
110	FSI Seminar on Regulating and Supervising Large Banks-Current Developments	1	BIS, FSI	Basel, Switzerland
111	Regional Capacity Building Workshop	3	IFAD/APRACA	Lucknow, India
112	Legal Aspects of International Financial Institutions	2	IMF	Singapore
113	Good Giving Regional Workshop on Countering Terrorist Financing, Money Laundering, and Violent Extremism	1	USA & Govt.of Bangladesh	Dhaka, Bangladesh
114	Training Programme on Regulation and Supervision of Banks and Non-Bank Financial Institutions for Officers of Nepal Rastra Bank	29	CBS,CBSL	Colombo, Sri Lanka
115	SEACEN Research Project on Advancing Inclusive Financial System in the Next Decade	1	The SEACEN Centre	Kuala Lumpur, Malaysia
116	APEC-FRTI Regional Seminar on Liquidity Risk Management	4	ADB	Thimphu, Bhutan
117	11th Joint Meeting of Nepal-China Economic and Trade Committee	1	GON-PRC	Beijing, China
118	Exchange Views on Topics of Mutual Interest Between Nepal Rastra Bank and the People's Bank of China	3	People's Bank of China	Beijing, China
119	International Training Program on Inclusive Banking for Rural and Agricultural Development	4	CICTAB	Bengaluru, India
120	SEACEN Foundational Course on Econometric Modeling and Forecasting	2	The SEACEN Centre	Combodia
121	Interbank Payments System (IPS) Reference Site Visit (Qatar) & Negotiation (Jordan) as Observer	1	Nepal Clearing House	Qatar & Jordan
122	SAARCFINANCE Seminar on Financial Consumer Protection in Banks:The SAARC Perspective	2	State Bank of Pakistan	Islamabad, Pakistan
123	Study Program on Internal Auditing Practices in RBI	6	Reserve Bank of India	Mumbai, India
124	IT Training on Disaster Recovery and Virtualization	3	Globalknowledge Ph, Inc.	Mandaluyong City, Philippines
125	Nepal Rastra Bank Appointed as Member of the SEACEN EXCO Interviewing	1	The SEACEN Centre	Kuala Lumpur, Malaysia
126	Current Challenges for Cash Management	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
127	To facilitate the Board members participating in Study Visit to Reserve Bank of India	1	Reserve Bank of India	Mumbai & Delhi, India
128	Seminar on Management and Supervision of Liquidity Risk	1	Bank for International Settlements	Basel, Switzerland
129	Waste Destruction for the Denomination NPR 50	2	Giasecke & Devrient, Malaysia	Kuala Lumpur, Malaysia
130	Study Visit to Reserve Bank of India	2	Reserve Bank of India	Mumbai & Delhi, India
131	3rd Advanced Program for Central Bankers and Regulators	2	The Chinese University of Hong Kong	Hong Kong, China
132	Agricultural Financing and Rural Development	4	CICTAB	Dhaka, Bangladesh
133	Asia-Pacific High Level Meeting on Banking Supervision	2	Bank for International Settlements	Manila, Philippines
134	SEACEN Seminar on Central Bank Governance: Issues in Central Bank Financing	3	The SEACEN Centre	Bali, Indonesia
135	SAARCFINANCE Seminar on Internal Audit and Enterprise Risk Management in Central Banks of SAARC Countries Emerging Challenges and Opportunities	3	Reserve Bank of India	Bhubaneswar, Odisha, India
136	Agriculture Value Chain Development	1	Asian Institute of Technology (AIT)	Bangkok, Thailand
137	45th International Central Banking Course	2	National Institute of Banking and Finance (NIBAF)	Islamabad, Pakistan

S.No.	Programme	No. of Participants	Host Institution	Place
138	Risk Management for Banking Institutions	4	CBS, CBSL	Colombo, Sri Lanka
139	IT Training on Disaster Recovery and Virtualization	5	Global Knowledge Ph, Inc.	Mandaluyong City, Philippines
140	Trade and Treasury-related Products	5	Mashreqbank PSC, Dubai, UAE	Dubai, UAE
141	Financial Action Task Force (FATF) Plenary & Working Group Meeting	2	Financial Action Task Force (FATF)	Paris, France
142	Agriculture Value Chain Development	1	Asian Institute of Technology (AIT)	Bangkok, Thailand
143	Seminar on Payment and Settlement Systems: Regulation Risk Management and Oversight	5	CBSL, CBS	Colombo, Sri Lanka
144	Program on Development of Rural Financing Institutions and Cooperatives	3	CICTAB	Bode, Bhaktapur, Nepal
145	2nd International Conference on Economics and Finance (Paper Presenters)	8	NRB, Research Department	Kathmandu, Nepal
146	2nd International Conference on Economics and Finance	5	NRB, Research Department	Kathmandu, Nepal
147	2nd International Conference on Economics and Finance	4	NRB, Research Department	Kathmandu, Nepal
148	2nd International Conference on Economics and Finance	8	NRB, Research Department	Kathmandu, Nepal
149	Waste Destruction under Contract for the Supply and Delivery of 200 Million Rs 5 Banknotes	2	De La Rue International, England	Nairobi, Kenya
150	Agriculture Value Chain Finance Study Workshop	2	United Nations Capital Development Fund (UNCDF)	Nairobi, Kenya
151	2nd SEACEN Course on Bank Examiner Foundational Skills Development	4	The SEACEN Centre	Kuala Lumpur, Malaysia
152	SEACEN Research Project on Advancing Inclusive Financial System in Next Decade	1	The SEACEN Centre	Sasana Kijang, Kuala Lumpur, Malaysia
153	16th SAARC Payment Council (SPC) Meeting & 2nd SPC Training Program	1	State Bank of Pakistan	Lahore, Pakistan
154	Introduction to International Trade	5	CBS, CBSL	Colombo, Sri Lanka
155	Cash Management and Combating Counterfeit Money	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
156	International Training on Trainer Program on Agricultural Value Chain Finance	3	APRACA-CENTRAB	Nairobi, Kenya
157	Course on Balance of Payments Statistics (BPS) ST15.07	1	IMF	Singapore
158	Improving Your Quality of Work Life: A Balancing Act	5	CBS, CBSL	Colombo, Sri Lanka
159	South Asia Finance and Markets (F&M) Strategy Meeting, 11-12 March, 2015	1	World Bank Group	New Delhi, India
160	29th SEACEN-FSI Regional Seminar on Stress Testing in Supervision and Risk Management	2	Bank of Thailand-BIS	Bangkok, Thailand
161	ADB International Workshop on Promoting Remittance for Development Finance	1	MOF, GON/ADB	Manila, Philippines
162	21st SAARCFINANCE Coordinators' Meeting	1	State Bank of Pakistan	Islamabad, Pakistan
163	SEACEN Course on Oversight of Payment and Settlement Systems	5	The SEACEN Centre	Vietnam
164	WHD.global 2015	2	WHD.global	Europa-Park, Rust, Germany
165	Invitation to Visit UOB Singapore Cash Processing Centre	3	UOB Singapore Cash Processing Centre	Singapore
166	Banking Supervision under the Basel Framework - Advanced	1	DEUTSCHE BUNDESBANK	Frankfurt am Main, Germany
167	2015 BBVA Seminar for Public Sector Investors and Issuers	2	Banco Bilbao Vizcaya Argentaria (BBVA)	Seville, Spain
168	IT Training on Disaster Recovery and Virtualization	4	Globalknowledge Ph, Inc.	Mandaluyong City, Philippines
169	Government Finance Statistics Closing Workshop	1	IMF	Bangkok, Thailand
170	Human Capital Management & Talent Development	2	Bank Negara Malaysia (BNM)	Kuala Lumpur, Malaysia
171	Workshop on Human Resources at Central Banks	1	Istanbul School of Central Banking	Istanbul, Turkey
172	9th SEACEN-BOJ Intermediate Course on the Analytics of Macroeconomic and Monetary Policy Management	4	The SEACEN Centre	Brunei Darussalam
173	Invitation for Executives Interaction Program	2	CIMB Bank	Kuala Lumpur, Malaysia
174	9th Meeting of the Consumer Empowerment and Market Conduct (CEMC)	1	Alliance for Financial Inclusion (AFI)	Kuala Lumpur, Malaysia
175	SEACEN-Toronto Centre Course on Recovery and Resolution Planning for Weak Banks	2	National Bank of Cambodia	Cambodia
176	Workshop on Practical Issues on the Compilation of Trade in Goods and Trade in Services Statistics	2	IMF	Colombo, Sri Lanka
177	Monetary Policy (Monetary Policy Strategy Understanding the BSI, CSI, etc)	4	Bank of Korea	Seoul, Korea

S.No.	Programme	No. of Participants	Host Institution	Place
178	FSI Meeting on Corporate Governance for Banks- Review of Basel Committee Guidelines	1	Bank of International Settlement (BIS)	Basel, Switzerland
179	10th SEACEN-BOJ Intermediate Course on Payment & Settlement Systems for Emerging Economies	1	The SEACEN Centre	Singapore
180	Seminar on Currency Management	2	Reserve Bank Staff College, RBI	Chennai, India
181	SEACEN Course on Enterprise Wide Risk Management of Banks	4	The SEACEN Center	Bali, Indonesia
182	Course on Balance of Payments Statistics (BPS) HQ 15.04	1	IMF	Washington DC, USA
183	Workshop on Financial Stability, Systemic Risk and Macroprudential Policy	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
184	APEC-FRTI Regional Seminar on Bank Analysis and Supervision	2	ADB, Bangko Sentral ng Pilipinas and Philippine Deposit Insurance Corporation	Manila, Philippines
185	Seminar on Financial Stability, Financial Crisis and Monetary Policy	1	Istanbul School of Central Banking	Istanbul, Turkey
186	Study Visit of Central Bank of Sri Lanka and Branch Offices	2	Central Bank of Sri Lanka	Colombo, Sri Lanka
187	9th Intermediate Leadership Course Leading with Character: The New Leadership Paradigm in Central Banking	3	The SEACEN Centre	Seoul, Korea
188	Payment System Policy and Oversight Course	1	Federal Reserve Bank of New York	New York, USA
189	AgriFinForum / Lending to Agriculture: Financing Agricultural Value Chain	1	World Bank-AgriFin	Istanbul, Turkey
190	FSI-SEANZA Regional Seminar on Liquidity Risk Management and Supervision	4	FSI-BIS & SEANZA, Monetary Authority of Macao	Macao SAR
191	Asset Management	1	Bank for International Settlements	Lucerne, Switzerland
192	Financial Market Analysis (STI15.10. FMA)	1	IMF-STI	Singapore
193	Workshop on Fund Management	6	CBSL	Colombo, Sri Lanka
194	The Top Talk on China's Finance (2015)	2	People's Bank of China	Beijing, China
195	14th SEACEN Advanced Course on Payment & Settlement Systems (PSS) for Emerging Economies: Resilience of Payment System to Cyber Crime	2	The SEACEN Centre	Bengaluru, India
196	Programme on Decentralization and Development Approach of Panchayats Raj Institutions for Co-operatives and Rural Development	3	CICTAB	ISEC Bengaluru, India
197	Central Banks, Supranationals, Agencies and Sovereign Wealth Funds Seminar	1	NATIXIS	Paris, France
198	Seminar on Human Resources Management	2	De Nederlandsche Bank	Amsterdam, Netherlands
199	Seventh Meeting of BIMSTEC Sub-Group on Combating the Financing of Terrorism	1	BIMSTEC	Thimphu, Bhutan
200	1. SEACEN Conference of Directors of Payment & Settlement Systems (DOPSS) of Asia-Pacific Central Banks: Resilience of Payment System to Cyber Crime 2. 14th Meeting of SEACEN Directors of Payment & Settlement Systems.	1	The SEACEN Centre	Bengaluru, India
201	Seminar on Financial Stability and Stress Testing	1	Bank for International Settlements (BIS)	Basel, Switzerland
202	Financial Action Task Force (FATF), Egmont Group & Barbadian FIU	2	23rd Egmont Group Plenary	Bridgetown, Barbados
203	The 2015 Bank of Korea International Conference on Global Interest Rate Normalization and Monetary Policy Challenges	1	Bank of Korea	Seoul, Korea
204	Business Conduct and Consumer Protection Program	1	Bank Negara Malaysia	Sasana Kijang, Kuala Lumpur, Malaysia
205	Seminar on Internal Auditing	1	DEUTSCHE BUNDESBANK	Frankfurt, Germany
206	The 6th Financial Inclusion Strategy Peer Learning Group (FISPLG) Meeting	1	Alliance for Financial Inclusion	Kuala Lumpur, Malaysia
207	Accompanying Finance Minister to Delhi, India, as a team member	1	Government of India	Delhi, India
208	44th ACU Board of Directors' Meeting, ACU Standing Technical Committee Meeting and 30th SAARCFINANCE Group Meeting, SAARCFINANCE Governors' Symposium on Financial Inclusion	2	Bangladesh Bank	Dhaka, Bangladesh
209	SEACEN-CCBS/BOE Course on Extracting Information from Financial Market for Monetary Policy Making	2	The SEACEN Centre	Mongolia

S.No.	Programme	No. of Participants	Host Institution	Place
210	Program on Cooperative Governance for the Board of Directors of Rural Financing Institutions and Cooperatives	2	CICTAB	VAMNICOM, Pune, India
211	Portfolio Analytics	1	FSI/BIS	Brunnen, Switzerland
212	Seminar on Rebuild Nepal: Trade & Investment Opportunities in Nepal	3	Embassy of Nepal in India	Mumbai, India
213	18th APG Annual Meeting	2	Asia Pacific Group on Money Laundering	New Zealand
214	2015 Annual General Meeting of the Bank for International Settlements	1	Bank for International Settlements (BIS)	Switzerland
215	FSI-EMEAP Regional Seminar on Stress Testing: Supervisory Techniques and Bank Practices	2	Bank for International Settlements (BIS)	China
216	Interest Rate and Exchange Rate Dynamics: Impact on Banking Operation	5	Central Bank of Sri Lanka	Sri Lanka
217	SEACEN Advanced Signature Leadership Course	3	SEACEN	Malaysia
218	Communication and External Relationship Management for Banks	3	Central Bank of Sri Lanka	Sri Lanka
219	Program on Management of Rural Financing Institutions and Cooperative for Rural Development	3	CICTAB	India
220	Restructuring and Strengthening Agricultural Rural Financing Institutions	3	CICTAB	India
221	Seminar on Project Financing	2	Guarantco	Singapore
222	20th MAS Banking Supervisor's Training Program	1	Monetary Authority of Singapore (MAS)	Singapore
223	Effective Credit Appraisal and Credit Risk Management	1	Central Bank of Sri Lanka	Sri Lanka
224	Asia Reserve Managers Exchange Workshop	1	Standard Chartered Bank Limited	Singapore
225	Central Bank's Investment Forum and National Assets and Liability Management	1	Central Banking Publications	Singapore
226	Effective Credit Appraisal and Credit Risk Management	3	Central Bank of Sri Lanka	Sri Lanka
	Total	519		

Table 6

Details of Fund Transfers and Transactions of Foreign Currency through Offices Located Outside Kathmandu Valley in 2014/15

S.No	Office	Fund Transfers and Deposits								Transactions of Foreign Currency					
		Amount in Rs. in Million					IC (Rs. in Million)			Other Foreign Currencies		IC			
		Fund Transfer			Fund In ²		Fund Transfer		Fund In	Rs. in Million		Rs. in Million			
		No. of Currency Chests ¹	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Amount	Purchase	Balance ³	Purchase	Sale ⁴	Balance ³
1	Biratnagar	10	82	23500	11	312.2	29	358.4	-	-	238.1	31.7	33.6	494.7	1997.9
2	Janakpur	8	56	14200	2	1920	22	224	1	800	174	26.2	-	358.4	631.4
3	Birgunj	4	31	7568	10	1836.2	14	47.0	1	800	151.7	10.7	-	378.7	821.8
4	Pokhara	8	82	15620	12	98.6	-	-	3	402.1	1160.1	1953.2	8.8	98.5	432.2
5	Siddharthanagar	7	84	17250	14	2030	21	128	3	1280	470	20	1.0	349	970
6	Nepalgunj	14	67	11670	20	3624.4	10	51.2	2	640	75.5	8.0	1.4	443	419.9
7	Dhangadhi	9	48	6330	15	883.9	5	28	3	10.9	34.9	31.7	42.7	161.5	291.5
	Total	60	450	96138	84	10705.3	101	836.6	13	3933.0	2304.3	2081.5	87.5	2283.8	5564.7

1 Number of currency chests under the Office

2 Deposits by Offices having currency chests only

3 Balance in mid-July 2014 following transfers to other Offices

4 Note sale to the clients by Offices only

Appendix 2.1

Circulars Issued to “A”, “B”, and “C”- Class Banks and Financial Institutions

Circular No.	Date	Subject
1	July 20, 2014	CRR to be maintained in NRB by the NRB-licensed BFIs on the basis of total deposit liabilities at the rate of 6.0 percent for “A”-class institutions, 5.0 percent for “B”-class development banks, and 4.0 percent for “C”-class finance companies
2	July 28, 2014	As ECC is already implemented in full, while issuing cheque to their clients, BFIs are required to issue only the MICR cheque with effect from October 18, 2015. Old, non-MICR cheques in the possession of the clients could be used within six months from this date. After this period, provision has been made for clearing only the MICR cheques. BFIs are instructed to inform their clients that the non-MICR cheques will not be cleared after the specified period as per this provision. BFIs are notified to make the arrangements accordingly.
3	July 31, 2014	Refinance will be provided at 4.0 percent annual rate of interest against the security of good loans extended for hydropower projects, agricultural sector, horticulture and fishery businesses, industry-business conducted by youths returned after working or studying in the foreign countries, production-oriented industry, tourism industry, and physical infrastructure construction industry.
4	Aug. 15, 2014	<p>(1) Directive has been issued by amending as follows the sub-clause 3 of clause 5 of Directive No. 22 of Unified Directive, 2014 issued by the NRB to licensed BFIs :</p> <p>(3) Following action will be taken against the BFIs not complying with the capital adequacy ratio even by mid-July 2014:</p> <ul style="list-style-type: none"> (a) prohibiting the distribution of cash dividend (b) prohibiting the expansion of branches (c) prohibiting mobilizing deposits exceeding five percent of the deposits outstanding as in mid-September 2014 (d) prohibiting extending loan in excess of the total outstanding loan as in mid-September 2014 <p>(2) Directive has been issued by amending as follows parts (a), (c), and (h) of clause 3 of Directive No. 17 of Unified Directive, 2014 issued by the NRB :</p> <ul style="list-style-type: none"> (a) micro-credit up to Rs. 100,000 extended to each group member/individual under group/individual guarantee to carry out micro-enterprise/business for deprived or individuals having low income. For group member/individual utilizing credit for the last two years and falling in the good category, the limit has been raised to Rs. 200,000. (c) micro-credit up to Rs. 300,000 per business extended to group member on the basis of acceptable collateral/group guarantee to carry out micro-enterprise/business for the deprived or individuals having low income. For group member utilizing credit for the last two years and falling in the good category, the limit has been raised to Rs. 500,000. (h) up to Rs. 400,000 credit extended by BFIs for micro-enterprise operated by women. Likewise, project credit up to Rs. 700,000 extended by BFIs for micro-enterprise operated by women at the collateral of the project itself. While extending such credit in accordance with the prevailing law, the collateral shall have to be the project itself while arrangement shall have also to be made for compulsorily securing the credit through the Deposit and Credit Guarantee Corporation.
5	Aug. 20, 2014	<p>(1) Directive has been issued by amending as follows part (e) of sub-clause 2 of clause 4 of Directive No. 4 and sub-clause 12 of clause 11 of Directive No. 16 of Unified Directive, 2014 issued by the NRB :</p> <p><u>Part (e) of sub-clause 2 of clause 4 of Directive No. 4</u></p> <ul style="list-style-type: none"> (e) capital adjustment fund Included under this heading are amounts created for the purpose of increasing the paid-up capital of licensed institution or transferred from other funds for such purpose. Amount remaining in capital redemption reserve fund should also be transferred to this fund. The amount remaining in this fund shall not be transferred for any other purpose except issuing bonus share for increasing capital.

		<p><u>Sub-clause 12 of clause 11 of Directive No. 16</u> (12) Amount remaining in redemption reserve after the repayment of debenture/redeemable inconvertible rights share shall have to be transferred to the capital adjustment fund.</p> <p>(2) Directive has been issued by amending as follows clause 5 of Directive No. 17 of Unified Directive, 2014 issued by the NRB : “Investment by licensed BFIs in promoter shares of “D”-class financial institutions shall also be assumed as indirect lending for deprived sector.”</p> <p>(3) Among the investments made by BFIs, investment in trading block activities has been growing, thereby increasing the inherent risks in the investment made by the institution. So, the concerned institution shall have to make investment only after adopting necessary measures for minimization of risks from such activities. Moreover, BFIs could invest in investments held for trading up to only 1 percent of their primary capital. If invested exceeding 1 percent of their primary capital prior to the issue of this directive, such investment should be brought within the specified limit by mid-July 2015.</p>
6	Aug. 25, 2014	<p>Sub-clause 5 of clause 9 of Directive No. 2 of Unified Directive, 2014 issued by the NRB has been issued as follows:</p> <p>(5) While extending credit under the personal/corporate guarantee, details of property non-claimable by any other shall have to be compulsorily taken for an amount equal to the personal guarantee of the borrower. Even credit extended only on personal/corporate guarantee shall have to be classified on the aforesaid basis and loan loss provisioning shall have to be made by adding 20 percent to the percent applicable to the specified category, viz., pass, substandard, and doubtful as the case may be. Additional provisioning for loan loss as aforesaid shall also have to be made in the event of extending credit by taking personal/corporate guarantee as additional security in case of the insufficiency of other physical, current, and fixed assets. However, additional provision for loan loss will not be compulsory for the following credit extended on the personal/corporate guarantee:</p> <p>(a) credit card credit</p> <p>(b) credit extended to the institutions mentioned in part (b) of clause 3 of Directive No. 3</p> <p>(c) personal credit amounting up to Rs. 1.5 million extended to comply with the following conditions:</p> <p>(i) It is required to mention clearly in the credit policy of the licensed institution matters concerning such credit extension, monitoring, and recovery.</p> <p>(ii) For such credit extension, the Board of Directors of the licensed institution shall have to separately approve the product paper and get it implemented and, while extending credit, full compliance of the product paper shall have to be made.</p> <p>(iii) There should be clear basis for the full repayment of the loan out of the sources of income of the borrower. The sources of such income should be ascertained through the borrower’s account as maintained in the BFI. Likewise, the borrower should have compulsorily obtained the Permanent Account Number (PAN).</p> <p>(iv) Repayment schedule should be worked out in such a way that the credit repayment is made on the basis of Equal Monthly Installments. The maximum duration for such credit repayment should be up to five years.</p> <p>(v) Such credit outstanding cannot exceed 5 percent of the total outstanding credit.</p> <p>(d) If the maturity period of credits as per parts (a) and (c) exceeds by more than 90 days, they will be classified as loss and cent percent loan loss provision shall be maintained.</p> <p>(e) The details of such credits shall have to be separately maintained.</p>
7	Sep. 23, 2014	<p>The promoter-shareholders of the licensed BFIs shall have to be categorized in one promoter group. If such provision is lacking in any BFI’s memorandum of association and articles of association at the time of the issue of this Directive, the provision shall have to be amended by passing the related proposal in the forthcoming general meeting.</p>

8	Sep. 30, 2014	<ol style="list-style-type: none"> Following paragraph has been added to part (b) of clause 11 of Directive No. 1 of Unified Directive, 2014 issued by the NRB to BFIs: “While issuing such bonus share, approval may be granted for declaring or distributing cash dividend necessary for the purpose of tax only.” “For the public holidays on the occasion of Vijaya Dashami, a week has been assumed for the period since September 28, 2014 through October 11, 2014 for the computation of the CRR.”
9	Oct. 12, 2014	BFI certifying the cheque as Good for Payment should deposit the amount equal to that of the cheque in a separate account and its system-printed evidence should be mentioned in the cheque or arranged to make the evidence available along with the cheque and necessary records thereof maintained.
10	Oct. 27, 2014	In connection with providing credit at 6.0 percent rate of interest from commercial banks for specified agricultural business as mentioned in the budget statement for FY2014/15, the GON approved the Interest Subsidy for Commercial Agricultural Loans to the Youth Working Procedures, 2014 which has now come into implementation. Accordingly, as per the rights conferred by Section 79 of the Nepal Rastra Bank Act, 2002, it is directed for implementation of the attached Procedures. Like the claims on government for the computation of the capital adequacy ratio, the risk weight at zero percent shall be applicable for the interest subsidy amount due from the GON following the credit expansion in accordance with the said Procedures.
11	Oct. 30, 2014	It will not be assumed as a deterrent for arranging to fix the number of directors in the Board by changing the memorandum of association and articles of association so as to ensure proportionate representation in BFIs having foreign investment and institutional investment.
12	Nov. 23, 2014	<p>The provision contained in part (9) of sub-clause (a) of clause 16 of Directive No. 2 of Unified Directive, 2014 has been amended as follows:</p> <p>(9) While extending such credit by the BFIs, original certificate should be kept as collateral in the case of physical share while evidence backed by collateral in accordance with the prevailing provision is necessary in the case of non-physical share.</p> <p>However, relating to the procedures in connection with the guarantee to be issued by the broker, this provision shall not be assumed to be the deterrent for providing credit for a maximum period of one year by maintaining necessary margin on the basis of broker guarantee and share purchase/sale receipt even in the instant absence of original share certificate on the basis of the necessary provision made by the Securities Board of Nepal and the Nepal Stock Exchange Limited. The licensed institution shall have to make appropriate arrangement for minimization of the risk likely to be created by such credit.</p>
13	Dec. 26, 2014	<p><u>Provision concerning Financial Client Protection and Financial Literacy</u></p> <ol style="list-style-type: none"> Provision Concerning Transparency Licensed institutions shall have to publicly disclose all types of details relating to services delivered to their clients and the conditions applicable. These details shall include, in addition to the financial services and their instruments, processes and conditions to be adopted with respect to applicable fee, commission, rate of interest, fines, penalties, etc. Regarding this, provision has been made as follows: <ol style="list-style-type: none"> Arrangement shall have to be made to prepare and make available to the clients and the general public short description/booklets containing information on financial services, all sorts of accounts, loans, and financial instruments provided by the licensed institution. The licensed institutions shall have to inform the general public by disclosing the following details in simple and clear language: <ul style="list-style-type: none"> - various types of accounts and related details - criteria of fees, along with their details, charged for the financial services provided to the clients - prescribed procedures and methodology for banking transactions - procedures adopted while closing the accounts - method for computation of interest rate - advance payment fee - actions that the bank will take for the client failing to repay the loan in time

		<ul style="list-style-type: none"> - late fees, fines, and penalties - procedures relating to operation of various types of electronic cards - possible punishments and fines in banking transactions including precautions that the client should adopt <p>(c) Concerned licensed institution shall have to make arrangement so that the client could obtain information on transactions without cost.</p> <p>(d) The details relating to various fines and interest rates that the licensed institution can charge its clients shall have to be sent to the NRB as provided in the Directive No. 15. These details shall also have to be published in the website of the institution for the information of the general public.</p> <p>2. Provision relating to Simple Language</p> <p>(a) The language used by licensed institution for informing the clients about its services or the language used in the notice shall have to be simple and clear.</p> <p>(b) Arrangement shall have to be made for making available in Nepali language the documents used in transactions with the clients of the licensed institutions. Documents used in domestic or international transactions may also be prepared in English.</p> <p>3. Provision Relating to Notice</p> <p>(a) Notice or information brought out by the licensed institution should be readily read and comprehended by the general clients.</p> <p>(b) The advertisement likely to create misunderstanding among the general public is forbidden.</p> <p>4. Provision relating to Simple Banking</p> <p>(a) BFIs shall have to make necessary arrangement to provide simple banking facilities by providing special priority to senior citizens and persons with physical disabilities (differently able persons). If such persons need accessible and disabled-friendly counters, the same shall also have to be arranged. Licensed institutions shall also make arrangements for assisting clients with low financial literacy.</p> <p>5. Provision relating to Change of Conditions including Fee for Financial Service</p> <p>(a) With respect to providing financial service by the BFIs as per agreement, the licensed institution shall have to inform the concerned client while changing the fee, interest rate, and conditions as mentioned in the agreement between the BFI and the client. In the situation where public announcement requires to made as per this provision, notice shall have to be published in the national Daily in the case of national level institution and in the regional/district newspaper in the case of regional level institution.</p> <p>6. Provision relating to Fee Applicable for Maintenance and Closing of Account</p> <p>(a) The licensed institution cannot obtain from the client any type of fee for maintaining deposit account, closing the account, providing ABBS service or giving statement. However, this provision shall not be assumed to be the deterrent for obtaining the fee when the client asks for providing statement for more than one time for the same period.</p> <p>(b) No fee can be charged when the dormant account of the client is made active.</p> <p>(c) Under any circumstances, the balance in the account cannot be reduced by deducting the amount for the reason of maintenance of lower balance than the minimum balance.</p> <p>(d) In cases other than parts (a), (b), and (c), the client shall have to be pre-informed with respect to fee chargeable to the client.</p> <p>(e) While issuing electronic card in Nepalese currency, renewal fee cannot be charged till the end of the validity of the card excepting the fee charged at the beginning.</p> <p>7. Provision relating to Payment of Cheque</p> <p>(a) While depositing amount in ones account through any financial instrument like cheque, bill, pay order, etc., the entire amount as mentioned in the instrument shall be deposited in the account of the concerned client. If there is any fee chargeable on the transactions in the financial instruments, client shall have to be informed beforehand regarding the matter and the same shall be separately received from the account of the client.</p>
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		<p>arrangement of even the online portal in its website for the purpose of hearing the grievances.</p> <p>12. With respect to Financial Literacy</p> <p>(a) The licensed institution shall have to compulsorily include in its programs the program relating to financial literacy.</p> <p>(b) Arrangement shall have to be made for informing the general public about the financial services and facilities provided by the licensed institution.</p> <p>(c) Types of advertisements and notices that facilitate financial system through promotion of financial literacy shall have to be encouraged.</p> <p>13. Provision related to Confidentiality and Data Conservation</p> <p>(a) The licensed institution shall have to maintain the confidentiality of client's business information in the process of conducting financial transactions with the client. Client's information and details which have to be kept confidential along with statements of accounts, journal, ledger, and details of accounts should not be given to other unrelated and unauthorized persons.</p> <p>(b) However, this provision shall not be construed as deterring to give such details to legally authorized agency or institution.</p> <p>14. Action for Non-Compliance of the Directive</p> <p>If the licensed institution fails to comply with this directive, actions in accordance with Section 100 of the Nepal Rastra Bank Act, 2002 shall be initiated.</p> <p>15. Repeal and Saving</p> <p>Following NRB Guidelines and Directive issued earlier are hereby repealed: Services Delivered by BFI and Service Fee Guidelines, 2010 Clause 30 of Directive No. 2/2014: Provision relating to Advance Payment Fee Clause 14 of Directive No. 16/2014: Provision relating to Service Fee Clause 4 of Directive No. 22/2014: Provision relating to Senior Citizens and Physical Disability</p>
14	Jan. 9, 2015	With respect to placing the defaulting borrower in the black list as maintained by the Credit Information Center and, subsequently, removing from the black list following the repayment of the loan, fresh credit extension shall not be denied just because the name was retained in the past black list. If the credit policy of the BFI contained provision that fresh credit extension would be denied to the borrower because the name was retained in the past black list even when the borrower is already delisted from the black list as maintained by the Credit Information Center, such policy shall be amended to make it compatible with this Directive.
15	Jan. 28, 2015	For the purpose of provision relating to the specified productive sector credit, BFIs can treat the approved total credit limit as the credit extended.
16	Feb. 16, 2015	<p>(1) The licensed BFI shall make provision in its articles of association so as to prohibit the election, nomination, or appointment of its chairman and director more than two times consecutively. If such provision is lacking in any BFI's articles of association at the time of the issue of this Directive, the provision needs to be amended by passing the related proposal in the forthcoming general meeting.</p> <p>(2) The licensed BFI shall make provision in its articles of association so as to prohibit the election, nomination, or appointment of the BFI's CEO more than two times consecutively. If such provision is lacking in any BFI's articles of association at the time of the issue of this Directive, the provision needs to be amended by passing the related proposal in the forthcoming general meeting.</p> <p>(3) The provisions contained in Unified Directive, 2014 issued by the BFIs (viz., clause 25 of Directive No. 2 and clause 12 of Directive No. 6) have been retained in sub-clause 1 of the specified clause. Further, the following sub-clause 2 has been added:</p> <p>(2) Licensed institution cannot extend any kind of loan to firm, company or institution having majority ownership of other BFI's CEO or office-holders at management level. In the case of credit extended prior to the issue of this Directive, no renewal could be made following the expiry of the repayment period. For the purpose of this provision, majority ownership connotes firm, company or institution in which the share of ownership held is more than 50 percent.</p>

		<p>(4) Sub-clause (8) of clause 3 of Directive No. 6 of Unified Directive, 2014 issued by the NRB to the BFIs has been amended as follows:</p> <p>(8) Shareholder holding more than the following percent of paid-up capital of the licensed institution shall not become eligible for appointment to any post of staff including the CEO other than the director. While holding the post of CEO at the time of the issue of this Directive, this provision shall not be assumed to act as the deterrent for fulfilling the remaining period of the present tenure:</p> <p>1 percent or more of the paid-up capital in “A” class licensed institution 2 percent or more of the paid-up capital in “B” class licensed institution 5 percent or more of the paid-up capital in “C” class licensed institution</p>
17	Mar. 13, 2015	<p>(1) Clause 1 of Directive No.2 of Unified Directive, 2014 issued by the NRB to the BFIs has been amended as follows:</p> <p>1. Classification of loans and advances: Entire loans/advances extended by a licensed institution shall have to be classified as follows based on the expiry of the repayment period of principal and interest of such loans/advances:</p> <p>(a) Pass: Loans/advances which are not overdue and which are overdue by a period up to three months (b) Watch List: Loans/advances classified as pass but having conditions (a) through (f) as mentioned shortly below. (c) Sub-standard: Loans/advances which are overdue by a period from three months to a maximum period of six months (d) Doubtful: Loans/advances which are overdue by a period from six months to a maximum period of one year (e) Loss: Loans/advances which are overdue by a period of more than one year The loans which are in pass and watch list categories are called performing loans while the loans which are rescheduled/restructured, sub-standard, doubtful, and loss are called non-performing loans. Note: Loans/advances also include bills purchased and discounted. The following loans/advances shall have to be classified under watch list:</p> <p>(a) Loans/advances which are overdue and principal and interest of which have not been repaid in stipulated time Clarification: Loans and advances classified under this heading are the installments payable monthly, quarterly or half-yearly or loans/advances with unpaid principal or interest during that period (b) Loans/advances which are categorized as performing on extension of maturity period temporarily due to non-renewal of working capital loan (c) Loans/advances extended on security of receivables with a maturity period exceeding three months (d) Loans/advances on account of payables with a maturity period exceeding three months extended to firm, company or institution not making payments for domestic raw materials Example: If an industry has utilized credit amounting to Rs. 250.0 million and has owed Rs. 250.0 million to the suppliers of raw materials, while the industry is short of stock and receivables sufficient enough to cover payables and bank loans. The loans/advances provided to such institutions shall have to be categorized under this heading. (e) If borrower’s loans from other bank or financial institution is categorized as non-operating (f) Loans/advances to firm, company or institution which have negative net working capital/cash flow/networth consecutively for two years despite regular repayment of principal and interest. For this purpose, net working capital connotes amount arrived at by deducting current liabilities from current assets of firm, company or institution.</p> <p>(2) Sub-clause (1) of clause 9 of Directive No.2 of Unified Directive, 2014 issued by the NRB to the BFIs has been amended as follows:</p> <p>9. Provisioning for loan loss (1) Following provisions shall have to be maintained on the basis of outstanding principal amount for loans and bills purchased classified</p>

		as per this Directive:		
		S.No.	Classification of Loan	Minimum Loan Loss Provision
		(a)	Pass	1 Percent
		(b)	Watch List	5 Percent
		(c)	Sub-standard	25 Percent
		(d)	Doubtful	50 Percent
		(e)	Loss	100 Percent
		<p>(3) Following restrictive words have been added to part (a) of clause 9 of Directive No.2 of Unified Directive, 2014 relating to financial client protection and financial literacy issued to BFIs by NRB on December 26, 2014: “However, the concerned BFIs will not charge any fee from their clients on transactions of cheque clearing for an amount of less than Rs. 200,000 with respect to electronic cheque clearing.”</p> <p>(4) Sub-clause (2) of clause 35 of Directive No. 22 under Unified Directive, 2014 has been repealed.</p> <p>(5) Following Directive has been issued to licensed “A”, “B” and “C”-class BFIs: “The CEO of licensed institution shall be compulsorily appointed within three months of the vacancy of the post. Likewise, posts designated by the licensed institution as managerial need to be compulsorily fulfilled within three months of the vacancy of the post. The concerned institution shall have to make arrangements in Personnel Bylaw consistent with this provision.</p>		
18	Mar. 15, 2015	As notified through the letter from GON, MOF, Financial Sector Management Division, Dispatch No. 472, dated March 9, 2015, the Interest Subsidy for Commercial Agricultural Loans to the Youth Working Procedures, 2014 has been approved by GON, Cabinet Economic and Infrastructure Committee. Also, request was made for necessary implementation of the same. Accordingly, the procedures issued by the NRB through letter number: Ba.Fi.Re.Dept./Policy/Circular/ABC/10/2014/15 dated October 27, 2014 has been amended as per attachment and Directive issued for its implementation.		
19	Mar. 18, 2015	<p>(1) Following sub-clause (q) has been added to clause 9 of Directive No. 17 under Unified Directive, 2014 as issued to BFIs by NRB: “(q) Credit amounting to Rs. 50,000 per household apportioned by hydro-power projects for purchasing shares by local citizens.”</p> <p>(2) Form {Annex19.1 (a)} has been added as attached under Directive No. 19 of Unified Directive, 2014 as issued to BFIs by NRB.</p>		
20	April 1, 2015	<p>Clause No. (1) of Directive issued to BFIs by NRB vide letter number: Ba.Fi.Re.Dept./Policy/Circular/ABC/17/2014/15 dated February 13, 2015 October 27, 2014 has been amended as follows:</p> <p>1. Provision of Loans/Advances Entire loans/advances extended by a licensed institution shall have to be classified as follows based on the expiry of the repayment period of principal and interest of such loans/advances:</p> <p>(a) Pass: Loans/advances which are not overdue and which are overdue by a period up to three months (b) Watch List: Loans/advances classified as pass but having conditions as mentioned in the following clause No 1.1 (c) Sub-standard: Loans/advances which are overdue by a period from three months to a maximum period of six months (d) Doubtful: Loans/advances which are overdue by a period from six months to a maximum period of one year (e) Loss: Loans/advances which are overdue by a period of more than one year</p> <p>The loans which are in pass category and under watch list are called performing loans while loans which are rescheduled/restructured, sub-standard, doubtful, and loss categories are called non-performing loans.</p> <p>1.1 Conditions for Categorization under Watch List If following remark or condition is associated with the loans/advances categorized as performing loan as per the Directive issued to BFI, such loans/advances shall have to be classified under watch list and arrangements made for close watch or monitoring:</p> <p>(a) Loans which are outstanding for more than one month on account of non-payment of principal or interest within the stipulated period</p>		

		<p>(b) Short-term or working capital loan which has been maintained on extension of maturity period temporarily due to non-renewal</p> <p>(c) Loan extended to borrower with loan in other bank or financial institution categorized as non-performing loan</p> <p>(d) Short-term or working capital loan extended to firm, company or institution having negative operating cash flow or networth consecutively for two years despite regular repayment of principal and interest</p> <p>9. Provisioning for Loan Loss</p> <p>(1) Following provisioning of loan loss shall have to be maintained based on outstanding principal amount for loans and bills purchases classified under this Directive.</p> <p>(a) Good: 1 Percent</p> <p>(b) Watch List: 5 Percent</p> <p>(c) Sub-standard: 25 Percent</p> <p>(d) Doubtful: 50 Percent</p> <p>(e) Loss: 100 Percent</p> <p>Similarly, for the Watch List category, under-mentioned loan loss provisioning in accordance with the following time frame shall have to be maintained:</p> <table border="1"> <thead> <tr> <th>S.No.</th> <th>Time Period</th> <th>Loan Loss Provision to be Maintained</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mid-April 2015</td> <td>1.5 Percent</td> </tr> <tr> <td>2</td> <td>Mid-July 2015</td> <td>2.0 Percent</td> </tr> <tr> <td>3</td> <td>Mid-October 2015</td> <td>2.5 Percent</td> </tr> <tr> <td>4</td> <td>Mid-December 2015</td> <td>3.0 Percent</td> </tr> <tr> <td>5</td> <td>Mid-April 2016</td> <td>3.5 Percent</td> </tr> <tr> <td>6</td> <td>Mid-July 2016</td> <td>4.0 Percent</td> </tr> <tr> <td>7</td> <td>Mid-October 2016</td> <td>4.5 Percent</td> </tr> <tr> <td>8</td> <td>Mid-December 2016</td> <td>5.0 Percent</td> </tr> </tbody> </table> <p>Loan loss provisioning could be adjusted and classified as pass loans in the situation of improvements in criteria/remarks for classification under Watch List.</p>	S.No.	Time Period	Loan Loss Provision to be Maintained	1	Mid-April 2015	1.5 Percent	2	Mid-July 2015	2.0 Percent	3	Mid-October 2015	2.5 Percent	4	Mid-December 2015	3.0 Percent	5	Mid-April 2016	3.5 Percent	6	Mid-July 2016	4.0 Percent	7	Mid-October 2016	4.5 Percent	8	Mid-December 2016	5.0 Percent
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21	April 13, 2015	<p>Direction issued to BFIs as per Ba.Fi.Re.Dept./Policy/Circular/ ABC/2/2014/15 dated July 28, 2015 has been amended as follows:</p> <p>As ECC has come into full operation, only MICR cheques shall have to be issued while issuing cheques to clients by BFIs. Likewise, the non-MICR cheques lying with the clients shall be no longer cleared with effect from July 17, 2015, clearing of non-MICR cheques during the period of April 14, 2015 to July 16, 2015 has been arranged as before. This Directive has been issued for making necessary actions as per this arrangement. Moreover, BFIs are instructed to inform their clients regarding this arrangement.</p>																											
22	April 27, 2015	<p>As it has been found necessary to make uninterrupted operation of urgent services relating to payments concerning government relief programs and payments to the general public in view of the catastrophe that the nation has been undergoing on account of the recent devastating earthquake, this Directive has been issued to carry out such operations smoothly. Moreover, if BFIs require certain assistance like security in the process of performance of these operations, the BFIs are advised to contact the NRB.</p>																											
23	April 29, 2015	<p>With respect to collection of relief amount through opening accounts by various entities/institutions in order to provide relief to the suffering public on account of the catastrophe facing the nation due to the recent devastating earthquake, this Directive has been issued for arranging to transfer these accounts of entities/institutions by earmarking only to the Prime Minister's Natural Disaster Relief Fund. This Directive has also been issued for making arrangement for sending on a daily basis in NRB's departmental email nrbbfirdppd@nrb.org.np the details relating to names and addresses of entities/institutions or individuals along with amounts deposited in the accounts, as per the format given below:</p> <p>Details Relating to Collected Amount for the Relief of Earthquake Victims</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Name of Entities/ Institutions having Accounts</th> <th>Account Number</th> <th>Amount so far Collected</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	S. No.	Name of Entities/ Institutions having Accounts	Account Number	Amount so far Collected																							
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24	April, 17, 2015	In reference to the NRB's Directive as per letter Ba.Fi.Re.Dept./Policy/Circular/ABC/23/2014/15 dated April 29, 2015 concerning depositing the amount in the Prime Minister's Natural Disaster Relief Fund, letter from GON, Office of the Prime Minister and Council of Ministers has also been received. It is advised to make arrangements in accordance with the particulars of the attached letter from GON, Office of the Prime Minister and Council of Ministers, Singha Durbar, Kathmandu, dated April 29, 2015.
25	May 10, 2015	For the computation of CRR, a week has been assumed for the period since April 26, 2015 through May 9, 2015 on account of the earthquake.
26	May 27, 2015	Directive has been issued to act accordingly as per attached procedures for the purpose of providing refinance by the NRB against the credit provided by BFIs for the reconstruction of the residential house to the earthquake-affected households whose residential houses have been damaged due to the recent earthquake.
27	June 7, 2015	<p>1. Provision relating to opening Branch Office in Earthquake-Affected District "By giving careful attention to interruptions on easy availability of banking services due to recent earthquake, the NRB's permission shall not be required for opening branches in market centres/VDCs in places without BFIs except in headquarters of districts affected by earthquake including Katmandu valley, Banepa and Dhulikhel for operating branches, mobile banking, branchless banking, and roaming banking services with the view to make easy availability of banking services in earthquake-affected districts. The NRB should be informed as per the format in accordance with the Appendix 14.1 within 7 days of the decision to open branch by the Board of Directors of the BFI. Likewise, the BFI should open the branch and bring it into operation within two months of the decision to open the branch." This provision shall not be assumed to act as the deterrent for opening branch by taking approval of the NRB in the situation of absence of branch of any bank or financial institution in VDC or municipality as an area of operation of the financial institution established under special provision.</p> <p>2. Following words shall be added to sub-clause (4) of clause 3 of Direction No. 19 under Unified Directive, 2014 issued to BFI by the NRB: "Similarly, the general public in the earthquake-affected districts shall open accounts also on the basis of the evidence of earthquake victim made available by the GON in the event of the non-availability of citizenship certificate."</p>
28	June 16, 2015	As per letter from GON, MOF, Financial Sector Management Division, Letter No. F.S.M. 2013/14, Dispatch No. 625, dated June 7, 2015, it has been requested to implement decision made by GON on June 4, 2015 as mentioned below. Accordingly, this Directive has been issued to make arrangements to transfer to the Prime Minister Natural Disaster Relief Fund the amount collected through public notice from various individuals/groups/institutions in the accounts of the BFIs by coordinating with the account operators by the concerned licensed institutions: "For capacity enhancement, credibility, and effectiveness of the Prime Minister Natural Disaster Relief Fund, to make arrangements to urgently earmark to the Fund any of the amount deposited on the basis of the public notice in the accounts of banks by various individuals/groups/institutions for the relief of the earthquake victims."
29	June 22, 2015	Due to the earthquake, the period since April 26, 2015 through May 9, 2015 was assumed as a week for the computation of the CRR as per the Directive issued by the NRB through the Letter No.: Ba.Fi.Re.Dept./Policy/Circular/ABC/25/2014/15 dated May 10, 2015. Afterward, banking system's contact information and transactions could not become normalized due to the aftershocks experienced on May 12, 2015. Hence, the period since April 26, 2015 through May 13, 2015 could be assumed as a week for the computation of the CRR.
30	June 24, 2015	In the context of the NRB already making arrangements like conducting banking services on an uninterrupted way by giving attention to obstacles likely to be created for the easier availability of banking services due to recent earthquake, making the provision of CRR computation easier, providing refinance for reconstruction of households whose residential houses were damaged due to the earthquake, making branch establishment and expansion easier for availability of banking services and improving the access, transferring relief amount to the Prime Minister Natural Disaster Relief Fund, etc., various banks, financial institutions, and borrower clients, etc. have

		<p>requested NRB for policy-related provisions. While responding to these requests and with the purpose of not allowing any business to close on account of the earthquake as well as making the outcomes of the policy provisions made by the NRB reach the ultimate client of the bank or financial institution, this policy-related provision has been made:</p> <p>(1) Whatsoever has been written in the Unified Directive, 2014 issued by the NRB, following special provision has been made for the borrowers remaining in the performing category as in mid-April 2014:</p> <p>(a) Loan Loss Provision Provision for loan loss could be maintained by classifying into pass loans as in mid-July 2015 if the principal, interest or installment of the loan is received up to mid-October 2015 in the event of the client's inability to repay the loan due to the reduced repayment capacity or damages suffered by the project on account of the earthquake. No penal interest or fee could be charged on the concerned borrower by the BFIs for the reason of delayed payment with respect to the loan classified as pass according to this provision.</p> <p>(b) Restructuring of Loan In the event of the client's inability to repay the loan due to the reduced repayment capacity or damages suffered by the project on account of the earthquake, loan restructuring shall be made with a provision of extending repayment period up to one year for one time by the BFIs on the following basis:</p> <p>a. Written work plan of the client submitted for restructuring of loan b. Evidence supporting reduction in the source of income and the capacity of loan repayment on account of the earthquake The NRB's prior approval shall have to be obtained by specifying details along with justification in the event of loan restructuring by adding more than one year in the loan extended to any sector. Loans restructured under this provision could be classified as pass loans and the statement of classified loans shall have to be separately maintained.</p> <p>(c) With respect to Accounting of Income/Expenditure For the accounting of interest income for FY2014/15, accrued interest up to mid-July 2015, if received within mid-October 2015, could be treated as income in the profit and loss account for FY2014/15. The amount thus recognized as income should not be distributed as dividend and should be deposited in capital adjustment fund through profit and loss appropriation account. Separate statement shall have to be prepared and submitted with respect to the interest amount received after mid-July 2015. If interest income has been so recognized, the concerned BFI shall have to clearly mention along with the amount in the financial statement policy relating to income accounting.</p> <p>(d) Grace Period On account of the earthquake, grace period could be extended to a maximum of one year in the event of the completion of the project construction taking additional time or expiry of the grace period at the time of commencement of installment repayment after the completion of the project. The interest amount recognized as income following the capitalization of interest during the grace period shall have to be transferred to the capital adjustment fund through profit and loss appropriation account.</p> <p>(2) With respect to Computation of Capital With respect to loans maintained under Regulatory Retail Portfolio and Claims Secured by Commercial Real Estate by commercial banks in accordance with Directive No. 1 of Unified Directive, 2014 issued by the NRB, risk weight at cent percent could be maintained for computation of capital fund as in mid-July 2015 in the event of the expiry of the date of repayment of principal, interest or installment by a period even exceeding 90 days due to damages suffered by project on account of the earthquake.</p> <p>(3) Additional Facilities for Banks or Financial Institutions in Districts Severely Affected by the Earthquake Following additional exemptions and facilities shall be provided to banks or</p>
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		<p>financial institutions which are in operation with their head office located in districts severely affected by the earthquake other than those in the Kathmandu valley:</p> <ul style="list-style-type: none"> • Credit up to Rs. 5 million shall be provided by NRB at zero interest rate to “A”, “B”, “C” and, “D”-class BFIs in the event of the need to reconstruct the head office building damaged by the earthquake. • The fine imposed by the NRB on account of the inadequacy of minimum balance to be maintained for CRR has been rebated till mid-July 2016. • In the event of the non-compliance of the credit to be extended to the deprived sector, the penalty imposed by the NRB has been rebated till mid-July 2016. • In the event of the problem encountered in submitting statistics and particulars as per the Directive of the NRB, rebate has been provided by not making mandatory the submission of particulars for the period shorter than quarterly statements till mid-July 2016.
31	July 16, 2015	<p>As ECC is already implemented in full, BFIs, while issuing cheque to their clients, are required to issue only the MICR cheque.</p> <p>Old, non-MICR cheques possessed by the clients could be cleared till September 17, 2015 as per prior arrangement. After this period, provision has been made for clearing only the MICR cheques. Arrangement of clearing has been made through Non-Standard Session of NCHL-ECC System on two days of the week (Monday and Thursday) for the period up to October 17, 2015 for non-MICR cheques drawn before September 18, 2015.</p>

Circulars Issued to “D”- Class Microfinance Financial Institutions

Circular No.	Date	Subject
1	Aug. 15, 2014	<p>The limit of the zero-interest loan extended by the NRB as per part (e) of clause No. 14.1 as per Directive, 2014 issued by the NRB to the licensed “D”-class MFFIs has been raised to Rs. 3.0 million.</p> <p>2. Parts (a) and (c) of clause No. 3.2 under Directive, 2014 issued by the NRB to the licensed “D”-class MFFIs has been amended as follows:</p> <p>(a) micro-credit up to Rs. 100,000 shall be extended on group guarantee to the deprived and individuals having low income to carry out micro-enterprise/business. For group member utilizing credit for the last two years and falling in the good category, the limit has been raised to Rs. 200,000.</p> <p>(c) micro-credit up to Rs. 300,000 shall be extended on group guarantee to the deprived or individuals having low income for each group member to carry out micro-enterprise/business. For group member utilizing credit for the last two years and falling in the good category, the limit has been raised to Rs. 500,000.</p>
2	Sep. 23, 2014	<p>The promoter-shareholders of the licensed BFIs shall have to be categorized in one promoter group. If such provision is lacking in any BFI’s memorandum of association and articles of association at the time of the issue of this Directive, the provision shall have to be amended by passing the related proposal in the forthcoming general meeting.</p> <p>2. The following paragraph has been added to part (c) of clause No. 3.2 under Directive, 2014 issued by the NRB to the licensed “D”-class MFFIs: “Credit up to Rs. 500,000 could be extended by MFFIs for operating micro-enterprise for individuals either associated in group or not against acceptable collateral in VDCs without BFIs.”</p>
3	Sep. 30, 2014	<p>“For the public holiday of Vijaya Dashami, a week has been assumed for the period since September 28, 2014 through October 11, 2014 for the computation of the CRR.”</p>
4	Oct. 30, 2014	<p>Following words have been added to Clause No. 1 of Directive issued on September 23, 2014: “However, it will not be assumed as a deterrent for arranging to fix the number of directors in the board by changing the memorandum of association and articles of association so as to ensure proportionate representation in BFIs having foreign investment and institutional investment.”</p>

5	Feb. 16, 2015	Shareholder holding 5 percent or more of the paid-up capital in “D”-class licensed institution of national level shall not become eligible for appointment to any post of staff including the CEO other than the director. While holding the post of CEO at the time of the issue of this Directive, this provision shall not be assumed to act as the deterrent for fulfilling the remaining period of the present tenure.
6	Mar. 13, 2015	The CEO of licensed institution shall be compulsorily appointed within three months of the vacancy of the post. Likewise, posts designated by the licensed institution as managerial shall have to be compulsorily fulfilled within three months of the vacancy of the post. The concerned institution shall have to make arrangements in Personnel Bylaw consistent with this provision.
7	Mar. 18, 2015	<p>The provision made in Directive No. 12 has been placed in sub-clause (2) while following provision has been added in sub-clause (1):</p> <p>12.1 Provision relating to Credit Information</p> <p>Following policy-related provision has been made for reducing the problem of duplication in credit extension by arranging from Credit Information Centre to obtain credit-related information of “D”-class MFFIs licensed by the NRB as well as details of borrowers not repaying loan in stipulated time.</p> <p>12.1.1 Obtaining Membership of Credit Information Centre</p> <p>For the purpose of exchanging credit information and identifying borrowers not repaying principal/interest in time, licensed institutions shall have to obtain membership of Credit Information Center compulsorily.</p> <p>12.1.2 Submitting Details of Borrower (Clients) to Credit Information Centre</p> <p>(a) Licensed MFFI shall have to submit details of borrowers with outstanding credit equal to Rs. 50,000 or in excess thereof to the Credit Information Center within 15 days of the approval of the credit. Such details could be sent online through the website being made available by the Center.</p> <p>(b) The licensed institution shall have to send to the Credit Information Center the details mentioned above within 15 days of the expiry of each quarter till the credit is repaid.</p> <p>12.1.3 Obtaining Credit Information Compulsorily</p> <p>(a) Credit information shall have to compulsorily obtain from Credit Information Center prior to approval of credit equal to Rs. 50,000 or in excess thereof. If credit information is demanded by any financial institution, Credit Information Center shall have to provide such information within maximum of 3 (three) working days. The Center could provide such information through online service.</p> <p>(b) Once credit information has been obtained from the Center as per sub-clause (a) while providing credit/facility to any client/borrower, it will not be compulsory to obtain information from other agencies.</p> <p>(c) The licensed institution shall have to pay to the Credit Information Center the fee relating to credit information as fixed by the Center against credit information obtained from the Center as per this clause. Credit Information Center shall determine the fee as per understanding with Nepal Microfinance Bankers Association.</p> <p>12.1.4 Inspection to be made by Credit Information Center</p> <p>The Center could monitor the licensed institution to ascertain whether the details of the borrowers to be submitted to the Center by the licensed institution have been submitted in time and whether the credit information prior to extending credit has been obtained. Besides, the Center shall have to submit the inspection report to the NRB’s Microfinance Promotion and Supervision Department.</p> <p>12.1.5 Contact Person relating to Credit Information to be Named</p> <p>In order to perform the entire functions relating to credit information to be submitted to Credit Information Center and other agencies by the licensed institution, a contact person shall have to be designated by the licensed institution. The contact person so designated shall have to update and file the authenticated records of the correspondence between the licensed institution and the Credit Information Center.</p>
8	May 10, 2015	For the computation of CRR, a week has been assumed for the period since April 26, 2015 through May 9, 2015 on account of the earthquake.
9	June 24, 2015	Whatever has been written in the Unified Directive, 2014 issued by the NRB, following special provision has been made for the borrowers remaining in the performing category as in mid-April 2014:

		<p>(a) Loan Loss Provision Provision for loan loss could be maintained by classifying into pass loans as in mid-July 2015 if the principal, interest or installment of the loan is received up to mid-October 2015 in the event of the client's inability to repay the loan due to the reduced repayment capacity or damages suffered by the project on account of the earthquake. No penal interest or fee could be charged on the concerned borrower by the BFIs for the reason of delayed payment with respect to the loan classified as pass according to this provision.</p> <p>(b) Restructuring of Loan In the event of the client's inability to repay the loan due to the reduced repayment capacity or damages suffered by the project on account of the earthquake, loan restructuring shall be made with a provision of extending repayment period up to one year for one time by the BFIs on the following basis:</p> <ol style="list-style-type: none"> Written work plan of the client submitted for restructuring of loan Evidence supporting reduction in the source of income and the capacity of loan repayment on account of the earthquake <p>The NRB's prior approval shall have to be obtained by specifying details along with justification in the event of loan restructuring by adding more than one year in the loan extended to any sector. Loans restructured under this provision could be classified as pass loans and the statement of classified loans shall have to be separately maintained.</p> <p>(c) With respect to Accounting of Income/Expenditure For the accounting of interest income for FY2014/15, accrued interest up to mid-July 2015, if received within mid-October 2015, could be treated as income in the profit and loss account for FY2014/15. The amount thus recognized as income should not be distributed as dividend and should be deposited in capital adjustment fund through profit and loss appropriation account. Separate statement shall have to be prepared and submitted with respect to the interest amount received after mid-July 2015. If interest income has been so recognized, the concerned BFI shall have to clearly mention along with the amount in the financial statement policy relating to income accounting.</p> <p>(d) Grace Period On account of the earthquake, grace period could be extended to a maximum of one year in the event of the completion of the project construction taking additional time or expiry of grace period at the time of commencement of installment repayment after the completion of the project. The interest amount recognized as income following the capitalization of interest during the grace period shall have to be transferred to the capital adjustment fund through profit and loss appropriation account.</p> <p>(2) Additional Facilities for Banks or Financial Institutions in Districts Severely Affected by the Earthquake Following additional exemptions and facilities shall be provided to banks or financial institutions which are in operation with their head office located in districts severely affected by the earthquake other than those in the Kathmandu valley:</p> <ul style="list-style-type: none"> • Credit up to Rs. 5 million shall be provided by NRB at zero interest rate to "A", "B", "C", and "D"-class BFIs in the event of the need to reconstruct the head office building damaged by the earthquake. • The fine imposed by the NRB on account of the inadequacy of minimum balance to be maintained for CRR has been rebated till mid-July 2016. • In the event of the non-compliance of the credit to be extended to the deprived sector, the penalty imposed by the NRB has been rebated till mid-July 2016. • In the event of the problem encountered in submitting statistics and particulars as per the Directive of the NRB, rebate has been provided by not making mandatory the submission of particulars for the period shorter than quarterly statements till mid-July 2016.
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Appendix 2.2

Commercial Bank Branches Inspected On-Site in FY2014/15

S.N.	Commercial Banks	Inspection Method	No. of Inspected Branches
1	Nepal Bank Ltd.	Special Inspection*	–
2	Rastriya Banijya Bank Ltd.	Special Inspection*	–
3	Nabil Bank Ltd.	Compliance-based* Special Inspection*	–
4	Nepal Investment Bank Ltd.	Compliance-based* Special Inspection*	–
5	Standard Chartered Bank Nepal Ltd.	Special Inspection*	–
6	Himalayan Bank Ltd.	Special Inspection*	–
7	Nepal SBI Bank Ltd.	Compliance-based	14
8	Nepal Bangladesh Bank Ltd.	Special Inspection*	–
9	Everest Bank Ltd.	Risk-based	12
10	Bank of Kathmandu Ltd.	Risk-based	5
11	Nepal Credit and Commerce Bank Ltd.	–	–
12	Lumbini Bank Ltd.	Risk-based	9
13	NIC Asia Bank Ltd.	Compliance-based* Special Inspection*	–
14	Machhapuchchhre Bank Ltd.	–	–
15	Kumari Bank Ltd.	Compliance-based	8
16	Laxmi Bank Ltd.	–	–
17	Siddhartha Bank Ltd.	Compliance-based	9
18	Agriculture Development Bank	Risk-based	35
19	Global IME Bank Ltd.	Special Inspection*	–
20	Citizens Bank International Ltd.	Compliance-based	12
21	Prime Commercial Bank Ltd.	–	–
22	Sunrise Bank Ltd.	Special Inspection*	–
23	Grand Bank Ltd.	–	–
24	NMB Bank Ltd.	–	–
25	Prabhu Bank Ltd.	Targeted Inspection	–
26	Janata Bank Nepal Ltd.	Compliance-based	9
27	Mega Bank Ltd.	Compliance-based	6
28	Civil Bank Ltd.	–	–
29	Century Commercial Bank Ltd.	Risk-based	9
30	Sanima Bank Ltd.	Special Inspection*	–

* Special Inspection: Inspected with the involvement of experts from KPMG Portugal and, in the process, on-site inspection of branches was not conducted.

Appendix 2.3

Development Banks Inspected at Corporate Level in FY2014/15

(A) On-Site Inspection

Bagmati Development Bank Ltd.	Miteri Development Bank Ltd.
Civic Development Bank Ltd.	Nepal Community Development Bank Ltd.
Cosmos Development Bank Ltd.	Pathivara Bikas Bank Ltd.
Sahara Bikas Bank Ltd.	Purnima Bikas Bank Ltd.
Jhimruk Bikas Bank Ltd.	Arniko Development Bank Ltd.
Gaumukhi Bikas Bank Ltd.	Bishwo Bikas Bank Ltd.
Mahakali Bikas Bank Ltd.	Sahayogi Bikas Bank Ltd.
Nilgiri Bikas Bank Ltd.,	Sajha Bikas Bank Ltd.
Pacific Development Bank Ltd.	Saptakoshi Development Bank Ltd.
Biratlaxmi Bikas Bank Ltd.	Subhechhha Bikas Bank Ltd.
Ekata Bikas Bank Ltd.	Gandaki Bikas Bank Ltd.
Siddhartha Development Bank Ltd.	Kamana Bikas bank Ltd.
Supreme Development Bank Ltd.	Malika Bikas Bank Ltd.
Tourism Development Bank Ltd.	Muktinath Bikas Bank Ltd.
Vibor Bikas Bank Ltd.	Public Development Bank Ltd.
Yeti Development Bank Ltd.	Sewa Bikas Bank Ltd.
Infrastructure Development Bank Ltd.	Sangrila Development Bank Ltd.
International Development Bank Ltd.	Professional Diyalo Bikas Bank Ltd.
Jyoti Bikas Bank Ltd.	Ace Development Bank Ltd.
Kailash Bikas Bank Ltd.	Business Universal Development Bank Ltd.
Green Development Bank Ltd.	Society Development Bank Ltd.
Innovetive Development Bank Ltd.	Clean Energy Development Bank Ltd.
Tinau Bikas Bank Ltd.	Kasthamandap Development Bank Ltd.
Kanchan Development Bank Ltd.	NDEP Development Bank Ltd.
Kankai Bikas Bank Ltd.	Tourism Development Bank Ltd.
Karnali Bikas Bank Ltd.	Infrastructure Development Bank Ltd.
Manaslu Bikas Bank Ltd.	Apex Development bank Ltd.
NIDC Development Bank Ltd.	Excel Bikas Bank Ltd.
Mission Development Bank Ltd.	Alpine Development Bank Ltd.

(B) Special Inspection

Narayani Development Bank Ltd.	Yeti Development Bank Ltd.
Mission Development Bank Ltd.	Hamro Bikas Bank Ltd.
Suprim Development Bank Ltd.	Nepal Community Development Bank Ltd.
Siddhartha Development Bank Ltd.	Infrastructure Development Bank Ltd.
Sangrila Bikas Bank Ltd.	Vibor Bikas Bank Ltd.
NIDC Development Bank Ltd.	Rising Development Bank Ltd.
Shine Resunga Development Bank Ltd.	Country Development Bank Ltd.
Triveni Bikas Bank Ltd.	Corporate Development Bank Ltd.
International Development Bank Ltd.	Vibor Bikas Bank Ltd.

(C) Follow-up Inspection

Kailash Bikas Bank Ltd.	Sangrila Development Bank Ltd.
Triveni Biksa Bank Ltd.	Cosmos Development Bank Ltd.
Bright Development Bank Ltd.	Western Development Bank Ltd.
Corporate Development Bank Ltd.	

Appendix 2.4

Banks and Financial Institutions Licensed for Market Makers in Government Securities for FY2014/15

S.N.	Name
1	Machhapuchchhre Bank Ltd., Lazimpat, Ktm.
2	Lumbini Bank Ltd., Naxal, Ktm.
3	Prabhu Bank Ltd., Anamnagar, Ktm.
4	Sunrise Bank Ltd., Gairhidhara, Ktm.
5	Nabil Bank Ltd., Durbarmarg, Ktm.
6	Janata Bank Ltd., Sankhamul, Ktm.
7	Mega Bank Nepal Ltd., Kantipath, Ktm.
8	Laxmi Bank Ltd., Hattisar, Ktm.
9	Citizens Bank International Ltd., Kamaladi
10	NIC Asia Bank Ltd., Thapathali
11	Siddhartha Bank Ltd., Hattisar, Ktm.
12	Agriculture Bank Ltd., Ktm.
13	Civil Bank Ltd., Kamaladi, Ktm.
14	Sanima Bank Ltd., Naxal, Ktm.
15	NMB Bank Ltd., Anamnagar, Ktm.
16	Century Commercial Bank Ltd., Putalisadak
17	NB Bank Ltd., Ktm.
18	Reliable Development Bank Ltd., Gyaneshwor
19	Sangrila Development Bank Ltd., Baluwatar
20	Bhargav Bikas Bank Ltd., Surkhetroad
21	Malika Bikas Bank Ltd., Dhangadhi
22	Kasthamandap Development Bank Ltd., New Road
23	NDEP Development Bank Ltd., Kamaladi
24	Supreme Development Bank Ltd., Subidhanagar

S.N.	Name
25	Muktinath Bikas Bank Ltd., Pokhara
26	Apex Development Bank Ltd., Hattisar, Ktm.
27	Ace Development Bank Ltd., Naxal, Ktm.
28	Triveni Bikas Bank Ltd, Bharatpur
29	Sahayogi Bikas Bank Ltd., Janakpur
30	Biratlaxmi Bikas Bank Ltd, Biratnagar
31	Clean Energy Development Bank Ltd., Ktm.
32	Bagmati Development Bank Ltd., Sarlahi
33	Infrastructure Development Bank Ltd., Ghantaghar
34	International Development Bank Ltd., Teku
35	NIDC Development Bank Ltd., Ktm.
36	Sajha Bikas Bank Ltd., Dhangadhi
37	Paschimanchal Development Bank Ltd., Butwal
38	Kailash Bank Ltd., Ktm.
39	City Development Bank Ltd., Pokhara
40	Jebils Finance Ltd., New Road, Ktm.
41	Unique Finance Ltd., Ktm.
42	Goodwill Finance Ltd., Hattisar, Ktm.
43	Nepal Express Finance Ltd., Sundhara, Ktm.
44	Sagarmatha Merchant Bank and Finance Ltd., Manbhawan
45	Guheshwori Merchant and Finance Ltd., Pulchowk
46	ICFC Finance Ltd., Bhatbhateni
47	Nagrik Lagani Kosh, Ktm.

Appendix 2.5

Banks, Financial Institutions, and Money Transfer Companies Licensed for Sales Agents in Foreign Employment Saving Bonds in FY2014/15

S.N.	Name of Licensed Sales Agent for Foreign Employment Saving Bonds	Address in Nepal	Telephone Number of Nepal	Countries for which Licensed for Sale of Saving Bonds
1	Sunrise Bank Ltd.	Gairhidhara, Kathmandu	977-1-4004560	1. Oman 2. Qatar 3. Israel 4. United Arab Emirates 5. Kuwait 6. Bahrain
2.	Century Commercial Bank Ltd.	Putalisadak, Kathmandu	977-1-4412579 977-1-4428392 977-1-4428317	1. Qatar 2. United Arab Emirates 3. Kuwait 4. Saudi Arabia 5. Bahrain 6. Malaysia 7. Australia 8. Israel 9. United States of America 10. United Kingdom 11. India 12. European Countries, NRNs and UN Employees
3.	Prabhu Bikas Bank Ltd.	Babarmahal, Kathmandu	977-1-4780588	1. United States of America 2. Malaysia 3. Qatar
4.	IME Pvt. Ltd.	Panipokhari, Kathmandu	977-1-4430600 9802032445	1. Malaysia 2. United Arab Emirates 3. Saudi Arabia 4. Qatar 5. United States of America 6. United Kingdom 7. Japan 8. Bahrain 9. Russia 10. Australia 11. Israel 12. Kuwait
5.	Prabhu Money Transfer Pvt. Ltd.	Lainchaur, Kathmandu	977-1-4442561 977-1-4437851	1. Malaysia 2. Qatar 3. Bahrain 4. Saudi Arabia 5. United States of America
6.	City Express Money Transfer Pvt. Ltd.	Ratnapark, Kathmandu	977-1-4231900	1. Japan 2. Malaysia 3. Qatar 4. United States of America 5. United Kingdom 6. Australia 7. Jordan
7.	Sewa Express Co. (Pvt.) Ltd.	Kuleshwor, Kathmandu	977-1-4672309	1. Qatar
8.	Sanima Bank Ltd.	Naxal, Kathmandu	977-1-4428979/ 977-1-4428980	1. Qatar 2. United Arab Emirates

Appendix 2.6

Board of Directors

(In mid-July 2015)

Dr. Chiranjibi Nepal, Governor	Chairman
Mr. Gopal Prasad Kaphle, Deputy Governor	Member
Mr. Maha Prasad Adhikari, Deputy Governor	Member
Mr. Suman Prasad Sharma Secretary, Ministry of Finance, GON	Member
Prof. Dr. Shreeram Poudyal	Member
Dr. Ramhari Aryal	Member
Mr. Bal Krishna Man Singh	Member

Appendix 2.7

Special Class Officers and First Class Officers

(In mid-July 2015)

Special Class Officers		
1	Mr. Manamohan Kumar Shrestha	Executive Director, Banks & Financial Institutions Regulation Dept.
2	Mr. Pradip Raj Panday	Executive Director, Bankers' Training Centre
3	Mr. Hari Prasad Kaphle	Executive Director, Development Bank Supervision Dept.
4	Mr. Trilochan Pangen	Executive Director, Internal Audit Department
5	Dr. Min Bahadur Shrestha	Executive Director, Research Department
6	Mr. Mahesh Bhattarai	Executive Director, Corporate Planning Department
7	Mr. Shiva Raj Shrestha	Executive Director, Banking Office, Kathmandu
8	Mr. Narayan Prasad Paudel	Executive Director, Human Resource Management Dept.
9	Mr. Nara Bahadur Thapa	Executive Director, Public Debt Management Department
10	Dr. Binod Atreya	Executive Director, Micro-Finance Promotion and Supervision Dept.
11	Mr. Janak Bahadur Adhikari	Executive Director, Finance Company Supervision Dept.
12	Mr. Bhishma Raj Dhungana	Act. Executive Director, Foreign Exchange Management Dept.
13	Mr. Chintamani Siwakoti	Act. Executive Director, Currency Management Dept.
14	Mr. Laxmi Prapanna Niraula	Act. Executive Director, Bank Supervision Department
15	Dr. Shankar Prasad Acharya	Act. Executive Director, General Services Department
16	Mr. Rajan Bikram Shah	Act. Executive Director, Financial Management Department
First Class Officers		
17	Mr. Shiva Nath Pandey	Director, Banks & Financial Institutions Regulation Dept.
18	Mr. Maheswor Lal Shrestha	Director, Bank Supervision Department
19	Mr. Khyam Narayan Dhakal	Director, Banking Office, Kathmandu
20	Mr. Bhuban Kandel	Director, Public Debt Management Department
21	Mr. Ramesh Kumar Pokharel	Director, Bank & Financial Institutions Regulation Dept.
22	Dr. Nephil Matangi Maskay	Director, Office of the Governor
23	Mr. Deepak Bahadur Thapa	Director, Human Resource Management Department
24	Mr. Upendra Kumar Paudel	Director, Banks & Financial Institutions Regulation Dept.
25	Mr. Yejendra Prasad Luitel	Director, General Services Department

26	Dr. Bhubanesh Prasad Pant	Director, Corporate Planning Department
27	Dr. Bama Dev Sigdel	Director, Micro-Finance Promotion and Supervision Dept.
28	Mr. Basu Dev Adhikari	Director, Foreign Exchange Management Dept.
29	Dr. Gopal Prasad Bhatta	Director, Research Department
30	Mrs. Neelam Dhungana (Timsina)	Director, Nepal Rastra Bank, Pokhara Office
31	Mr. Jhalak Sharma Acharya	Director, Bank Supervision Department
32	Mr. Dev Kumar Dhakal	Director, Human Resource Management Department
33	Mr. Basanta Bahadur Shakya	Director, Currency Management Department
34	Mr. Mukunda Kumar Chhetri	Director, General Services Department
35	Mr. Balaram Parajuli	Director, Micro-Finance Promotion and Supervision Dept.
36	Mr. Ramesh Dahal (ka)	Director, Corporate Planning Department
37	Mr. Hari Sharan K.C.	Director, Finance Company Supervision Dept.
38	Mr. Pitambar Bhandari	Director, Research Department
39	Mr. Rajendra Pandit	Director, Office of the Governor
40	Mr. Sunil Udash	Director, Foreign Exchange Management Dept.
41	Mr. Rishikesh Bhatta	Director, Financial Management Department
42	Mr. Mukunda Mahat	Director, Nepal Rastra Bank, Janakpur Office
43	Mr. Pradeep Raj Poudyal	Director, Research Department
44	Dr. Gunakar Bhatta	Director, Research Department
45	Mr. Naresh Shakya	Director, Human Resource Management Department
46	Mr. Suman Kumar Adhikari	Director, Development Bank Supervision Dept.
47	Mr. Raman Nepal	Director, Development Bank Supervision Dept.
48	Dr. Prakash Kumar Shrestha	Director, Nepal Rastra Bank, Siddharthanagar Office
49	Mr. Bam Bahadur Mishra	Director, Nepal Rastra Bank, Birgunj Office
50	Mrs. Sita Ghimire	Director, Internal Audit Department
51	Mr. Bhisma Prasad Upreti	Director, Nepal Rastra Bank, Nepalgunj Office
52	Mrs. Sarita Bhatta (Adhikari)	Director, Development Bank Supervision Dept.
53	Mr. Revati Prasad Nepal	Director, Problem Bank Resolution Division
54	Mr. Ramu Paudel	Director, Nepal Rastra Bank, Biratnagar Office
55	Mr. Vishrut Thapa	Director, Nepal Rastra Bank, Dhangadhi Office
56	Mr. Ram Bahadur Manandhar	Act. Director, Banking Office, Kathmandu
57	Mr. Binod Kumar Tandukar	Act. Director, Mint Division
58	Mr. Chiranjibi Chapagain	Act. Director, Fifth Family Budget Survey, Project Office
59	Mr. Tej Bahadur Rana Magar	Act. Director, General Services Department
60	Mr. Ramhari Neupane	Act. Director, Legal Division
61	Mr. Dhananjaya Sharma	Act. Director, Financial Management Department
62	Mr. Ashok Kumar Paudel	Act. Director, Bank Supervision Department
63	Mr. Rabindra Maharjan	Act. Director, Financial Management Department
64	Mr. Bimal Raj Khanal	Act. Director, Banking Office, Kathmandu
65	Mr. Binod Raj Acharya	Act. Director, Finance Company Supervision Dept.
66	Mr. Shiva Ram Dawadi	Act. Director (I.T.), Information and Technology Dept.

PART – 3

ANNUAL FINANCIAL SITUATION OF NEPAL RASTRA BANK

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PART – 3

ANNUAL FINANCIAL SITUATION OF NEPAL RASTRA BANK

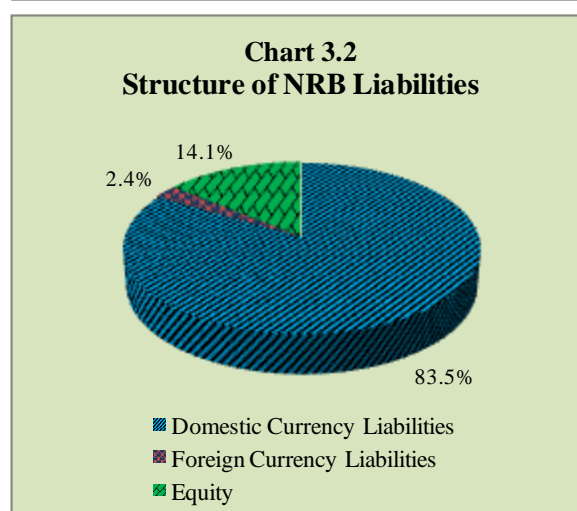
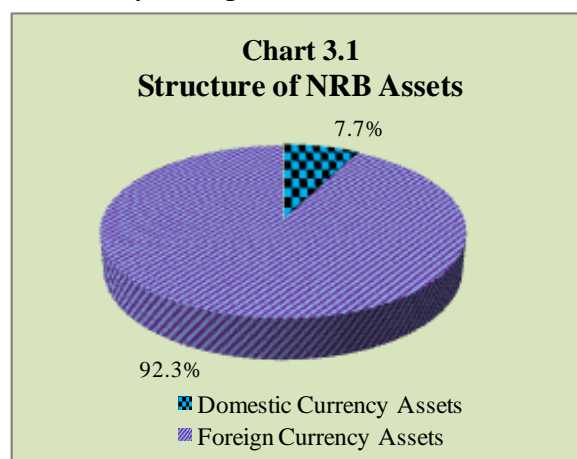
Assets and Liabilities

3.1 As per the NRB's balance sheet as in mid-July 2015, the assets/liabilities of the Bank compared to the corresponding amounts in mid-July 2014 widened by 19.4 percent to Rs. 789.25 billion. The assets/liabilities had risen by 23.0 percent to Rs. 661.09 billion in mid-July 2014.

3.2 Of the total assets in mid-July 2015, the share of foreign currency assets comprised 92.3 percent while that of local currency assets stood at 7.7 percent. The corresponding shares in mid-July 2014 had been 90.0 percent and 10.0 percent respectively.

3.3 In mid-July 2015, the share of local currency liabilities, equity, and foreign currency liabilities in the total liabilities comprised 83.5 percent, 14.1 percent, and 2.4 percent respectively. In mid-July 2014, such share of these corresponding liabilities was 81.1 percent, 15.9 percent, and 3.0 percent.

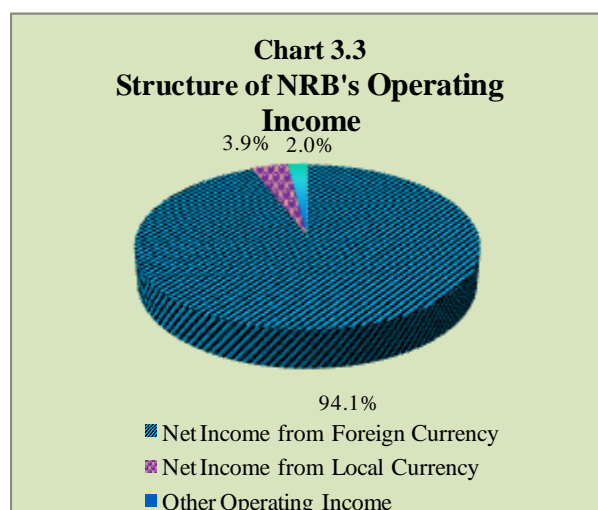
3.4 The foreign currency assets in mid-July 2015 as compared to mid-July 2014 rose by 22.5 percent to Rs. 728.68 billion. Of the total foreign currency assets in mid-July 2015, the share of investment reached 94.2 percent while the share of cash and bank balance, SDR holdings with IMF and other receivables comprised 5.0 percent, 0.6 percent, and 0.2 percent respectively.



- 3.5 In mid-July 2015, local currency assets as compared to that in mid-July 2014 decreased by 8.5 percent to Rs. 60.57 billion. Of the total local currency assets in mid-July 2015, share of investment in government securities stood at 38.6 percent, other investments 13.1 percent, cash and bank balance 6.1 percent, and other assets including loans and refinance 42.2 percent.
- 3.6 In mid-July 2015, foreign currency liabilities as compared to that in mid-July 2014 decreased by 3.4 percent to Rs. 19.15 billion. Of the foreign currency liabilities in mid-July 2015, the share of IMF-related liabilities and deposits from banks and other agencies including other liabilities remained at 82.0 percent and 18.0 percent respectively.
- 3.7 In mid-July 2015 as compared to that in mid-July 2014, local currency liabilities widened by 23.0 percent to Rs. 659.02 billion. Among the local currency liabilities, currency in circulation expanded by 16.8 percent to Rs. 319.08 billion in mid-July 2015. Likewise, liabilities for deposits and other balances increased by 9.7 percent, deposits payable to the Government of Nepal surged by 48.0 percent, local currency liabilities related to IMF rose by 18.9 percent, and staff-related liabilities increased by 23.8 percent.
- 3.8 Total equity expanded by 5.4 percent in mid-July 2015 in comparison to mid-July 2014, of which reserve funds increased by 5.6 percent to Rs. 108.08 while share capital amounted to Rs. 3.0 billion.

Income Statement

- 3.9 As per the income statement for FY2014/15 (July 17, 2014 through July 16, 2015), total net operating income of NRB during the review year in comparison to the previous year expanded by 12.9 percent to Rs. 18.46 billion. Of the net operating income, net income from local currency financial assets amounted to Rs. 0.73 billion or 3.9 percent, income from foreign currency financial assets amounted to Rs. 17.34 billion or 94.1 percent, and other operating income amounted to Rs. 0.39 billion or 2.0 percent.



- 3.10 In the review year as compared to the previous year, the income earned from foreign currency financial assets increased by 17.1 percent to Rs. 17.34 billion. Similarly, the expenditure on foreign currency financial liabilities stood at Rs. 33.0 million.

- 3.11 In the review year, as the share of commission income in the income received from foreign currency financial assets was negligible, so the contribution of interest income from such assets remained significantly high. Out of the expenditure on foreign currency financial liabilities, the share of interest expenditure stood at 17.9 percent while that of the agency and service charge constituted 82.1 percent.
- 3.12 In the review year as compared to the previous year, the income from local currency financial assets decreased by 33.3 percent to Rs. 1028.82 million while expenditure on local currency financial liabilities increased by 64.4 percent to Rs. 301.53 million. As a result, the net income from local currency decreased by 46.5 percent to Rs. 727.29 million.
- 3.13 In the review year, the share of interest income in the income from local currency financial assets stood at 94.7 percent while the share of commission income constituted 5.3 percent only. Likewise, the share of interest expenditure in local currency financial liabilities comprised 47.6 percent while the share of agency and service charge remained at 52.4 percent.
- 3.14 The profit (before adjustment in foreign exchange and revaluation loss/profit) for the review year as compared to the previous year rose by 22.4 percent to Rs. 10.76 billion.
- 3.15 The net profit after adjustment of foreign exchange and revaluation gain stood at Rs. 12.07 billion for the review year. Similarly, other comprehensive income reached Rs. 0.88 billion. Accordingly, total comprehensive income for the review year amounted to Rs. 12.95 billion. Such income for the previous year had amounted to Rs. 14.30 billion.