



# Nepal Rastra Bank

## Economic Research Department, Baluwatar, Kathmandu

### Current Macroeconomic and Financial Situation of Nepal

(Based on Seven Months Data Ending Mid-February, 2024/25)

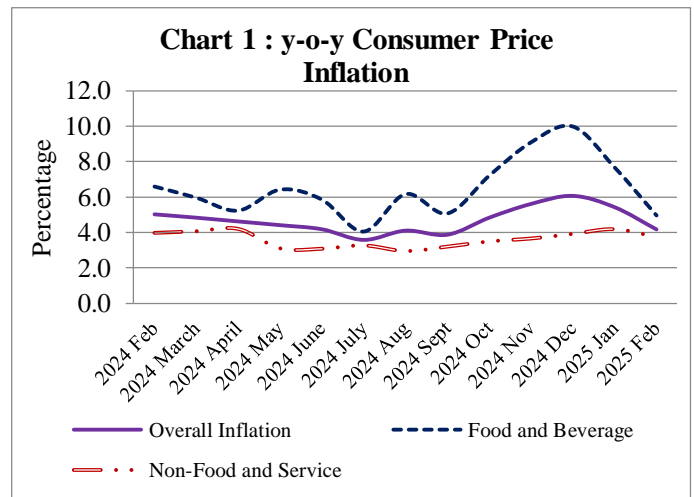
#### Major Highlights

- *CPI-based inflation remained 4.16 percent on y-o-y basis.*
- *Imports and exports increased 10.1 percent and 46.5 percent respectively.*
- *Remittances increased 7.3 percent in NPR terms and 5.3 percent in USD terms.*
- *Balance of Payments remained at a surplus of Rs.284.41 billion.*
- *Gross foreign exchange reserves stood at 17.05 billion in USD terms.*
- *Nepal Government expenditure amounted to Rs.754.85 billion and revenue collection Rs.642.85 billion.*
- *Broad money (M2) increased 4.4 percent. On y-o-y basis, M2 expanded 10.1 percent.*
- *Deposits at BFIs increased 3.8 percent and private sector credit increased 5.6 percent. On y-o-y basis, deposits increased 9.7 percent and private sector credit increased 7.3 percent.*

## Inflation

### Consumer Price Inflation (CPI)

1. The y-o-y consumer price inflation stood at 4.16 percent in mid-February 2025 compared to 5.01 percent a year ago. Food and beverage inflation stood at 4.95 percent whereas non-food and service inflation stood at 3.74 percent in the review month. During the same period in the previous year, the price indices of these groups had increased 6.59 percent and 3.98 percent, respectively.
2. Under the food and beverage category, y-o-y price index of ghee & oil sub-category increased 12.80 percent, pulses and legumes 9.06 percent, vegetable 7.56 percent and cereal grains & their products 6.36 percent, while y-o-y price index of spices sub-category decreased 2.98 percent.
3. Under the non-food and services category, y-o-y price index of miscellaneous goods & services sub-category increased 10.91 percent, clothes and footwear 5.36 percent, alcoholic drinks 5.08



percent, transportation 5.01 percent, tobacco products 4.10 percent and furnishing & household equipment 4.07 percent.

4. During the review month, y-o-y price index in rural areas increased 4.73 percent, while in urban areas, it rose 3.96 percent.

5. Based on provinces, in the review month, y-o-y consumer price inflation in Koshi Province is 6.15 percent, Madhesh Province 3.91 percent, Bagmati Province 3.35 percent, Gandaki Province 3.40 percent, Lumbini Province 4.16 percent, Karnali Province 4.05 percent, and Sudurpashchim Province 4.71 percent.

Table 1: y-o-y Consumer Price Inflation (Percent)			
Mid-Month			
Particulars	Jan/Feb 2023/24	Dec/Jan 2024/25	Jan/Feb 2024/25
Overall Inflation	5.01	5.41	4.16
Food and Beverage	6.59	7.67	4.95
Non-food and Service	3.98	4.19	3.74

6. In the review month, y-o-y consumer price inflation in the Kathmandu Valley, Terai, Hill and Mountain region surged to 3.53 percent, 4.25 percent, 4.11 percent and 5.21 percent respectively.

### Wholesale Price Inflation (WPI)

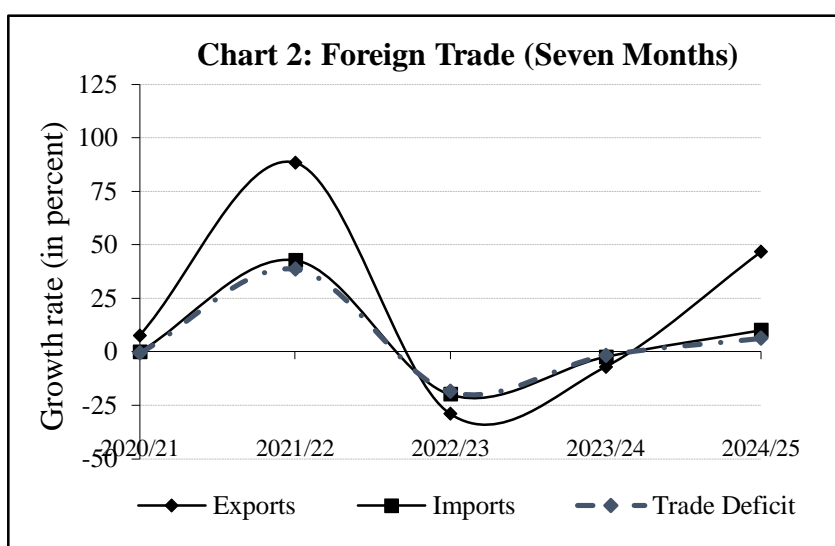
7. The y-o-y wholesale price inflation stood at 3.47 percent in mid-February 2025 compared to 2.82 percent a year ago.

8. The y-o-y wholesale price of consumption goods, intermediate goods and capital goods increased 4.27 percent, 3.11 percent and 2.90 percent respectively. The y-o-y wholesale price of construction material decreased 0.72 percent in the review month.

## External Sector

### Merchandise Trade

9. During the seven months of 2024/25, merchandise exports increased 46.5 percent to Rs.127.20 billion against a decrease of 7.1 percent in the same period of the previous year. Destination-wise, exports to India, China and other countries increased 66.9 percent, 8.6 percent and 3.5 percent respectively. Exports of soyabean oil, polyster yarn and thread, tea, cardamom and particle board, among others increased whereas exports of palm oil, zinc sheet, ginger, herbs, readymade garments, among others decreased in the review period.



10. During the seven months of 2024/25, merchandise imports increased 10.1 percent to Rs.988.59 billion against a decline of 2.3 percent a year ago. Destination-wise, imports from India, China and other countries increased 7.5 percent, 11.2 percent and 17.5 percent respectively. Imports of crude soyabean oil, rice/paddy, transport equipment, vehicle and other vehicle spare parts, edible oil,

sponge iron, among others increased whereas imports of petroleum products, crude palm oil, aircraft spareparts, peas, writing and printing paper, among others decreased in the review period.

11. Total trade deficit increased 6.2 percent to Rs.861.38 billion during the seven months of 2024/25. Such a deficit had decreased 1.8 percent in the corresponding period of the previous year. The export-import ratio increased to 12.9 percent in the review period from 9.7 percent in the corresponding period of the previous year.
12. During the seven months of 2024/25, merchandise imports from India against payment in convertible foreign currency amounted Rs.103.94 billion. Such amount was Rs.88.18 billion in the same period of the previous year.

### Composition of Foreign Trade

13. As per the Broad Economic Categories (BEC), the intermediate and final consumption goods accounted for 37.4 percent and 61.8 percent of the total exports respectively, whereas the ratio of capital goods in total exports remained 0.8 percent in the review period. In the same period of the previous year, the ratio of intermediate, capital and final consumption goods remained 56.4 percent, 0.25 percent and 43.4 percent of total exports respectively.
14. On the imports side, the share of intermediate goods remained 51.2 percent, capital goods 8.9 percent and final consumption goods 39.9 percent in the review period. Such ratios were 49.2 percent, 8.9 percent and 41.8 percent respectively in the same period of the previous year.

### Export-Import Price Index

15. The y-o-y unit value export price index, based on customs data, decreased 1.1 percent and the import price index increased 0.7 percent in the seven months of 2024/25. The terms of trade (ToT) index decreased 1.8 percent in the review period.

### Services

16. Net services income remained at a deficit of Rs.50.22 billion in the review period compared to a deficit of Rs.36.38 billion in the same period of the previous year.

17. Under the service account, travel income increased 7.7 percent to Rs.49.21 billion in the review period which was Rs.45.68 billion in the same period of the previous year.

Particulars	Values (in Billion)		Percentage Change	
	2023/2024 <sup>R</sup>	2024/2025 <sup>P</sup>	2023/2024 <sup>R</sup>	2024/2025 <sup>P</sup>
Travel income	45.68	49.21	42.8	7.7
Travel payment	104.75	115.88	49.7	10.6
Remittance inflows	839.03	900.58	18.8	7.3
Direct Investment Inflows (Equity only)	5.19	7.45	77.6	43.5

*R=Revised P=Provisional*

18. Under the service account, travel payments increased 10.6 percent to Rs.115.88 billion, including Rs.64.15 billion for education. Such payments were Rs.104.75 billion and Rs.66.64 billion respectively in the same period of the previous year.

### Remittances

19. Remittance inflows increased 7.3 percent to Rs.900.58 billion in the review period compared to an increase of 18.8 percent in the same period of the previous year. In the US Dollar terms, remittance inflows increased 5.3 percent to 6.65 billion in the review period compared to an increase of 16.4 percent in the same period of the previous year.

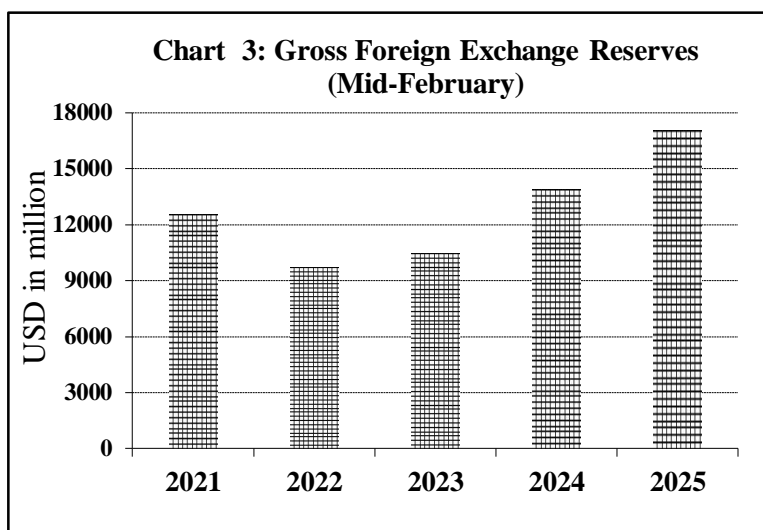
20. Net secondary income (net transfer) reached Rs.985.17 billion in the review period compared to Rs.910.77 billion in the same period of the previous year.
21. The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stands at 274,622 and taking approval for renew entry stands at 190,886. In the previous year, such numbers were 245,432 and 157,045 respectively.

### Current Account and Balance of Payments

22. The current account remained at a surplus of Rs.166.80 billion in the review period compared to a surplus of Rs.162.52 billion in the same period of the previous year. In the US Dollar terms, the current account registered a surplus of 1.24 billion in the review period against a surplus of 1.22 billion in the same period last year.
23. In the review period, net capital transfer amounted to Rs.5.83 billion. In the same period of the previous year, such transfer amounted to Rs.3.80 billion. Similarly, in the review period, Rs.7.45 billion foreign direct investment (equity only) was received. In the same period of the previous year, foreign direct investment inflow (equity only) amounted to Rs.5.19 billion.
24. Balance of Payments (BOP) remained at a surplus of Rs.284.41 billion in the review period compared to a surplus of Rs.297.72 billion in the same period of the previous year. In the US Dollar terms, the BOP remained at a surplus of 2.11 billion in the review period compared to a surplus of 2.24 billion in the same period of the previous year.

### Foreign Exchange Reserves

25. Gross foreign exchange reserves increased 16.1 percent to Rs.2369.08 billion in mid-February 2025 from Rs.2041.10 billion in mid-July 2024. In the US dollar terms, the gross foreign exchange reserves increased 11.7 percent to 17.05 billion in mid-February 2025 from 15.27 billion in mid-July 2024.



26. Of the total foreign exchange reserves, the reserves held by NRB increased 13.9 percent to Rs.2105.14 billion in mid-February 2025 from Rs.1848.55 billion in mid-July 2024. Reserves held by banks and financial institutions (except NRB) increased 37.1 percent to Rs.263.93 billion in mid-February 2025 from Rs.192.55 billion in mid-July 2024. The share of Indian currency in total reserves stood at 22.0 percent in mid-February 2025.

### Foreign Exchange Adequacy Indicators

27. Based on the imports of seven months of 2024/25, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 17.2 months, and merchandise and services imports of 14.4 months. The ratio of reserves-to-GDP, reserves-to-imports and reserves-to-M2 stood at 41.5 percent, 120.3 percent and 32.5 percent respectively in mid-February 2025. Such ratios were 35.8 percent, 108.6 percent and 29.3 percent respectively in mid-July 2024.

## Price of Oil and Gold

28. The price of oil (Crude Oil Brent) in the international market decreased 10.13 percent to US dollar 75.38 per barrel in mid-February 2025 from US dollar 83.88 per barrel a year ago. The price of gold increased 43.48 percent to US dollar 2891.50 per ounce in mid-February 2025 from US dollar 2015.20 per ounce a year ago.

## Exchange Rate

29. Nepalese currency vis-à-vis the US dollar depreciated 3.80 percent in mid-February 2025 from mid-July 2024. It had depreciated 1.05 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs.138.63 in mid-February 2024 compared to Rs.133.36 in mid-July 2024.

## Fiscal Situation

### Government of Nepal

### Expenditure and Revenue

30. According to the Ministry of Finance, Financial Comptroller General Office (FCGO), the total expenditure of the Government of Nepal stood at Rs.754.85 billion during seven months of FY 2024/25. The recurrent expenditure,

Particulars	Amount (Rs. in Billion)			Percentage Change	
	2022/23	2023/24	2024/25	2023/24	2024/25
<b>Total Expenditure</b>	<b>667.66</b>	<b>686.75</b>	<b>754.85</b>	<b>2.9</b>	<b>9.9</b>
<i>Recurrent Expenditure</i>	<i>531.50</i>	<i>509.04</i>	<i>522.63</i>	<i>-4.2</i>	<i>2.7</i>
<i>Capital Expenditure</i>	<i>66.30</i>	<i>63.58</i>	<i>68.42</i>	<i>-4.1</i>	<i>7.6</i>
<i>Financial Management</i>	<i>69.86</i>	<i>114.13</i>	<i>163.81</i>	<i>63.4</i>	<i>43.5</i>
<b>Total Revenue</b>	<b>514.69</b>	<b>567.40</b>	<b>642.85</b>	<b>10.2</b>	<b>13.3</b>
<i>Tax Revenue</i>	<i>464.19</i>	<i>510.50</i>	<i>565.64</i>	<i>10.0</i>	<i>10.8</i>
<i>Non-Tax Revenue</i>	<i>50.50</i>	<i>56.91</i>	<i>77.21</i>	<i>12.7</i>	<i>35.7</i>

*Source: Financial Comptroller General Office*

capital expenditure and financial expenditure amounted to Rs.522.63 billion, Rs.68.42 billion and Rs.163.81 billion respectively in the review period.

31. In the review period, total revenue mobilization of the Government of Nepal (including the amount to be transferred to provincial and local governments) stood at Rs.642.85 billion. The total revenue comprises of tax revenue amounting Rs.565.64 billion and non tax revenue Rs.77.21 billion in the review period (Table 3).

### Cash Balance of the Government

32. Cash Balance at various accounts of the GoN maintained with NRB remained Rs.350.07 billion (including Provincial Governments and Local Government Account) in mid-February 2025. Such balance was Rs.83.99 billion in mid-July 2024.

## Provincial Government

### Expenditure and Revenue

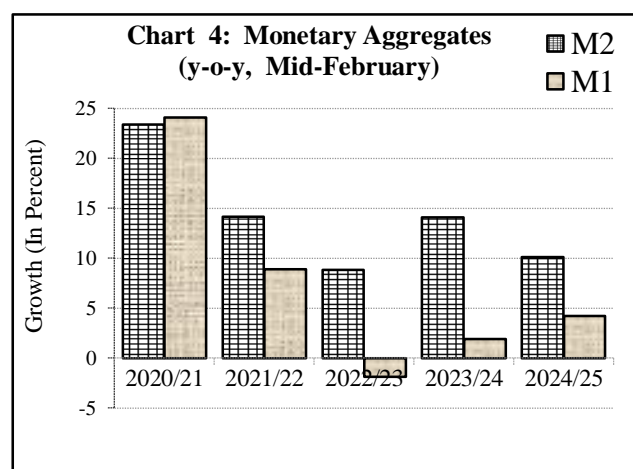
33. In the review period, total expenditure of provincial governments stood Rs.51.90 billion and resource mobilization stood Rs.101.89 billion. The total resource mobilization of provincial governments includes the grants and revenue transferred from the Government of Nepal amounting Rs.80.94 billion and revenue and other receipts of the provincial governments amounting Rs.20.95 billion in the review period.

## Monetary Situation

### Money Supply

34. Broad money (M2) increased 4.4 percent in the review period compared to an increase of 7.0 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded 10.1 percent in mid-February 2025.

35. The net foreign assets (NFA, after adjusting foreign exchange valuation gain/loss) increased Rs.284.41 billion (14.3 percent) in the review period compared to an increase of Rs.297.72 billion (20.4 percent) in the corresponding period of the previous year.



36. Reserve money increased 3.6 percent in the review period compared to an increase of 1.5 percent in the corresponding period of the previous year. On y-o-y basis, reserve money increased 9.9 percent in mid-February 2025.

### Domestic Credit

37. Domestic credit increased 1.3 percent in the review period compared to an increase of 3.2 percent in the corresponding period of the previous year. On y-o-y basis, domestic credit increased 4.3 percent in mid-February 2025.

38. Monetary Sector's net claims on government decreased 20.3 percent in the review period compared to a decrease of 7.2 percent in the corresponding period of the previous year. On y-o-y basis, such claims decreased 10.1 percent in mid-February 2025.

39. Monetary Sector's claims on the private sector increased 6.0 percent in the review period compared to an increase of 5.1 percent in the corresponding period of the previous year. On y-o-y basis, such claims increased 7.0 percent in mid-February 2025.

## Deposit Mobilization

40. Deposits at Banks and Financial Institutions (BFIs) increased Rs.245.34 billion (3.8 percent) in the review period compared to an increase of Rs.397.20 billion (7.0 percent) in the corresponding period of the previous year. On y-o-y basis, deposits at BFIs expanded 9.7 percent in mid-February 2025.

Deposits	Mid-July		Mid-February	
	2023	2024	2024	2025
Demand	7.7	5.8	6.2	5.2
Saving	26.6	30.3	27.4	34.8
Fixed	58.8	56.4	59.8	52.4
Other	6.9	7.5	6.6	7.6

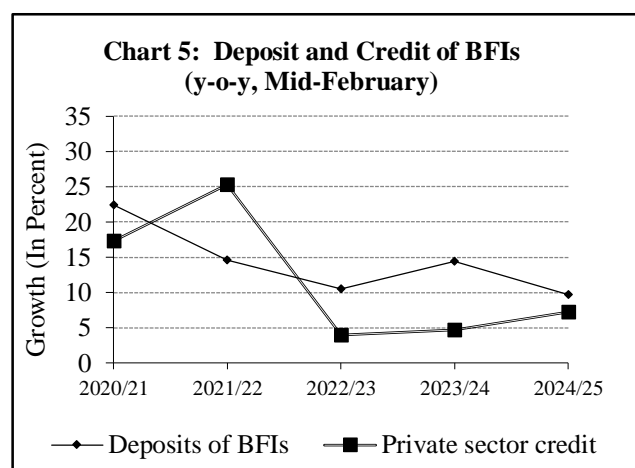
41. The share of demand, saving and fixed deposits in total deposits stood at 5.2 percent, 34.8 percent and 52.4 percent respectively in mid-February 2025. Such shares were 6.2 percent, 27.4 percent and 59.8 percent respectively a year ago (Table 4).

42. The share of institutional deposits in total deposit of BFIs stood at 35.3 percent in mid-February 2025. Such a share was 36.4 percent a year ago.

## Credit Disbursement

43. Private sector credit from BFIs increased Rs.283.46 billion (5.6 percent) in the review period compared to an increase of Rs.197.21 billion (4.1 percent) in the corresponding period of previous year. On y-o-y basis, credit to the private sector from BFIs increased 7.3 percent in mid-February 2025.

44. The shares of private sector credit from BFIs to non-financial corporation and household stand at 63.8 percent and 36.2 percent respectively in mid-February 2025. Such shares were 63.2 percent and 36.8 percent a year ago.



45. In the review period, private sector credit from commercial banks, development banks and finance companies increased by 5.9 percent, 3.1 percent and 5.2 percent respectively.

46. Out of the total outstanding credit of the BFIs as of mid-February 2025, 14.4 percent is against the collateral of current assets (such as agricultural and non-agricultural products) and 65.1 percent against land and building. Such ratios were 11.6 percent and 67.6 percent respectively a year ago.

47. In the review period, outstanding loan of BFIs to the industrial production sector increased 9.5 percent, construction sector 9.0 percent, wholesale and retail sector 4.4 percent, transportation, communication and public sector 6.7 percent, service industry sector 7.0 percent and consumable sector 5.9 percent.

48. In the review period, term loan extended by BFIs increased 3.6 percent, margin nature loan 27.8, trust receipt (import) loan 69.5 percent, hire purchase loan 4.5 percent, cash credit loan 3.7 percent and real estate loan (including residential personal home loan) increased 3.2 percent. However, the overdraft loan decreased 12.4 percent.

## Liquidity Management

49. In the review period, NRB absorbed, on transaction basis, a total liquidity of Rs.14861.55 billion, including Rs.1809.55 billion through deposit collection auction and Rs.13052.00 billion through Standing Deposit Facility (SDF) whereas Overnight Liquidity Facility of Rs.2.7 billion was utilized. In the corresponding period of the previous year, Rs.27.94 billion net amount of liquidity was absorbed through various instruments of monetary operations.
50. In the review period, NRB injected liquidity of Rs.387.56 billion through the net purchase of USD 2.87 billion from foreign exchange market. Liquidity of Rs.424.00 billion was injected through the net purchase of USD 3.19 billion in the corresponding period of the previous year.
51. The NRB purchased Indian currency (INR) equivalent to Rs.303.70 billion through the sale of USD 2.24 billion in the review period. INR equivalent to Rs.287.25 billion was purchased through the sale of USD 2.16 billion in the corresponding period of previous year.

## Inter-bank Transaction

52. In the review period, BFIs inter-bank transactions amounted Rs. 1040.01 billion on a turnover basis, including Rs.937.81 billion inter-bank transactions among commercial banks, and Rs.102.20 billion among other financial institutions (excluding transactions among commercial banks). In the corresponding period of the previous year, such transaction was Rs.2872.44 billion, including Rs.2596.18 billion among commercial banks and Rs.276.26 billion among other financial institutions (excluding transactions among commercial banks).

## Interest Rate

53. The weighted average 91-days treasury bills rate remained at 2.86 percent in the seventh month of 2024/25. Such rate was 3.34 percent in the corresponding month a year ago. The weighted average inter-bank rate among BFIs, which was 3.04 percent a year ago, decreased to 3.00 percent in the review month (Table 5).

Types	Mid-February 2024	Mid-February 2025
91-days treasury bills rate	3.34	2.86
Inter-bank rate of BFIs	3.04	3.00
<b>Base rate</b>		
Commercial banks	9.06	6.46
Development banks	11.13	8.52
Finance companies	12.70	9.39
<b>Deposit rate</b>		
Commercial banks	7.01	4.62
Development banks	8.26	5.41
Finance companies	9.45	6.47
<b>Lending Rate</b>		
Commercial banks	11.08	8.55
Development banks	12.85	9.90
Finance companies	13.93	10.88

54. The average base rates of commercial banks, development banks and finance companies stood 6.46 percent, 8.52 percent and 9.39 percent respectively in the seventh month of 2024/25. The average base rate of commercial banks, development banks and finance companies were 9.06 percent, 11.13 percent and 12.70 percent respectively in the corresponding month a year ago.
55. Weighted average deposit rates of commercial banks, development banks and finance companies stood 4.62 percent, 5.41 percent and 6.47 percent respectively in the review month. Weighted



average deposit rate of commercial banks, development banks and finance companies were 7.01 percent, 8.26 percent and 9.45 percent respectively in the corresponding month a year ago. Likewise, the weighted average lending rate of commercial banks, development banks and finance companies stood 8.55 percent, 9.90 percent and 10.88 percent respectively in the review month. Such rate of commercial banks, development banks and finance companies were 11.08 percent, 12.85 percent and 13.93 percent respectively in the corresponding month a year ago.

## Financial Access

56. The total number of BFIs licensed by NRB remained 107 in mid-February 2025 (Table 6). As of mid-February 2025, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches remained 11,540 in mid-February 2025 compared to 11,530 in mid-July 2024.

Table 6: Number of BFIs and their Branches*						
Bank and Financial Institutions	Number of BFIs			Branches of BFIs		
	mid-July 2023	mid-July 2024	mid-February 2025	mid-July 2023	mid-July 2024	mid-February 2025
Commercial Banks	20	20	20	5049	5056	5078
Development Banks	17	17	17	1128	1135	1132
Finance Companies	17	17	17	284	288	291
Microfinance Financial Institutions	57	52	52	5128	5051	5044
Infrastructure Development Bank	1	1	1	-	-	-
<b>Total</b>	<b>112</b>	<b>107</b>	<b>107</b>	<b>11589</b>	<b>11530</b>	<b>11540</b>

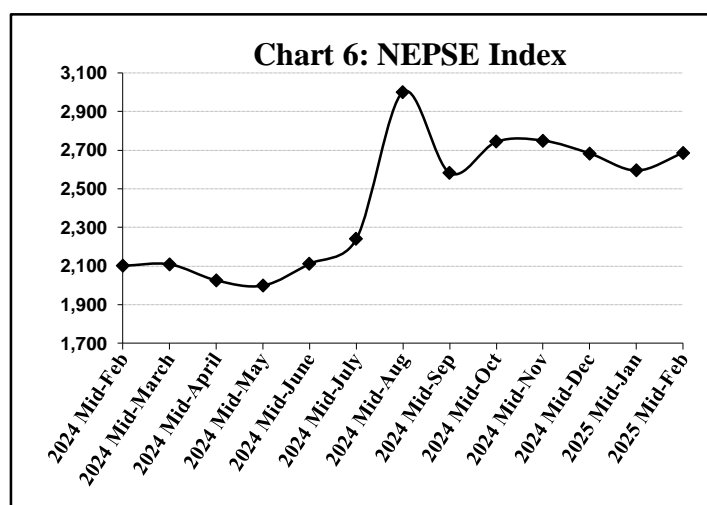
\*Updated information is available at <http://emap.nrb.org.np/>

## Capital Market

57. NEPSE index stood 2685.73 in mid-February 2025 compared to 2101.16 in mid-February 2024.

58. Stock market capitalization in mid-February 2025 stood Rs.4458.52 billion compared to Rs.3302.84 billion in mid-February 2024.

59. Number of companies listed at NEPSE reached 268 in mid-February 2025. Out of the total listing, 130 are Bank and Financial Institutions (BFIs) and insurance companies, 91 hydropower companies, 22 manufacturing and processing industries, 7 hotels, 7 investment companies, 4 trading companies and 7 others. The number of companies listed at NEPSE were 271 in mid-February 2024.



60. Share of BFIs and insurance companies in stock market capitalization is 53.3 percent in mid-February 2025. Such a share for hydropower companies is 16.7 percent, investment companies 7.6 percent, trading companies 5.4 percent, manufacturing and processing industries 5.3 percent, hotels 2.7 percent and the share of other companies is 9.0 percent.
61. The paid-up value of 8.67 billion shares listed at NEPSE stood Rs.854.91 billion in mid-February 2025.
62. Securities worth Rs.16.66 billion were listed at NEPSE during the seven months of FY 2024/25. Such securities comprise bonus shares worth Rs.7.42 billion, right shares worth Rs.3.91 billion, mutual fund worth Rs.1.25 billion, ordinary shares worth Rs.75.00 million, FPO worth Rs.44.52 million, and others worth Rs.3.96 billion.
63. Securities Board of Nepal approved the total public issuance of securities worth Rs.21.67 billion in the review period that include mutual fund worth Rs.10.20 billion, right share worth Rs.9.30 billion, debenture worth Rs.1.32 billion and ordinary shares worth Rs.855 million.