

## PM Oli releases DG Siwakoti's Book



Deputy Governor Mr. Chinta Mani Siwakoti has published a book titled 'Muluk Aarthik Samriddhi ko Yatrama'. Rt. Hon'ble Prime Minister KP Sharma Oli released the book on February 20, 2020 at a ceremony held at the PM's residence in Baluwatar.

On the occasion, Prime Minister Oli pointed out the necessity of wide-ranging reforms in the economy for prosperity of the country and expressed the view that

Nepal is moving towards a high economic growth. "The country's economy is weak. Poverty has made people's lives miserable. Therefore, we should move forward with new thoughts and vision for economic reform", he added.

Prime Minister Oli stressed that the manpower engaged in traditional agriculture should be transformed to industrial, tourism, trade and service sectors by modernizing the

agricultural sector. On the occasion, Prime Minister Oli also unveiled the song titled 'Samriddha Nepal, Sukhi Nepali' written by the Deputy Governor Siwakoti.

In the program, Governor Dr. Chiranjibi Nepal expressed that the book written by Siwakoti has analyzed the current issues of the national economy and financial system. He believed that the book would be established as an important reference



material for scholars, policy makers, bankers, students and others interested in Nepal's economy and financial system.

In this occasion, Shatabdi Purush Mr. Satya Mohan Joshi and NRB's first Governor Mr. Himalaya

Shamsher Rana delivered compliments to the author for writing a worthy book and the song. Mr. Bhuwan Kumar Dahal, President of Nepal Bankers' Association (NBA) and economic journalist Mr. Gokarna Awasthi expressed their

views on the book.

Financial system, foreign exchange reserves, financial literacy, financial access and inclusion, AML/CFT, capital market and other financial issues are included in the book '*Muluk Aarthik Samridhhi ko Yatrama*'. ♦

## NRB releases Mid-term Review of Monetary Policy



Nepal Rastra Bank (NRB) has released the mid-year review of the monetary policy for the fiscal year 2076/77 on March 2, 2020. Most of the policy provisions have been retained and some provisions have been amended through the mid-term review.

As per the review, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Bank Rate have been kept unchanged. The loan to income ratio has been fixed at a maximum

of 60 percent in the loan provided for the first house to be constructed/purchased for self-use. This ratio was 50 percent in monetary policy.

An arrangement has been made to provide loan/renewal for the first house to be constructed/purchased by an individual for self-purpose on the basis of tax deposit details levied on taxable income. Similarly, loans ranging from Rs.5 million to Rs.20 million for agriculture, tourism and small and medium occupations/

businesses can now be issued/renewed based on tax paid documents and details. A provision has been made that the loan disbursed in the priority sector will be kept in the watch list for the firms/companies; paying principal and interest regularly, even if having negative net worth for latest three years.

The review states that the provision of refinancing facility, restructuring and rescheduling of loans will be reviewed, as required, by identifying the potential



areas affected by the global transmission of Coronavirus (Covid-19).

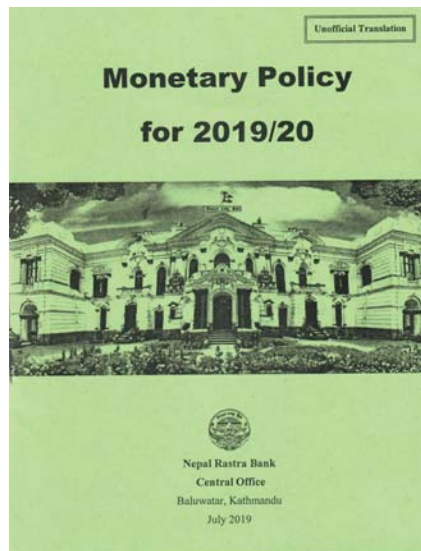
The provision has been amended, as the Microfinance companies proposing distribution of more than 20 percent dividend (cash or stock) should deposit 25 percent of the excess amount in consumer protection fund and 25 percent in social responsibility fund as well.

The review states that the provision will be made as the Nepali citizen, firm or company can take concessional or interest free foreign loan/borrowing up to hundred million in Indian currency from India and USD one million from other countries for their business operation and expansion. To take such loan pre-approval from NRB is required and the term of the loan must be for minimum three years. Similarly, the provision of taking foreign deposits by BFIs from foreign entities and Non-Resident Nepalese (NRN) will be revised and widen.

The monetary policy review stated that the Development Banks and the Finance Companies will also be included in the real-time gross settlement (RTGS) system. Regular monitoring and effective oversight will be arranged; whether the licensed entities are assured the security of sensitive information related

to the transactions and cards or not they will be as per the provisions of payment card industry- data security standards.

NRB had unveiled the monetary policy on July 24, 2019 for Fiscal Year 2076-77. In the first six months of the current fiscal year, the inflation rate stood 6.4 percent compared to the annual target of 6.0 percent. The trade deficit narrowed to 6.1 percent during the review



period, with exports have increased by 26.1 percent and imports have dropped by 4.0 percent. The country's foreign exchange reserves is expected to support imports of goods and services for 8.4 months during the review period, while the target for this year was of at least seven months.

NRB has refinanced Rs.19.75 billion during the review period. Similarly, 23,978 borrowers have benefited from

the concessional loan disbursement of Rs.47.2 billion by mid-January of 2020. As of mid-January, 185 Banks and Financial Institutions (BFIs) have participated in the merger/acquisition process. Out of this, the licenses of 140 organizations have been revoked and 45 organizations have been established.

The grievance-handling unit set up to manage the grievances of depositors and debtors has been transformed into a 'Financial Consumer Protection Unit'. An arrangement has been introduced to report the details of transactions to be submitted by the commercial bank to the financial information unit through Go-AML system from January 15. It has been preparing to involve development banks and finance companies in this system by mid-July, 2020.

Similarly, provision has been made during the review period that no additional fee can be charged to the customer while transacting through Point of Sale (PoS) machine. In addition, provision has been made to deposit 10 percent of the Value Added Tax (VAT) mentioned in the invoice, in the bank account, while paying the for goods and services through card or electronic devices. ♦

## NRB organizes 3<sup>rd</sup> International Conference on Economics and Finance



Nepal Rastra Bank (NRB) has organized '3rd International Conference on Economics and Finance' on February 28-29, 2020 in Kathmandu. Finance Minister Dr. Yubaraj Khatiwada inaugurated the conference.

On the occasion, Minister Dr. Khatiwada expressed that Nepal is moving towards on the path of prosperity and added that sustainable development is possible only by addressing employment, equality, social transformation and climate change. Stating, Nepal's economic growth rate is moving in a positive

direction, he stressed that financial stability should be at the same pace along with economic growth. At the same time, the effective implementation of fiscal federalism is equally important, he said.

Stating that challenges are arising in stability of financial sector due to the impact of virtual currency, non-banking financial sector and shadow banking, Minister Dr. Khatiwada pointed out the need to be vigilant to manage such risks.

According to him, the government is committed to prevent failure in the market. He also expressed

his confidence that the conference would play an important role in promoting trade liberalization and foreign investment.

In the program, Governor Dr. Chiranjibi Nepal said that the country's economic, banking and financial sector has been seen stable in recent times. According to him, the average economic growth rate for the last three years has been 7.3 percent, balance of payments is in surplus, foreign exchange reserves is sufficient for 8.4 months to import goods and services, and interest rates have remained stable.

Governor Dr. Nepal said



that banks have recently increased investment in productive sectors such as agriculture and energy and added, "This is expected to increase domestic production and contribute to the stability of the economy." On the occasion, he informed that with implementation of Real Time Gross Settlement (RTGS) and Supervisory Information System (SIS), the analysis of payment system and financial information became effective.

Dr. Gunakar Bhatta, Executive Director of the Research Department delivered a welcome speech highlighting the objectives

of the conference. Deputy Governor Shiba Raj Shrestha expressed vote of thanks to the dignitaries present at the inaugural session.

After the inaugural session, a policy dialogue session was conducted under the chairmanship of Governor Dr. Chiranjibi Nepal. In this session, Executive Director Dr. Bhatta presented a working paper on 'Inclusive and Sustainable Growth Agenda for Nepal'.

Dr. Ram Kumar Phuyal, Member of National Planning Commission (NPC), Dr. Swarnim Wagle, Former Vice-Chairman of NPC, Mr. Sishir Kumar

Dhungana, Secretary of Ministry of Finance, Mr. Luis E. Breuer, Senior Resident Representative of International Monetary Fund (IMF), Dr. Lei Lei Song, South-Asia regional adviser of Asian Development Bank (ADB) and Mr. Faris Hadad-Zervos, Country Manager of World Bank had expressed their views as the panellists.

A total of 72 participants from eight countries including Nepal, USA, Indonesia, India and Bangladesh, presented working papers on economic, monetary, financial and banking issues at the conference. ♦

## Dhungana takes Oath from Chief Justice Rana



Mr. Sishir Kumar Dhungana, Secretary of Ministry of Finance (MoF), has taken oath of office and secrecy from Rt Hon'ble Chief Justice Cholendra Shamsher Rana as a member of the Board of Directors of Nepal Rastra Bank.

Secretary Dhungana

was administered the oath by Chief Justice at a program organized at the Supreme Court on March 19, 2020. Section-14 of the Nepal Rastra Bank Act, 2002 provides that the Secretary of MoF shall be a member of the Board of Directors of NRB. Section-108 of the

same act stipulates that the Governor and Board of Directors of NRB must take an oath of office and secrecy from the Chief Justice of the Supreme Court or a judge appointed by him.

Mr. Dhungana was promoted as the Secretary on February 10, 2017. Government of Nepal (Council of Ministers) had transferred him as the secretary of the MoF on February 11, 2020. Mr. Dhungana has achieved Masters Degree in Management from Tribhuvan University.

Mr. Nriipa Dhwoj Niroula, Chief Registrar of Supreme Court, Mr. Govinda Prasad Nagila, Board Secretary of NRB and other officials also attended at the program. ♦

## CPD Organizes Review Meeting on Strategic Plan, Action Plan and Budget



Nepal Rastra Bank, Corporate Planning Department (CPD) has organized a review meeting as '3<sup>rd</sup> Strategic Plan (2017-2021), annual action plan and budget of FY 2076-77' on March 11, 2020. Governor Dr. Chiranjibi Nepal was the chief guest of the program.

On the occasion, Governor Dr. Nepal pointed out that the implementation of targeted policies and plans of the bank by managing the available resources properly is essential. "Implementation of a specified plan is effective only through proper mobilization of resources", he said.

In addition, emphasizing on the autonomy of the central bank, Governor Dr. Nepal pointed out the continuation of modernizing its arrangements and services. He also directed to well manage the bank's institutional memory and keep records effectively along with the retirement of the old employees.

Indicating that the global impact of Coronavirus (COVID-19) could also affect Nepal's economy, he directed the departmental heads of the bank to perform sensitively. "Corona's impact is likely to have a detrimental effect on the economy," he said, and also added "In this situation; everyone has confidence with NRB for getting support. Therefore, we need to perform our duties with special responsibility."

The business session of the seminar commenced after the inaugural session. Deputy Governor Mr. Shiba Raj Shrestha presided over the business session. In this occasion, Mr. Ram Bahadur Manandhar, Acting Executive Director of CPD presented a report on the third strategic plan, annual action plan and half-yearly review of the budget of FY 2076-77. The estimated and real income status of the

FY 2076/77, current and capital expenditure situation, problems seen in the implementation of the budget, performance level of various departments/offices regarding the action plan and the status of implementation of strategic plan were included in the report. Mr. Manandhar also said that there was a tendency to spend more than the budget limit without the prior approval of the CPD and pointed out the need to improve it.

In the program, the heads of various departments/offices at Kathmandu and from province level offices presented their progress, problems and suggestions on the annual action plan and budget related to their respective offices.

Mr. Ramjee Regmi, Member of the Board of Directors of NRB, stressed on the meet to perform effectively by studying and adjusting the suggestions received regarding the implementation of the annual action plan and budget.

Mr. Laxmi Prasad Prasai, Director of CPD delivered a welcome remarks and highlighted the objective of the meeting while Act. Director Ms. Arya Joshi conducted the meeting. ♦

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