

In the direction of economic recovery: Governor Mr. Adhikari



Governor Mr. Maha Prasad Adhikari has said that the economy affected by COVID-19 is moving in the direction of recovery.

This was stated by Governor Mr. Adhikari while addressing the 34th General Assembly of the Nepal Bankers Association (NBA) held on December 29, 2020. He said, "Other countries are making good efforts to revive their economies. We are moving in the same direction". He also noted that

the financial indicators of the last four months indicate that the economy is heading towards recovery. In this regards, he stated that, "We have adopted various policy measures to reduce the impact of COVID on the economy. Economic indicators adopted by the bank indicate the positive results of COVID-19 response policies.

Governor Adhikari urged the Banks and Financial Institutions (BFIs) to take necessary steps for the

merger/acquisition process. He was of the view that NRB was ready to facilitate for that. Governor Mr. Adhikari stressed on the need to focus Nepal's financial system in a technology-oriented direction. He opined that technical infrastructure has been prepared for the promotion of electronic payments.

He also urged BFIs to give priority to the programs related to concessional loans, refinancing and business

continuity loans. He said, "These programs are high priority programs of the state. You must prioritize its effective implementation. NRB will review it next April, 2021."

On this occasion, Governor Mr. Adhikari honored former Governor of Nepal Rastra Bank, Mr. Satyendra Pyara Shrestha by presenting a letter of appreciation on behalf of

the NBA. On the occasion, former governor Shrestha expressed that the economy was in a challenging situation and stressed on the need to increase savings and investment. ■

QR code payments will be expanded as a nationwide campaign: Governor Mr. Adhikari

Governor Mr. Maha Prasad Adhikari has expressed the view that the payment through Quick Response (QR) code will be expanded as a nationwide campaign on December 25, 2020.

This was stated by Governor Mr. Adhikari while inaugurating a program of payment transactions through QR code in the Naxal Vegetable and Fruit Market. He inaugurated the event by purchasing vegetables through QR code payment at Naxal vegetable and fruits Market.

On the occasion, Governor Mr. Adhikari informed that the payment through QR code would be promoted as a nationwide campaign as per the policy of Nepal Rastra Bank (NRB) to promote cashless transactions. He said, "The practice of QR code in the Naxal vegetable market is an encouraging start in technology-friendly business. Now, NRB has made a plan to expand it as a nationwide campaign."

Governor Mr. Adhikari



expressed his confidence that the promotion of QR code would go a long way in making the overall economy technology friendly. "The use of this technology will not only encourage cashless transactions, but also will contribute to the economic and social transformation of the country," he said.

Governor Mr. Adhikari also informed that the payment business through QR code is expanding in an encouraging manner. He informed that such transactions have been recently increasing by 30 percent each month. Stating

that NRB is ready to facilitate the promotion and expansion of QR code transactions, he urged the stakeholders including Banks and Financial Institutions, payment service providers and businessmen to take the lead for that.

Speaking on the occasion, Mr. Bhuwan Kumar Dahal, Chief Executive Officer (CEO) of Sanima Bank Limited and Chairman of Nepal Bankers Association, said that the launch of QR code business in the Naxal vegetable and fruit market has given further impetus to the financial sector. ■

Governor addressed the AFI meeting

'Collective efforts are needed for inclusive and sustainable economic recovery'

OPENING REMARKS AND INTRODUCTION



Mr. Maha Prasad Adhikari
Governor, Nepal Rastra Bank
Board member, Alliance for Financial Inclusion



#afiGlobal
www.afi-global.org

4

Governor Mr. Maha Prasad Adhikari said that collective efforts of all stakeholders are needed to achieve inclusive and sustainable economic recovery while facing the challenges posed by the COVID-19 in the economy.

Governor participated in the virtual meeting entitled 'AFI Leaders' Public-Private Dialogue (PPD) on COVID-19: Lesson and Opportunities for Recovery and Advancing Inclusive Finance and Growth in 2021 and Beyond' on February 4, 2021 organized by Alliance for Financial Inclusion (AFI). Governor Mr. Adhikari is a BOD member of AFI.

He said, "It is not

possible to address the crisis caused by this epidemic alone. Therefore, initiatives of all stakeholders are needed for inclusive and sustainable economic recovery. That is possible only through a spirit of collective dedication."

Stating that the negative impact of the crisis created by COVID-19 may be felt for some time, Governor Mr. Adhikari stressed on the need to adopt effective and practical course of action to address the challenges that may arise from it.

He was of the view that the collective policy and regulatory practice of AFI over the past year had played an important role in mitigating some of the risks. He said,

"During this period, we have made some efforts to protect the most vulnerable group of the society. It needs to be continued more effectively."

Discussing the COVID pandemic and the context of Nepal at the meeting, Governor Adhikari said that small and medium enterprises were more affected along with Nepal's tourism and transport. To address this, the Nepal Rastra Bank, as the regulatory body, has adopted various policy measures for facilitation. He mentioned that refinancing facility has been provided to the affected businesses through Banks and Financial Institutions as relief and electronic payment transactions have been

promoted during that period.

On the occasion, Governor Mr. Adhikari stressed on the need to adopt policy measures to support the economic and social upliftment of women, poor, unskilled workers, micro and small entrepreneurs and the workers working there. He also expressed the belief that

the meeting would be fruitful in exchanging experiences on policy and operational practices adopted in the member countries of AFI.

On this occasion, Dr. Alfred Hannig, Executive Director of AFI, expressed his view on 'Financial Inclusion Policy Lessons Emerging from the Pandemic.' Other

central bank officials who participated in the meeting also briefed about the policy measures adopted in their respective countries. The meeting was attended by 33 officials, including central bank governors and senior officials, who are members of AFI. ■

NRB Releases Mid-term Review of Monetary Policy



Nepal Rastra Bank (NRB) has released the Mid-term review of the monetary policy for FY 2077-78 on February 14, 2021. Governor Mr. Maha Prasad Adhikari released the review at a virtual press conference.

Through the review, NRB estimated that the rapid economic growth will

be achieved in FY 2077-78 as the economic activities have started expanding along with the declining rate of infection of COVID-19. The review states that with the increase in the price of petroleum products and increasing economic growth, the expansion in aggregate demand may create pressure

on inflation. However, NRB has estimated that inflation will remain within the targeted level in the current fiscal year.

Although rising imports in recent months may keep pressure on external sector management, remittance growth has been positive. The bank has concluded

that monetary management should be conducted keeping in view the pressure on prices and external sector stability due to the recent expansion of economic activities, credit flow and increase in imports.

NRB is of the view that financial stability should not be affected by the financial facilitation and regulatory flexibility measures implemented to support the economic recovery to address the impact of COVID-19. In order to support economic growth by facilitating the availability of financial instruments for GDP growth, job creation and entrepreneurship development, necessary adjustments have been made in monetary and financial measures keeping the policy direction of the current fiscal year unchanged.

The Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and bank rate set by the monetary policy have been kept unchanged. It is mentioned in the Mid-term review that the adjustment made at that rate during the uncomfortable situation created by COVID-19 will be reviewed as economic activities become normal.

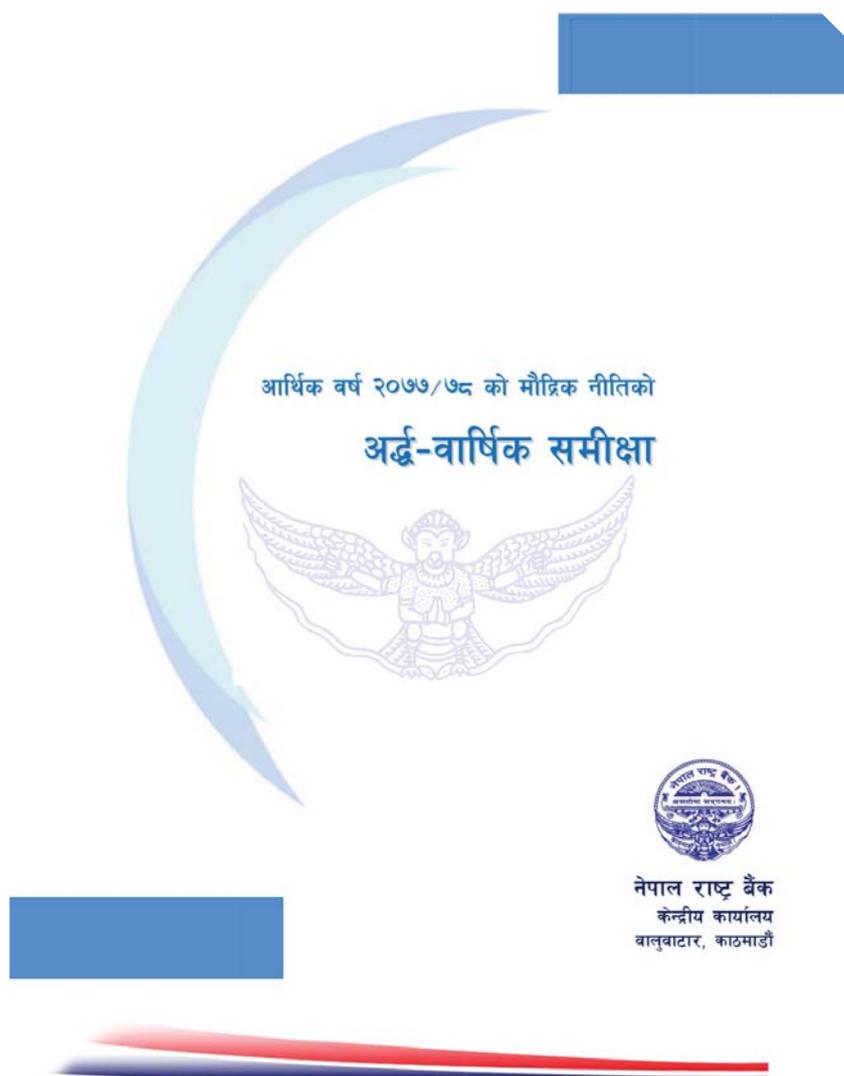
The regulatory facilitation in the monetary policy of the current fiscal year has been maintained at a time when the loan-collateral-price ratio has been fixed for various purposes.

As economic activity returns to normal, arrangements for debt-to-value ratios will be reviewed.

It is mentioned in the review that the action to be taken against the debtor who misuses the loan will be made more effective by special monitoring on the non-receipt of the loan by the Banks and Financial Institutions accordingly to the specified area and class. In order to encourage electronic payment transactions, the limits of transactions will be reviewed in a timely

manner and additional policy arrangements will be made for the promotion of electronic transactions including QR codes. The review states that certain expenses incurred in financial literacy for the promotion of e-commerce can be calculated under corporate social responsibility.

Dr. Gunakar Bhatta, Executive Director of Economic Research Department facilitated the virtual press conference. The monetary policy for the fiscal year 2077/78 was released public on July 17, 2020. ■



Dr. Timsina and Mr. Mishra appointed as Deputy Governors



Executive Directors of Nepal Rastra Bank (NRB), Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur Mishra have been appointed as the Deputy Governors.

On the recommendation of Governor Mr. Maha Prasad Adhikari, the Government of Nepal (Council of Ministers) appointed them as the Deputy Governors on March 9, 2021. The newly appointed Deputy Governors Dr. Timsina and Mr. Mishra took oath of office and secrecy from Governor Mr. Adhikari at a function held at Nepal Rastra Bank, Baluwatar on March 10.

On this occasion, Governor Mr. Adhikari congratulated the newly

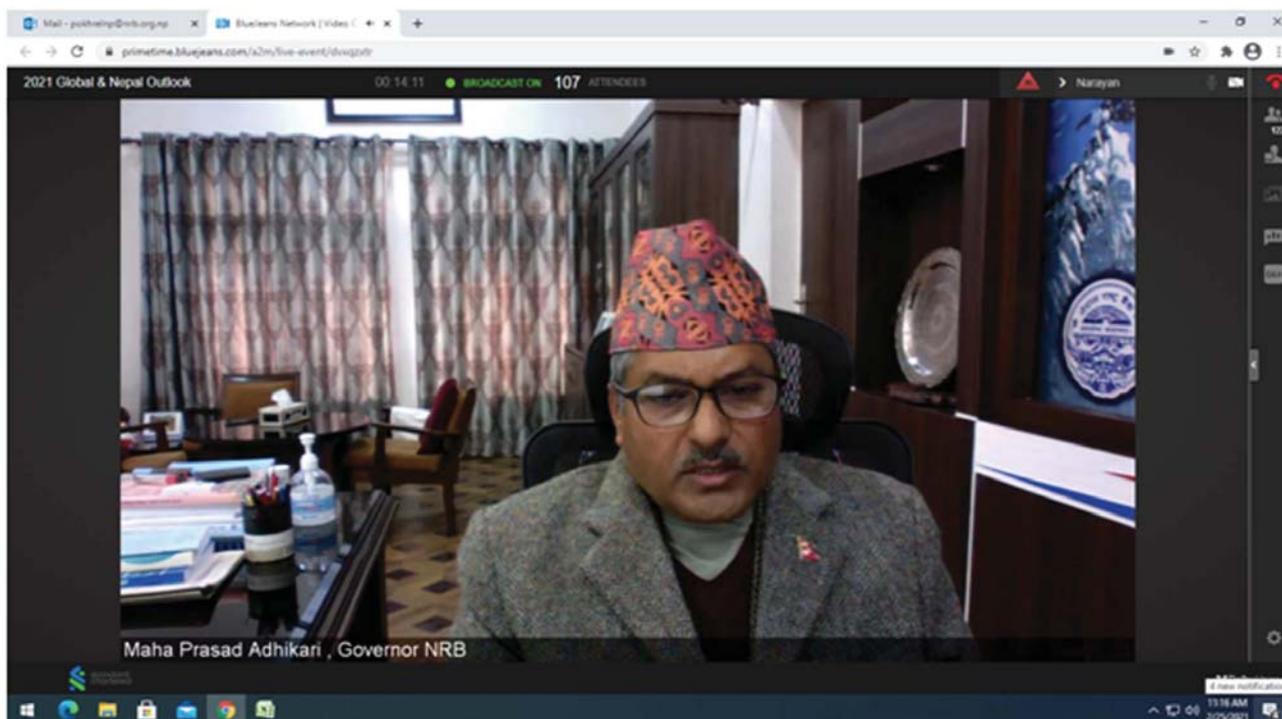
appointed Deputy Governors Dr. Timsina and Mr. Mishra and wished them for the successful tenure. He expressed happiness that the NRB received new deputy governors on time. He suggested the two deputy governors to move forward with results and dedication for contributing the dignity of the organization.

On this occasion, Deputy Governors Dr. Timsina and Mr. Mishra expressed their thanks to the Government of Nepal and Governor Adhikari for their new responsibilities and said that they felt happiness and sense of responsibility at the same time. Expressing their commitment to achieve the objectives set by NRB, he expressed confidence that support would be extended

from all quarters in the days to come.

In this program, Mr. Bhuwan Kadel, Executive Director of Payment System Department (PSD) delivered a welcome address and wished both Deputy Governors for successful tenure. On the occasion, Mr. Rudra Prasad Timsina, Acting President of Nepal Rastra Bank Employees Union, Mr. Rajan Prasad Regmi, Senior Vice President of Nepal Financial Institution Employees Union, NRB Committee and Mr. Resham Bahadur Balchhaudi, President of Nepal National Employees Organization, NRB Committee congratulated both newly appointed deputy governors and wished them for a successful tenure. ■

Governor Mr. Adhikari Participates in 41st SAARCFINANCE Governors' Group Meeting and Symposium



Governor Mr. Maha Prasad Adhikari participated on 41st SAARCFINANCE Governors' Group Meeting and Symposium on March 1-2, 2021 organized by Reserve Bank of India (RBI).

SAARCFINANCE Governors Group Meeting was organized on March 1 and SAARCFINANCE Governors' Symposium was organized on March 2 through the virtual mode. During the program, the governors of the central banks of SAARC countries discussed on cyber security of financial system, supervisory technology and other issues.

At the meeting, a paper was presented

relating SAARCFINANCE Collaborative Study titled 'Comparison of Financial Sector Regulatory Regimes in the SAARC Region' from the the Central Bank of Sri Lanka. On the occasion, Governor Adhikari informed about Macro Surveillance Indicators (MSI) and expressed his wished for the successful program. The meeting decided for collaborative study a subjectmatter titled 'Prospect of Central Bank Digital Currency (CBDC)' in next year.

On the second day, Dr. MD Patra, Deputy Governor of RBI delivered his welcome speech while

Governor Mr. Shakti Kanta Das delivered the inauguration remarks. On the occasion, Mr. Jermy Preino from Bank for International Settlement expressed his remarks on 'Suptech and Central Banking.'

During this meeting, Reserve Bank of India handed over the chairmanship of SAARCFINANCE to the Maldives Monetary Authority with effective from April 1, 2021. Mr. R Subramanian, Executive Director of RBI expressed the concluding remarks. Executive Directors of NRB, Dr. Nephil Matangi Maskay, Dr. Gunakar Bhatta and other officials attended the meeting. ■

Farewell to Deputy Governors Mr. Shiwakoti and Mr. Shrestha



Deputy Governors Mr. Chintamani Shiwakoti and Mr. Shiba Raj Shrestha have completed their five-year term.

A farewell of Mr. Shiwakoti and Mr. Shrestha was organized on March 2, 2021. On the occasion, Governor Mr. Maha Prasad Adhikari presented a token of love to both retiring deputy Governors Mr.

Shiwakoti and Mr. Shrestha.

On the occasion, Governor Adhikari discussed the contribution made by the two Deputy Governors during their service at NRB and wished them for a joyful retirement. He expressed confidence that the state would use their potential in the future.

During the program, Deputy Governor Mr.

Shiwakoti discussed about the central bank policies formulated during his tenure and their implementation. Similarly, Deputy Governor Mr. Shrestha discussed the service experience from Assistant Director to Deputy Governor. Mr. Shiwakoti and Mr. Shrestha were appointed as Deputy Governors by the Government of Nepal on March 2, 2016. ■

Publisher

Nepal Rastra Bank
Office of the Governor
Baluwatar, Kathmandu

Editor:

Narayan Prasad Pokhrel

Editorial Team:

Ganesh Man Maharjan
Samita Shrestha
Lal Kumar Subedi