



Nepal Rastra Bank
Economic Research Department, Baluwatar, Kathmandu
Current Macroeconomic and Financial Situation of Nepal
(Based on Eight Months Data Ending Mid-March 2024/25)

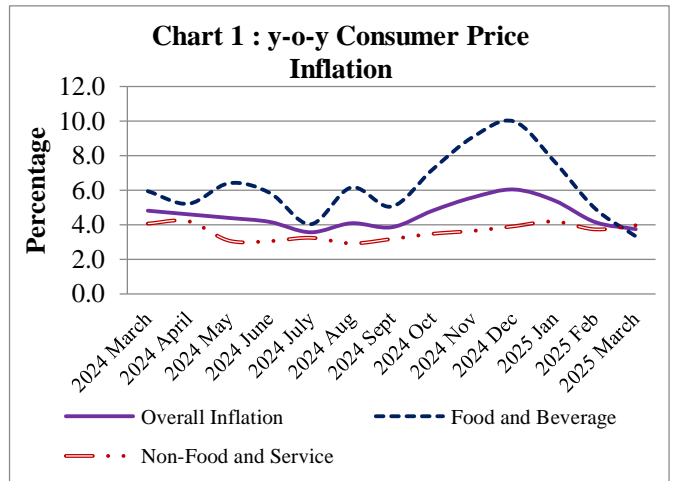
Major Highlights

- *CPI-based inflation remained 3.75 percent on y-o-y basis.*
- *Imports and exports increased 11.2 percent and 57.2 percent respectively.*
- *Remittances increased 9.4 percent in NPR terms and 6.9 percent in USD terms.*
- *Balance of Payments remained at a surplus of Rs.310.37 billion.*
- *Gross foreign exchange reserves stood at 17.27 billion in USD terms.*
- *Nepal Government expenditure amounted to Rs.839.36 billion and revenue collection Rs.720.35 billion.*
- *Broad money (M2) increased 4.8 percent. On y-o-y basis, M2 expanded 9.9 percent.*
- *Deposits at BFIs increased 4.3 percent and private sector credit increased 6 percent. On y-o-y basis, deposits increased 9.5 percent and private sector credit increased 7.7 percent.*

Inflation

Consumer Price Inflation (CPI)

1. The y-o-y consumer price inflation stood at 3.75 percent in mid-March 2025 compared to 4.82 percent a year ago. Food and beverage inflation stood at 3.34 percent whereas non-food and service inflation stood at 3.97 percent in the review month. During the same period in the previous year, the price indices of these groups had increased 5.95 percent and 4.07 percent, respectively.
2. Under the food and beverage category, y-o-y price index of ghee & oil sub-category increased 13.74 percent, pulses & legumes 7.80 percent, fruit 6.82 percent and non-alcoholic drinks 5.15 percent while y-o-y price index of spices sub-category decreased 5.17 percent, vegetable 1.24 percent, and meat & fish 0.74 percent.
3. Under the non-food and services category, y-o-y price index of miscellaneous goods & services sub-category increased 10.14 percent, clothes and footwear 7.01 percent, alcoholic drinks 6.07 percent, furnishing & household equipment 5.59 percent, and transportation 5.07 percent.



4. During the review month, y-o-y price index in rural areas increased 4.18 percent, while in urban areas, it rose 3.60 percent.

Table 1: y-o-y Consumer Price Inflation (Percent)			
Mid-Month			
Particulars	Feb/Mar 2023/24	Jan/Feb 2024/25	Feb/Mar 2024/25
Overall Inflation	4.82	4.16	3.75
Food and Beverage	5.95	4.95	3.34
Non-food and Service	4.07	3.74	3.97

5. Based on provinces, in the review month, y-o-y consumer price inflation in Koshi Province is 5.68 percent, Madhesh Province 3.52 percent, Bagmati Province

2.98 percent, Gandaki Province 2.77 percent, Lumbini Province 3.77 percent, Karnali Province 3.80 percent, and Sudurpashchim Province 4.41 percent.

6. In the review month, y-o-y consumer price inflation in the Kathmandu Valley, Terai, Hill, and Mountain region surged to 3.25 percent, 3.77 percent, 3.72 percent, and 4.77 percent respectively.

Wholesale Price Inflation (WPI)

7. The y-o-y wholesale price inflation stood at 4.43 percent in mid-March 2025 compared to 3.69 percent a year ago.

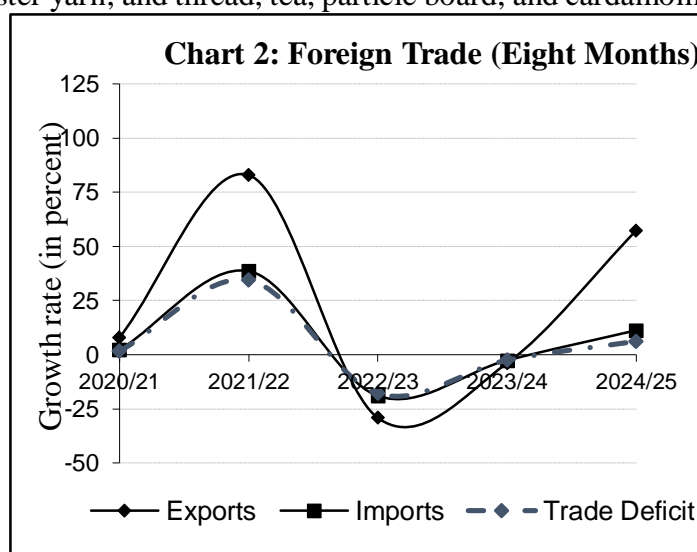
8. The y-o-y wholesale price of consumption goods, intermediate goods, and capital goods increased 8.02 percent, 2.57 percent, and 3.17 percent respectively. The y-o-y wholesale price of construction material increased 1.63 percent in the review month.

External Sector

Merchandise Trade

9. During the eight months of 2024/25, merchandise exports increased 57.2 percent to Rs.158.17 billion against a decrease of 4.0 percent in the same period of the previous year. Destination-wise, exports to India, China, and other countries increased 82.5 percent, 8.8 percent, and 2.9 percent respectively. Exports of soyabean oil, polyster yarn, and thread, tea, particle board, and cardamom, among others increased whereas exports of palm oil, zinc sheet, ginger, readymade garments, and juice, among others decreased in the review period.

10. During the eight months of 2024/25, merchandise imports increased 11.2 percent to Rs.1145.57 billion against a decline of 2.7 percent a year ago. Destination-wise, imports from India, China, and other countries increased 7.9 percent, 12.5 percent, and 20.6 percent respectively. Imports of crude soyabean oil, rice/paddy, transport equipment, vehicle and spare parts, edible oil, sponge iron, among others increased whereas imports of petroleum products, crude palm oil, and aircraft spareparts, writing and printing paper, and chemical fertilizer among others decreased in the review period.



11. Total trade deficit increased 6.2 percent to Rs.987.39 billion during the eight months of 2024/25. Such a deficit had decreased 2.5 percent in the corresponding period of the previous year. The export-import ratio increased to 13.8 percent in the review period from 9.8 percent in the corresponding period of the previous year.
12. During the eight months of 2024/25, merchandise imports from India against payment in convertible foreign currency amounted Rs.119.49 billion. Such amount was Rs.98.29 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 35.2 percent and 64.0 percent of the total exports respectively, whereas the ratio of capital goods in total exports remained 0.7 percent in the review period. In the same period of the previous year, the ratio of intermediate, capital, and final consumption goods remained 57.0 percent, 0.27 percent, and 42.8 percent of total exports respectively.
14. On the imports side, the share of intermediate goods remained 51.6 percent, capital goods 8.9 percent, and final consumption goods 39.6 percent in the review period. Such ratios were 49.5 percent, 8.9 percent, and 41.6 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 1.6 percent and the import price index increased 0.7 percent in the eight months of 2024/25. The terms of trade (ToT) index decreased 2.2 percent in the review period.

Services

16. Net services income remained at a deficit of Rs.75.13 billion in the review period compared to a deficit of Rs.43.63 billion in the same period of the previous year.

17. Under the service account, travel income increased 9.7 percent to Rs.56.70 billion in the review period which was Rs.51.69 billion in the same period of the previous year.

Particulars	Values (in Billion)		Percentage Change	
	2023/2024 ^R	2024/2025 ^P	2023/2024	2024/2025
Travel income	51.69	56.70	40.5	9.7
Travel payment	122.81	148.11	45.6	20.6
Remittance inflows	961.25	1051.77	18.3	9.4
Direct Investment Inflows (Equity only)	5.63	8.49	83.7	50.8

R=Revised P=Provisional

18. Under the service account, travel payments increased 20.6 percent to Rs.148.11 billion, including Rs.88.98 billion for education. Such payments were Rs.122.81 billion and Rs.80.14 billion respectively in the same period of the previous year.

Remittances

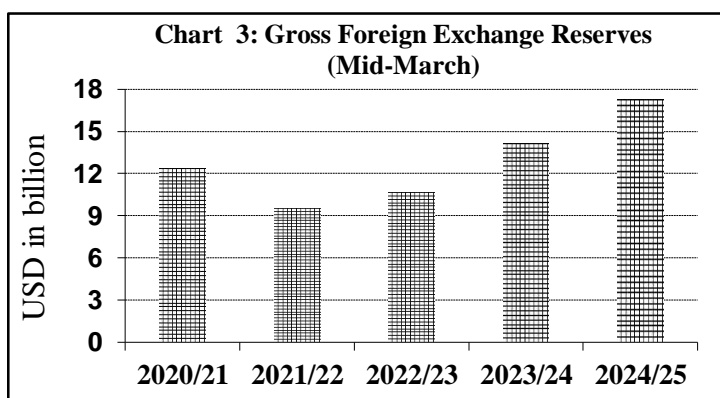
19. Remittance inflows increased 9.4 percent to Rs.1051.77 billion in the review period compared to an increase of 18.3 percent in the same period of the previous year. In US dollar terms, remittance inflows increased 6.9 percent to 7.74 billion in the review period compared to an increase of 16.1 percent in the same period of the previous year.
20. Net secondary income (net transfer) reached Rs.1148.12 billion in the review period compared to Rs.1041.99 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 317,068, and taking approval for renew entry stands at 217,403. In the previous year, such numbers were 285,352 and 182,783 respectively.

Current Account and Balance of Payments

22. The current account remained at a surplus of Rs.180.08 billion in the review period compared to a surplus of Rs.167.45 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of 1.33 billion in the review period against a surplus of 1.26 billion in the same period last year.
23. In the review period, net capital transfer amounted to Rs.6.41 billion. In the same period of the previous year, such transfers amounted to Rs.3.89 billion. Similarly, in the review period, Rs.8.49 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.5.63 billion.
24. Balance of Payments (BOP) remained at a surplus of Rs.310.37 billion in the review period compared to a surplus of Rs.327.55 billion in the same period of the previous year. In US dollar terms, the BOP remained at a surplus of 2.29 billion in the review period compared to a surplus of 2.46 billion in the same period of the previous year.

Foreign Exchange Reserves

25. Gross foreign exchange reserves increased 18.0 percent to Rs.2409.25 billion in mid-March 2025 from Rs.2041.10 billion in mid-July 2024. In US dollar terms, the gross foreign exchange reserves increased 13.1 percent to 17.27 billion in mid-March 2025 from 15.27 billion in mid-July 2024.



26. Of the total foreign exchange reserves, the reserves held by NRB increased 15.2 percent to Rs.2130.31 billion in mid-March 2025 from Rs.1848.55 billion in mid-July 2024. Reserves held by banks and financial institutions (except NRB) increased 44.9 percent to Rs.278.95 billion in mid-March 2025 from Rs.192.55 billion in mid-July 2024. The share of Indian currency in total reserves stood at 21.7 percent in mid-March 2025.

Foreign Exchange Adequacy Indicators

27. Based on the imports of eight 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 14.3 months. The ratio of reserves-to-GDP, reserves-to-imports, and reserves-to-M2 stood at 42.2 percent, 119.4 percent, and 33.0 percent respectively in mid-March 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 15.64 percent to US dollar 70.82 per barrel in mid-March 2025 from US dollar 83.95 per barrel a year ago. The price of gold increased 37.15 percent to US dollar 2974.05 per ounce in mid-March 2025 from US dollar 2168.40 per ounce a year ago.

Exchange Rate

29. Nepalese currency vis-à-vis the US dollar depreciated 4.22 percent in mid-March 2024 from mid-July 2024. It had depreciated 0.73 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs.139.24 in mid-March 2025 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.839.36 billion during eight months of FY 2024/25. The recurrent expenditure, capital expenditure, and financial expenditure amounted to Rs.584.13 billion, Rs.82.34 billion, and Rs.172.89 billion respectively in the review period.

Particulars	Amount (Rs. in Billion)			Percentage Change	
	2022/23	2023/24	2024/25	2023/24	2024/25
Total Expenditure	779.23	801.58	839.36	2.9	4.7
<i>Recurrent Expenditure</i>	608.84	582.11	584.13	-4.4	0.3
<i>Capital Expenditure</i>	84.26	81.21	82.34	-3.6	1.4
<i>Financial Management</i>	86.13	138.26	172.89	60.5	25.1
Total Revenue	582.77	639.05	720.35	9.7	12.7
<i>Tax Revenue</i>	526.47	578.67	638.80	9.9	10.4
<i>Non-Tax Revenue</i>	56.30	60.37	81.55	7.2	35.1

Source: Financial Comptroller General Office

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.720.35 billion. The total revenue comprises of tax revenue amounting Rs.638.80 billion and non-tax revenue Rs.81.55 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.392.36 billion (including Provincial Government and Local Government Accounts) in mid-March 2025. Such balance was Rs.93.96 billion in mid-July 2024.

Provincial Government

Expenditure and Revenue

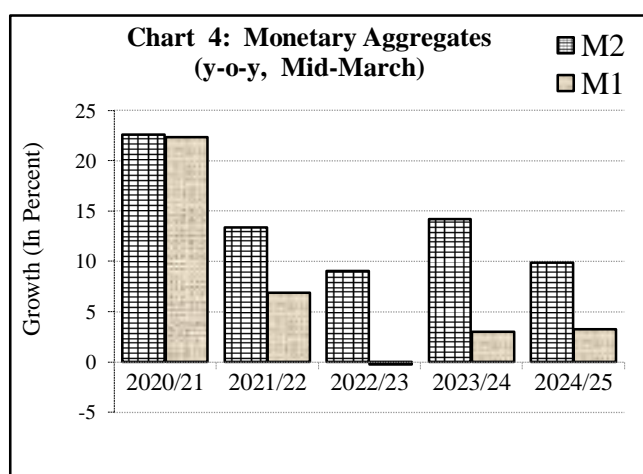
33. In the review period, total expenditure of provincial governments stood Rs.68.05 billion and resource mobilization stood Rs.118.95 billion. The total resource mobilization of provincial governments includes the grants and revenue transferred from the Government of Nepal amounting Rs.95.33 billion and revenue and other receipts of the provincial governments amounting Rs.23.62 billion in the review period.

Monetary Situation

Money Supply

34. Broad money (M2) increased 4.8 percent in the review period compared to an increase of 7.7 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded 9.9 percent in mid-March 2025.

35. The net foreign assets (NFA, after adjusting foreign exchange valuation gain/loss) increased Rs.310.37 billion (15.6 percent) in the review period compared to an increase of Rs.327.55 billion (22.5 percent) in the corresponding period of the previous year.



36. Reserve money increased 8.2 percent in the review period compared to a decrease of 1.8 percent in the corresponding period of the previous year. On y-o-y basis, reserve money increased 18.7 percent in mid-March 2025.

Domestic Credit

37. Domestic credit increased 1.8 percent in the review period compared to an increase of 4.0 percent in the corresponding period of the previous year. On y-o-y basis, domestic credit increased 3.9 percent in mid-March 2025.

38. Monetary Sector's net claims on government decreased 22.2 percent in the review period compared to a decrease of 4.9 percent in the corresponding period of the previous year. On y-o-y basis, such claims decreased 14.3 percent in mid-March 2025.

39. Monetary Sector's claims on the private sector increased 6.8 percent in the review period compared to an increase of 5.6 percent in the corresponding period of the previous year. On y-o-y basis, such claims increased 7.3 percent in mid-March 2025.

Deposit Mobilization

40. Deposits at Banks and Financial Institutions (BFIs) increased Rs.277.23 billion (4.3 percent) in the review period compared to an increase of Rs.435.87 billion (7.6 percent) in the corresponding period of the previous year. On y-o-y basis, deposits at BFIs expanded 9.5 percent in mid-March 2025.

Deposits	Mid-July		Mid-March	
	2023	2024	2024	2025
Demand	7.7	5.8	6.5	5.4
Saving	26.6	30.3	28.0	35.3
Fixed	58.8	56.4	58.7	51.7
Other	6.9	7.5	6.8	7.6

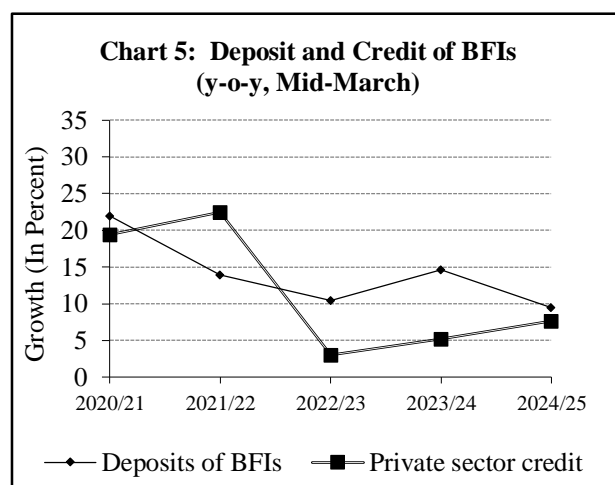
41. The share of demand, saving, and fixed deposits in total deposits stood at 5.4 percent, 35.3 percent, and 51.7 percent respectively in mid-March 2025. Such shares were 6.5 percent, 28.0 percent, and 58.7 percent respectively a year ago (Table 4).

42. The share of institutional deposits in total deposit of BFIs stood at 35.4 percent in mid-March 2025. Such a share was 36.5 percent a year ago.

Credit Disbursement

43. Private sector credit from BFIs increased Rs.304.82 billion (6.0 percent) in the review period compared to an increase of Rs.199.5 billion (4.2 percent) in the corresponding period of the previous year. On y-o-y basis, credit to the private sector from BFIs increased 7.7 percent in mid-March 2025.

44. The shares of private sector credit from BFIs to non-financial corporation and household stand, at 63.2 percent and 36.8 percent respectively in mid-March 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 6.3 percent, 3.1 percent, and 5.7 percent respectively.

46. Out of the total outstanding credit of BFIs as of mid-March 2025, 14.5 percent is against the collateral of current assets (such as agricultural and non-agricultural products) and 65.2 percent against land and buildings. Such ratios were 11.7 percent and 67.5 percent respectively a year ago.

47. In the review period, outstanding loan of BFIs to the industrial production sector increased 9.3 percent, construction sector 9.5 percent, wholesale and retail sector 4.4 percent, transportation, communication and public sector 7.8 percent, service industry sector 8.0 percent, and consumable sector 6.7 percent.

48. In the review period, term loan extended by BFIs increased 3.7 percent, margin nature loan 31.5 percent, trust receipt (import) loan 58.1 percent, hire purchase loan 4.7 percent, cash credit loan 3.6 percent and real estate loan (including residential personal home loan) increased 5.95 percent. However, the overdraft loan decreased 12.6 percent.

Liquidity Management

49. In the review period, NRB absorbed, on transaction basis, a total liquidity of Rs.16004.15 billion, including Rs.2013.60 billion through deposit collection auction and Rs.13990.55 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.597.24 billion net amount of liquidity was absorbed through various instruments of monetary operations.
50. In the review period, NRB injected liquidity of Rs.433.77 billion through the net purchase of USD 3.2 billion from foreign exchange market. Liquidity of Rs.494.62 billion was injected through the net purchase of USD 3.72 billion in the corresponding period of the previous year.
51. The NRB purchased Indian currency (INR) equivalent to Rs.345.48 billion through the sale of USD 2.54 billion in the review period. INR equivalent to Rs.327.04 billion was purchased through the sale of USD 2.46 billion in the corresponding period of previous year.

Inter-bank Transaction

52. In the review period, BFIs inter-bank transactions amounted Rs. 1293.09 billion on a turnover basis, including Rs.1162.71 billion inter-bank transactions among commercial banks, and Rs.130.38 billion among other financial institutions (excluding transactions among commercial banks). In the corresponding period of the previous year, such transaction was Rs.3189.35 billion, including Rs.2894.94 billion among commercial banks and Rs.294.41 billion among other financial institutions (excluding transactions among commercial banks).

Interest Rate

53. The weighted average 91-days treasury bills rate remained at 2.93 percent in the eighth month of 2024/25. Such rate was 3.02 percent in the corresponding month a year ago. The weighted average inter-bank rate among BFIs, which was 2.92 percent a year ago, increased to 3.00 percent in the review month (Table 5).

Types	Mid-March 2024	Mid-March 2025
91-days treasury bills rate	3.02	2.93
Inter-bank rate of BFIs	2.92	3.00
Base rate		
Commercial banks	8.77	6.34
Development banks	10.71	8.42
Finance companies	12.33	9.32
Deposit rate		
Commercial banks	6.74	4.54
Development banks	7.93	5.32
Finance companies	9.13	6.36
Lending Rate		
Commercial banks	10.78	8.40
Development banks	12.52	9.78
Finance companies	13.61	10.53

54. The average base rates of commercial banks, development banks, and finance companies stood 6.34 percent, 8.42 percent, and 9.32 percent respectively in the eighth month of 2024/25. The average base rate of commercial banks, development banks, and finance companies were 8.77 percent, 10.71 percent, and 12.33 percent respectively in the corresponding month a year ago.
55. Weighted average deposit rates of commercial banks, development banks, and finance companies stood 4.54 percent, 5.32 percent, and 6.36 percent respectively in the review month. Weighted average deposit rate of commercial banks, development banks, and finance companies were 6.74

percent, 7.93 percent, and 9.13 percent respectively in the corresponding month a year ago. Likewise, the weighted average lending rate of commercial banks, development banks, and finance companies stood 8.40 percent, 9.78 percent, and 10.53 percent respectively in the review month. Such rate of commercial banks, development banks, and finance companies were 10.78 percent, 12.52 percent, and 13.61 percent respectively in the corresponding month a year ago.

Financial Access

56. The total number of BFIs licensed by NRB remained 107 in mid-March 2025 (Table 6). As of mid-March 2025, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions, and one infrastructure development bank are in operation. The number of BFIs branches remained 11,543 in mid-March 2025 compared to 11,530 in mid-July 2024.

Bank and Financial Institutions	Number of BFIs			Branches of BFIs		
	mid-July 2023	mid-July 2024	mid-March 2025	mid-July 2023	mid-July 2024	mid-March 2025
Commercial Banks	20	20	20	5049	5056	5081
Development Banks	17	17	17	1128	1135	1132
Finance Companies	17	17	17	284	288	291
Microfinance Financial Institutions	57	52	52	5128	5051	5039
Infrastructure Development Bank	1	1	1	-	-	-
Total	112	107	107	11589	11530	11543

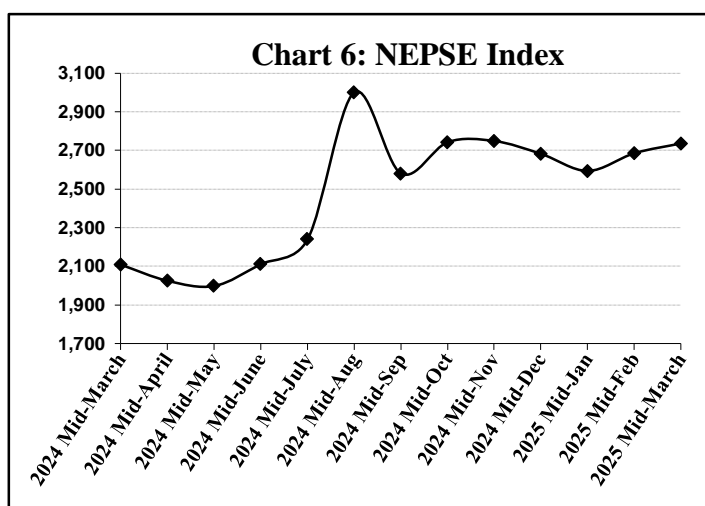
*Updated information is available at <http://emap.nrb.org.np/>

Capital Market

57. NEPSE index stood 2736.49 in mid-March 2025 compared to 2108.73 in mid-March 2024.

58. Stock market capitalization in mid-March 2025 stood Rs.4543.81 billion compared to Rs.3314.63 billion in mid-March 2024.

59. Number of companies listed at NEPSE reached 268 in mid-March 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-March 2024.



60. Share of BFIs and insurance companies in stock market capitalization is 53.2 percent in mid-March 2025. Such a share for hydropower companies is 15.7 percent, investment companies 7.6 percent, manufacturing and processing industries 5.4 percent, trading companies 5.1 percent, hotels 2.6 percent, and the share of other companies is 10.4 percent.

61. The paid-up value of 8.70 billion shares listed at NEPSE stood Rs.857.50 billion in mid-March 2025.
62. Securities worth Rs.39.23 billion were listed at NEPSE during the eight months of FY 2024/25. Such securities comprise bonus shares worth Rs.14.39 billion, ordinary shares worth Rs.13.92 billion, right shares worth Rs.5.62 billion, mutual fund worth Rs.1.25 billion, FPO worth Rs.87.31 million, and others worth Rs.3.96 billion.
63. Securities Board of Nepal approved the total public issuance of securities worth Rs.21.83 billion in the review period which includes 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.1.02 billion.