Nepal Rastra Bank

Research Department

Current Macroeconomic and Financial Situation of Nepal

(Based on Eight Months' Data of 2015/16)

Growth Outlook

1. A rebound in economic activities is expected following the gradual normalization in the supply of fuel along with other essential commodities in the country.

2. The reconstruction of physical structures ravaged by the earthquakes is to underpin the rebound. Consequently, the production of construction materials such as cement, rod, concrete and zinc sheet is likely to rise. This is likely to generate a salutary impact on job creation.

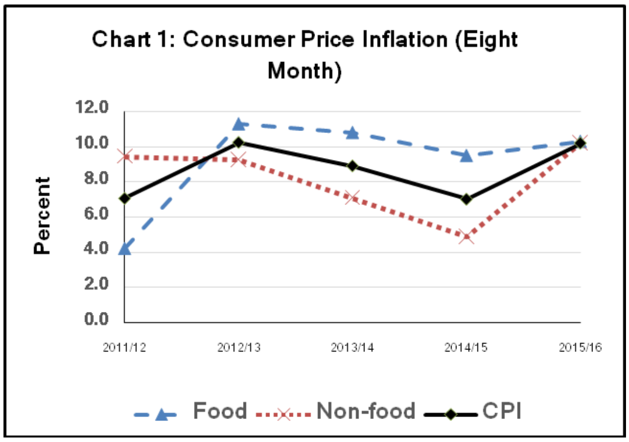
3. The capacity utilization of manufacturing sector is expected to grow with the ease in supply of fuel and other essential raw materials. Similarly, with the onset of adventurous tourist season, a pickup in tourism is expected.

4. Of winter crops, wheat production is expected to decrease whereas the production of other off-season vegetables and maize is expected to increase.

5. Abundant liquidity in the banks and financial institutions, accumulated surplus at the government treasury and continued rise in remittances have potential to boost the domestic absorption and pump prime economic activities.

Inflation, Salary and Wage Rate

6. The consumer price inflation moderated further to 10.2 percent in mid-March 2016 from the peak of 12.1 percent in mid-January 2016. Consumer price inflation continued to show a glide path since mid-January-2016 on account of improved supply of fuel and other consumable items following the return of normalcy in the southern customs points. While food and beverage group inflation saw a pickup of 10.3 percent, non-food and services group inflation showed a growth of 10.2 percent in mid-March 2016.



7. Food and beverage items such as pulses and legumes sub-group and ghee and oil sub-group saw a price rise of 31.6 percent and 18.8 percent respectively in the review period. Likewise, prices of spices sub-group and clothes and footwear sub-group saw a growth of 16.6 percent and 15.3 percent respectively.

8. Geographically, the Kathmandu Valley witnessed a relatively higher rate of inflation at 12.7 percent followed by Hilly region at 10.4 percent, Terai region at 8.6 percent and Mountain region at 8.5 percent in the review period. Last year, both the Kathmandu Valley and the Hilly region had seen the same inflation rate of 7.1 percent followed 6.9 percent in the Terai region**.**

Inflation Wedge between Nepal and India

9. The y-o-y CPI inflation of Nepal saw a surge of 10.2 percent compared to 4.8 percent in India showing an inflation wedge of 5.4 percent during the review period. A year ago, inflation in Nepal was 7 percent compared to 5.3 percent in India reflecting a narrower inflation wedge of 1.7 percent. The rise in inflation wedge between Nepal and India was on account of lingering impact of April/May 2015 earthquakes and the obstructions on southern trade routes some months ago.

Wholesale Price Inflation

10. The y-o-y wholesale price inflation rose 5.5 percent during the review period. It had seen the same percentage growth in the corresponding period of the previous year. The wholesale price inflation of agricultural commodities and domestic manufactured commodities registered a growth of 9.1 percent and 6.3 percent respectively, whereas such inflation of imported commodities showed a decline of 2.8 percent in the review period. In the corresponding period of the previous year, the increments in agricultural commodities and domestic manufactured commodities were 8.4 percent and 6 percent respectively whereas the price index of imported commodities had seen a decline of 0.8 percent.

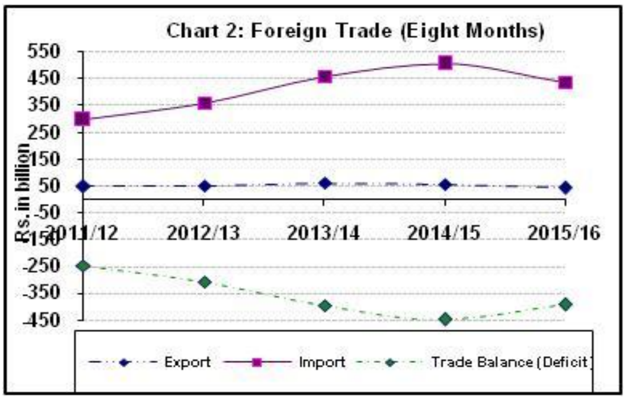
National Salary and Wage Rate

11. The y-o-y salary and wage rate index rose 4.6 percent during the review period compared to an increase of 6.8 percent in the corresponding period of the previous year. Within the salary and wage rate index, while the salary index rose 0.8 percent, the wage rate index increased 5.5 percent. The salary indices of bank and financial institutions, education and public corporations sub-groups increased 2.3 percent, 1.5 percent and 0.7 percent respectively during the review period. Likewise, wage rate indices of construction labourer, agricultural labourer and industrial labourer witnessed a growth of 10.2 percent, 5.6 percent and 3.6 percent respectively in the review period.

External Sector

Merchandise Trade

12. In eight months of 2015/16, merchandise exports showed a decline of 24.9 percent to Rs. 42.73 billion compared to a drop of 6.6 percent in the same period of the previous year. Exports to India fell 34.5 percent, China 45.9 percent and other countries 3.7 percent in the review period. Commoditywise, export of zinc sheet, textiles, GI pipe, juice, among others to India; tanned skin, noodles, readymade garments, among others to China; and pulses, tanned skin, readymade leather goods, tea, among others to other countries decreased.



13. Merchandise imports dropped 13.9 percent to Rs. 435.80 billion in the review period as against a growth of 10.5 percent in the same period of the previous year. Imports from India decreased 19.3 percent, China 2 percent and other countries 6.1 percent in the review period. Commoditywise, import of petroleum products, m.s. billet, chemical fertilizer, machinery and parts, among others from India; machinery and parts, electrical goods, medical equipments and parts, steel rod and sheet, among others from China; and silver, edible oil, crude palm oil, copper wire, among others from other countries decreased. On the monthly basis, total imports in the eighth month of 2015/16 increased 32.2 percent to Rs. 89.97 billion compared to Rs. 68.04 billion of the previous month.

Box 1: Nepal Trade Preference Act

To provide tax free access for Nepalese Products to United States of America, Nepal Trade Preference Act came into enforce after US President signed it on February 25, 2016. The US has given access to Nepalese products to provide the assistance to alleviate poverty and removing hunger. The commodities under the 66 heading of Harmonized Tariff Schedule and fulfill the terms and conditions set by US will get duty free access facility. Such products are trunks, suitcases, vanity cases, attache cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, traveling bags, handbags, shopping bags Carpets, Shawls, scarves, mufflers, mantillas, veils, Gloves, mittens and mitts, Impregnated, coated or covered with plastics or rubber, Blankets and traveling rugs, Hats and among others. The products, produced in the territory of Nepal or value added, directly exported to US will get such facility. This facility has been gotten for 10 years for the economic recovery from earthquake of last year.

14. Total trade deficit in the review period contracted 12.5 percent to Rs. 393.07 billion compared to an expansion of 13.1 percent in the same period of the previous year. The export-import ratio dropped to 9.8 percent in the review period from 11.2 percent in the corresponding period of the previous year.

Customs points-wise Trade Situation

15. Based on customs points, exports through Tribhuwan International Airport, Dry Port customs office, Birgunj and Bhairawa customs point increased whereas exports through other customs points decreased. On the import side, imports through Birgunj customs

point decreased whereas imports through other customs points increased in the review period. Trade has not resumed through the Tatopani customs point yet, through the Rasuwagadi customs point has come in operation.

Export-Import Price Index

16. The y-o-y unit value export price index based on customs data increased 15.7 percent while import price index decreased 6.9 percent in the eighth month of 2015/16. Consequently, the TOT index increased 24.3 percent compared to an increase of 19.2 percent in the corresponding period of the previous year. Increase in price of export items such as jute, cardamom, yarsagumba herbs caused the export price index to rise in the review period. Fall in the price of petroleum products resulted in a decline in import price index in the review period.

Box 2: Number of Nepalese Workers Going Abroad for Foreign Employment *

Mid-Month/Year	2013/14	2014/15	2015/16
August	45937	42309	37756
September	24214	51551	40275
October	31959	35550	35484
November	31949	43213	23061
December	41634	53354	38350
January	50032	45362	35389
February	37285	48941	34219
March	48552	44460	35701
April	45854	52210	-
May	54173	31375	-
June	54926	37962	-
July	61717	26600	-
Total	**528232**	**512887**	**280235**
Percentage Change (First eight months)	21.4	17.1	-23.2

* Based on final approval for foreign employment.
Source:- Department of Foreign Employment, GoN

Services

17. The total services receipts declined 8.2 percent and expenses 1.6 percent in the review period. As a result, net services receipts decreased 60.5 percent to Rs. 4.19 billion in the first eight months of 2015/16. The net services income was Rs. 10.60 billion in the same period of previous year.

Workers' Remittances

18. The workers' remittances grew 15.2 percent to Rs. 427.37 billion in the review period compared to a growth of 4 percent in the previous year. Consequently, net transfer receipt increased 19 percent to Rs. 500.60 billion in the review period. Such receipt had increased 1.3 percent in the same period of the previous year.

Box 3: Dividend Payment to FDI Companies*

(Rs. in millions)

Sectors	2014/15 Annual	2015/16 Jul.- Mar.
Financial Sector	1794.43	8.3
Communication Sector	4.00	1692.8
Hydro Power Sector	2874.48	3154.3
Industry Sector	2299.19	1239.5
Services Sector	238.61	4.1
Total	**7210.71**	**6099.0**

**Based on approval from NRB*

19. The number of workers going abroad for foreign employment, which directly affect the remittance, decreased in the review period. The number of Nepalese workers seeking foreign employment, based on final approval for foreign employment, decreased 23.2 percent in the first eight months of 2015/16. It had increased 17.1 percent in the same period of the previous year.

Current Account and BOP Position

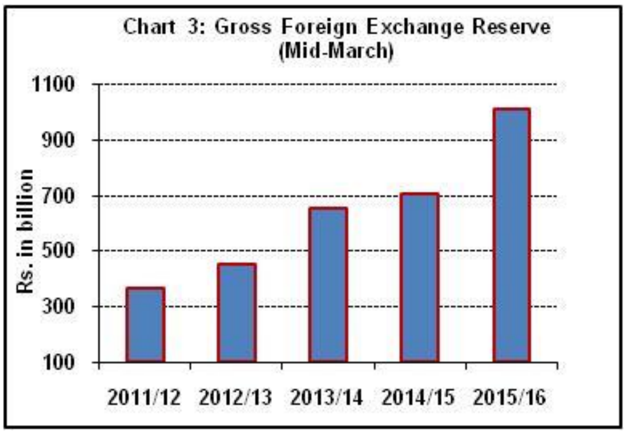
20. The current account registered a surplus of Rs. 138.55 billion in the review period compared to Rs. 11.65 billion surplus in the same period of the previous year. Similarly, the overall BOP recorded a significant surplus of Rs. 158.18 billion in the review period compared to a surplus of Rs. 35.07 billion in the same period of the previous year.

21. In the review period, Nepal received capital transfers amounting to Rs. 9.72 billion and Foreign Direct Investment (FDI) inflow of Rs. 2.34 billion. In the same period of the previous year, capital transfers and FDI inflow stood at Rs. 7.63 billion and Rs. 2.67 billion respectively.

22. Dividend payment to FDI companies, based on approval from Nepal Rastra Bank, amounted to Rs. 6.10 billion in the review period. The dividend payment was Rs. 7.21 billion in 2014/15.

Foreign Exchange Reserves

23. The gross foreign exchange reserves stood at Rs. 1006.68 billion as at mid-March 2016, an increase of 22.2 percent from Rs. 824.06 billion in mid-July 2015. Of the total reserve, reserves held NRB increased 23.8 percent to Rs. 870.67 billion as at mid-March 2016 from the level of reserves as at mid-July 2015. Similarly, the reserves of banks and financial institutions (except NRB) increased 12.4 percent to Rs. 136 billion in the same period. The share of Indian currency reserves in total reserves stood at 21.2 percent as at mid-March 2016.



Foreign Exchange Adequacy Indicators

24. Based on the imports of eight months of current fiscal year, the foreign exchange holdings of the banking sector is sufficient to cover prospective merchandise imports of 18.8 months, and merchandise and services imports of 15.8 months. The ratio of reserve-to-GDP, reserve-to-imports and reserve-to-M2 increased to 47.4 percent, 131.7 percent and 49 percent respectively as at mid-March 2016. Such ratios were 38.8 percent, 93.3 percent and 43.9 percent as at mid-July 2015.

Price of Oil and Gold in the International Market and Exchange Rate Movement

25. The price of oil (Crude Oil Brent) in the international market decreased 28.1 percent to USD 39.41 per barrel in mid-March 2016 from USD 54.80 per barrel a year ago. The price of gold increased 9.8 percent to USD 1264.80 per ounce in mid-March 2016 from USD 1152 per ounce a year ago.

26. Nepalese currency vis-à-vis the US dollar depreciated 5.7 percent in mid-March 2016 from mid-July 2015. It had depreciated 4.5 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs. 107.23 in mid-March 2016 compared to Rs. 101.14 in mid-July 2015.

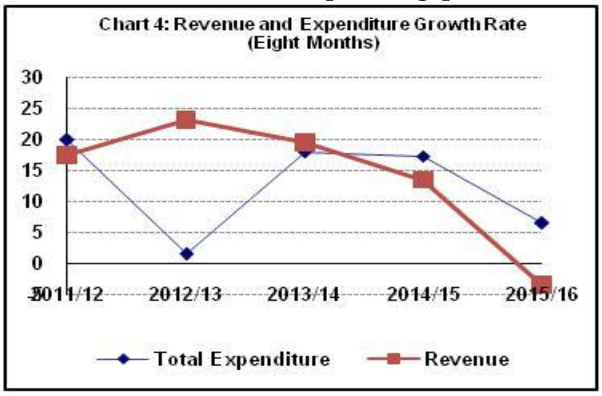
Fiscal Situation *

Budget Deficit / Surplus

27. In eight months of 2015/16, government budget on a cash basis remained at a surplus of Rs. 31.75 billion. Such surplus was Rs. 50.38 billion in the corresponding period of the previous year.

Government Expenditure

28. In the review period, total government expenditure on a cash basis increased 6.5 percent to Rs. 238.11 billion. This amount accounts for 29.1 percent of annual budget estimate of Rs. 819.47 billion. Such expenditure had increased 17.3 percent to Rs. 223.58 billion in the corresponding period of the previous year.



29. In the review period, recurrent expenditures increased 7.4 percent to Rs. 179.69 billion. Such expenditures had increased 6.9 percent in the corresponding period of the previous year. In the review period, capital expenditures increased only 1.1 percent to Rs. 22.97 billion as works at various important projects remained stalled and the post-earthquake reconstruction works remained affected on account of the shortage of fuel and construction materials. Such expenditures had increased 39.4 percent in the corresponding period of the previous year. The capital expenditure in the review period is only 11 percent of annual budget estimate of Rs. 208.88 billion

Box 4: The Budget Performance

Heads	Budget Estimates (Rs. in millions)	Outturns in eight months	
		Rs. in million	As percent of budget estimates
Total Expenditure	**819469.0**	**238113.4**	29.1
Recurrent Expenditure	484266.4	179693.8	37.1
Capital Expenditure	208877.2	22969.2	11.0
Financial Expenditure	126325.3	35450.4	28.1
Revenue	**475012.1**	**233143.0**	49.1

Government Revenue

30. In the review period, the government revenue mobilization declined 3.4 percent to Rs. 233.14 billion. Such revenue had risen 13.5 percent in the corresponding period of the previous year. Contraction in imports and the slowdown in economic activities due to

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* Based on the data reports by 8 NRB offices, 68 branches of Rastriya Banijya Bank Limited, 46 out of 49 branches of Nepal Bank limited, 19 out of 22 branches of Agriculture Development Bank limited, 9 branches of Everest Bank Limited, 4 branches of Global IME Bank Limited and, 1 branch each from Nepal Bangladesh Bank limited, NMB Bank Limited, and Bank of Kathmandu Limited conducting government transactions and released report from 79 DTCOs and payment centers.

disturbances at southern customs points led to a decrease in VAT and customs revenue. The government revenue collection in the review period is just 49.1 percent of the annual target of Rs. 475 billion.

Public Debt and Cash Balance of the GON

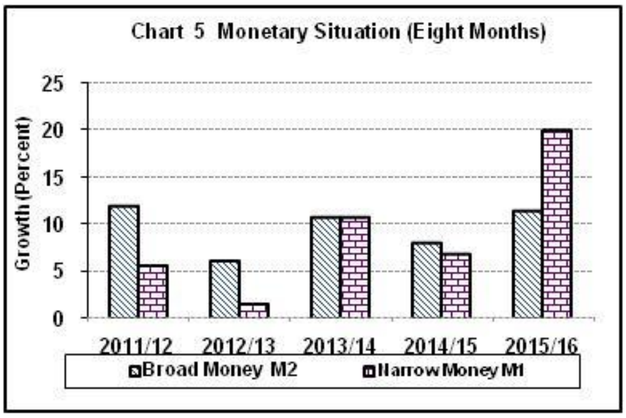
31. In the review period, the GoN mobilized domestic debt of Rs. 9.5 billion and made principal repayment of Rs. 22.30 billion of its domestic debt. As a result, outstanding domestic debt decreased to Rs. 183.99 billion in mid-March 2015 from Rs. 196.79 billion as at mid-July 2015.

32. Because of a slow pace of government expenditure relative to resource mobilization, the GoN accumulated cash balance of Rs. 96.09 billion at Nepal Rastra Bank as of mid-March 2016.

Monetary and Financial Situation

Money Supply

33. Broad money (M2) increased 11.5 percent in eight months of 2015/16 compared to an increase of 8.1 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded 23.6 percent in mid-March 2016.



34. Net foreign assets (after adjusting foreign exchange valuation gain/loss) increased Rs. 158.18 billion in the review period compared to an increase of Rs. 35.07 billion in the corresponding period of the previous year.

35. Reserve money, which had decreased 4.8 percent in the corresponding period of the previous year, increased 4 percent in the review period. On y-o-y basis, reserve money increased 30.9 percent in mid-March 2016. Such growth of reserve money is attributed to the increase in the net foreign assets of this bank.

Domestic Credit

36. Domestic credit expanded 5.5 percent in the review period compared to an increase of 6.4 percent in the same period of the previous year. An increase in the government deposits at this bank resulted in a slower growth of domestic credit in the review period. On y-o-y basis, domestic credit increased 15.3 percent in mid-March 2016.

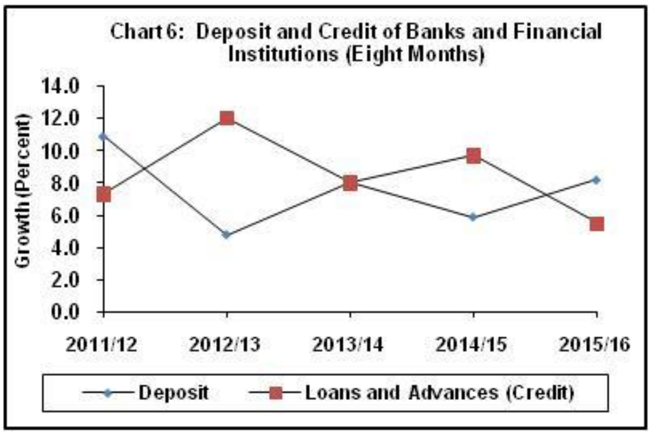
37. Claims of monetary sector on the private sector increased 11.6 percent in the review period compared to a growth of 12.4 percent in the corresponding period of the previous year. On y-o-y basis, claims on the private sector increased 18.5 percent in mid-March 2016.

Deposit Collection

38. Deposits at BFIs increased 8.4 percent in the review period compared to a growth of 7.6 percent in the same period of the previous year. Deposits at commercial banks, development banks and finance companies increased 8.1 percent, 5.1 percent and 8.7 percent respectively in the review period. On y-o-y basis, deposits at BFIs expanded 21 percent in mid-March 2016.

Credit Disbursement

39. Credit to the private sector increased 10.8 percent in the review period compared to an increase of 11.8 percent in the same period of the previous year. In the review period, private sector credit from commercial banks, development banks and finance companies increased 11.5 percent, 7 percent and 10 percent respectivley. On y-o-y basis, credit to the private sector from BFIs increased 18.7 percent in mid-March 2016.



40. Credit disbursement in major sectors such as industrial production, wholesale and retail trade, construction and agriculture remained lower than that of the previous year. Credit to the industrial production sector increased 9.2 percent, wholesale and retail trade sector 10.8 percent, construction sector 6.7 percent, transport, communication and public sector 19.8 percent and agriculture sector 9 percent in the review period.

41. In eight months of 2015/16, banks and financial institutions extended 59.7 percent of their total credit against the collateral of land and building, and 13 percent against the collateral of current assets (such as agricultural and non-agricultural products). Such ratios were 59.4 percent and 13 percent respectively in the same period of the previous year.

42. The credit from BFIs to real estate sector amounted to Rs. 225.36 billion (including Rs. 127.86 billion residential home loans less than Rs. 10 million each) in mid-March 2016. This is 15 percent of total credit exposure of BFIs. As at mid-March 2016, the BFIs' total margin lending extended against the collateral of shares stood at 2.2 percent (Rs. 32.71 billion) of their total credit exposure.

43. Of the total lending of the commercial banks, the credit to small and medium enterprises is only 2.5 percent (Rs. 31.23 billion) in the review period. Likewise, T. R. (Trust Receipt) loan extended by commercial banks increased 1.2 percent (Rs. 650 million) in the review period compared to a growth of 19 percent in the same period of the previous year. The less use of such loan is due mainly to the contraction in imports accompanied by disruption in border points and the unrest in Terai region.

Liquidity Management

44. In eight months of 2015/16, the NRB mopped up Rs 469.37 billion liquidity, on a turnover basis, through various instruments. These consist of Rs. 297.50 billion liquidity absorption through deposit collection auctions, Rs. 162.77 billion through reverse repo auction and Rs. 9.10 billion through outright sale auction on a cumulative basis. The outstanding deposit collection auction amounted to Rs. 119.10 billion in mid-March 2016. In the corresponding period of the previous year, Rs. 85 billion was mopped up through deposit collection auction and Rs. 271.10 billion through reverse repo auction.

Box 5: Cost of Liquidity Absorption (Rs. in million)

Liquidity Absorption Instruments	2014/15 (Annual)		2015/16 (Eight Months)	
	Amount	Interest Expenses	Amount	Interest Expenses
Deposit Collection Auction	155000	170.5	297500	621.2
Reverse Repo Auction	315800	2.8	162770	8.0
Outright Sale Auction	6000	17.3	9100	29.0
Total	**476800**	**190.6**	**469370**	**658.2**

45. In the review period, the NRB injected net liquidity of Rs. 306.33 billion through the net purchase of USD 2.89 billion from foreign exchange market (commercial banks). Net liquidity of Rs. 213.13 billion was injected through the net purchase of USD 2.22 billion in the corresponding period of the previous year.

46. The NRB purchased Indian currency (INR) equivalent to Rs. 213.84 billion and Rs. 1.18 billion through the sale of USD 2.03 billion and Euro 10 million respectively in the review period. INR equivalent to Rs. 232.60 billion was purchased through the sale of USD 2.36 billion in the corresponding period of the previous year.

Refinance and Productive Sector Lending

47. The NRB has been providing a refinance facility aimed at expanding credit to the productive sector. In the review period, the use of such facility has decreased. In the review period, a total refinance of Rs. 3.38 billion including general refinance of Rs. 2.26 billion and export refinance of Rs. 1.12 billion was availed. In the corresponding period of the previous year, a total refinance of Rs. 5.02 billion including general refinance of Rs. 3.22 billion and export refinance of Rs. 1.80 billion was utilized. Moreover, the bank has introduced a provision of refinance facility at zero percent interest rate to the BFIs with an objective of providing concessional housing loan to earthquake victims. Under this scheme, a sum of Rs. 5 million has been extended as of mid-March 2016.

48. There is a policy-provision for commercial banks to disburse 20 percent of their total credit in the productive sector. Such credit of commercial banks out of their total loans and advances stood at 17.89 percent in mid-March 2016. Likewise, BFIs have extended 5.38 percent credit in deprived sector in the review period compared to 4.97 percent in the same period of previous fiscal year.

49. As of mid January 2016, total 1559 farmers received Rs. 18 million as interest subsidy under the credit for targeted agro farming program at 6 percent interest rate under which commercial banks have disbursed Rs. 1.16 billion.

Inter-bank Transaction and Standing Liquidity Facility

50. In the review period, inter-bank transactions of commercial banks stood at Rs. 523.84 billion and those of other financial institutions (excluding transactions among commercial banks) amounted to Rs. 45.20 billion. Such transactions had amounted to Rs. 275.30 billion and Rs. 134.89 billion respectively in the corresponding period of the previous year. The BFIs did not use the standing liquidity facility (SLF) in the review period.

Interest Rates

51. The weighted average of 91-day Treasury Bill rate, 90-day deposit auction rate and inter-bank transaction rate decreased in the eighth month of 2015/16 compared to a year ago. The weighted average 91-day Treasury Bill rate decreased to 0.53 percent in the review month from 1.13 percent a year ago. The weighted average deposit auction rate inched down to 0.39 percent in mid-March 2016 from 0.86 percent a year ago. Similarly, the weighted average inter-bank transaction rate among commercial banks, which was 1.80 percent a year ago, decreased to 0.42 percent in the review month. Likewise, the weighted average inter-bank rate among other financial institutions decreased to 0.98 percent from 4.06 percent a year ago.

52. In the eighth month of 2015/16, the weighted average interest rate spread between deposit and lending rate of commercial banks inched up to 4.70 percent from 4.49 percent a year ago and the average base rate came down to 6.46 percent from 7.52 percent a year ago.

Merger/Acquisition and Resolution

53. The number of BFIs opting for merger has been increasing after the introduction of merger policy aimed at strengthening financial stability. After the issuance of the "Bank and Financial Institutions Merger By-law, 2011", 84 BFIs have merged with each other resulting in the formation of 31 BFIs as of mid-March 2016. Likewise, 2 finance companies were acquired by a commercial bank and one development bank was acquired by another development bank.

54. As of mid January 2016, twelve institutions including 3 development banks and 9 finance companies are under resolution process. Total deposits and loans of such institutions stood at Rs. 4.51 billion and Rs. 7.71 billion respectively. The overall capital fund of these institutions is negative by 30 percent and non-performing loan stood at 91 percent.

Regulatory Measures

55. In the review period, the NRB issued directives pertaining to branch acquisition of problematic bank by another bank under specified provisions, special refinance facility up to Rs. 0.5 million for extending credit to agriculture and small enterprises in the specified 10 districts of high poverty incidence and bordering VDCs and municipalities of specified districts in the Southern regions and opening branches in these areas without approval from the NRB. Likewise, additional directives relate to the credit extended to the organized sector operating public city transport services under productive sector lending and replacing magnetic strip cards by chip-based card.

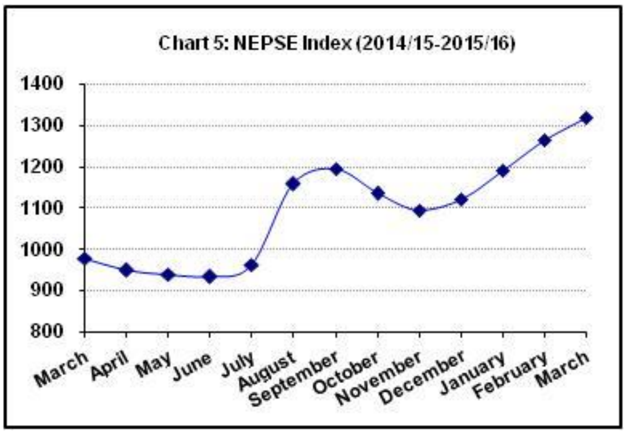
56. NRB also issued directives addressing unusual situation caused by the unrest in Terai region and trade-transit disturbances in Indo-Nepal Transit points. Such directives include

the continuation of deferred loans as pass loans until mid-April 2016 and exemption from penalty for such loans, rescheduling or restructuring of loan up to one year for one time if borrowers of service sector (industry, trade, education, health, tourism and energy) submit work-plan within mid-April 2016, provision for including accrued interest received by mid-February 2016 in income statement of the second quarter and extension of time period of T.R. loans (import loans) from 120 days to 180 days, among others.

57. In order to enhance the confidence of public in banking system through minimizing risk of banking transaction, this bank has introduced "New Capital Adequacy Framework-2015"based on BASEL III. Commercial banks are required to implement it in parallel run since mid-January 2016 and fully since mid-August 2016.

58. A "Rehabilitation Fund" of Rs. 100 billion, to be operationalized by this bank, has been established. The fund can be used to provide interest subsidy of 4 percent up to the credit of Rs. 100 million and 2 percent for more than Rs.100 million for the specified sectors. Likewise, the fund can be used to provide credit from BFIs to earthquake victims at 5 percent interest rate for specified business and for which refinance facility from this bank is provided at 1.5 percent interest rate.

Capital Market



59. The asset price measured by the NEPSE index rose 34.8 percent to 1,318.9 points in mid-March 2016 compared to consumer price inflation of 10.2 percent. This index had increased 24.8 percent to 978.4 points a year ago. The stock market has been continously gaining a momentum due to the full dematerialized transactions from mid-January 2016, soft financial condition and the capital plan of financial institutions.

60. The stock market capitalization on y-o-y basis increased 41.5 percent to Rs. 1,420.91 billion in mid-March 2016. This had increased 25.8 percent a year ago. The ratio of market capitalization stood at 66.9 percent in mid-March 2016 compared to 51.7 percent a year ago. In the total market capitalization, the share of banks and financial institutions(including insurance companies) stood at 83.1 percent, hydropower 5.3 percent, manufacturing and processing companies 2.5 percent, hotels 1.6 percent, trading 0.1 percent, and others 7.4 percent respectively.

61. On y-o-y basis, the total turnover of the securities increased 153.2 percent to Rs. 10.9 billion in mid-March 2016. The turnover of the securities had decreased 19.6 percent to Rs. 4.3 billion a year ago.

62. Total number of companies listed at the NEPSE decreased from 232 in mid-March 2015 to 230 in mid-March 2016 due to the merger of some BFIs.

63. On y-o-y basis, total paid-up capital of the listed companies increased 35.0 percent to Rs. 255.4 billion in mid-March 2016. Within the eight month of 2015/16, total additional securities worth Rs. 13.76 billion were listed in the NEPSE. These consist of ordinary

shares Rs. 1.89 billion, right shares Rs. 2.55 billion, bonus shares Rs. 7.62 billion and the debentures Rs. 1.70 billion.