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## Governor Adhikari Participated in the 94<sup>th</sup> Annual General Meeting of the BIS

Governor Maha Prasad Adhikari participated in the 94th Annual General Meeting of the Bank for International Settlements (BIS) held in Basel, Switzerland on June 29 and 30, 2024. The meeting was attended by BIS member countries, various central banks, and monetary authorities from around the world.

During the meeting, Governor Adhikari also participated in an interactive session on 'High Level Meeting on Cross-border Payments'. The program discussed the achievements and challenges of cross-border payment systems in various countries.

On that occasion, Governor Adhikari participated in an interactive session on 'Policy Approaches for Addressing Risks Posed by the Use of AI in Financial Services' organized by the Financial Stability Institute. The program discussed the uses and challenges of Artificial Intelligence and the policy measures that central banks around the world should adopt to address them.

At the meeting, BIS General Manager Mr. Agustín Carstens

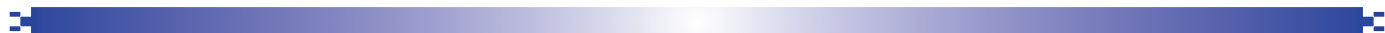


presented the BIS Annual Report for 2023, highlighting that the tight monetary policies adopted by central banks worldwide which led to improvements in inflation and financial stability. He emphasized that, while learning from the experiences of past economic and financial crises, central banks should not remain complacent about potential future risks.

During the meeting, Governor Adhikari also had discussions with BIS Banking Department Head Mr. Luis Bengochea and other

representatives, as well as with Governors and Senior officials from the Reserve Bank of India, State Bank of Pakistan, Bank of Mauritius, and other central banks.

BIS is an international financial institution that plays a vital role in promoting monetary and financial stability through coordination and policy efforts among central banks worldwide. Established in 1930, the institution currently has 63 central banks as members. Its headquarters is located in Basel, Switzerland. ■



## Nepal Rastra Bank Celebrates its 69<sup>th</sup> Anniversary

# Macroeconomic Stability Bank's Priority: Governor Adhikari



Nepal Rastra Bank (NRB) has completed 68 years since its establishment and has entered its 69th year. On this occasion, a special ceremony was held at the bank's premises in Baluwatar on April 26. Governor Mr. Maha Prasad Adhikari inaugurated the ceremony.

Addressing the program, Governor Adhikari expressed the view that the NRB has always prioritized macroeconomic stability, including the financial sector. He said, 'Various regulatory measures have been implemented for financial stability. The bank has always prioritized overall economic stability, including the financial sector.'

The governor said that due to the slowdown in economic activities, the loan recovery of

banks and financial institutions is affected and the ratio of non-performing loans (NPLs) is increasing. However, due to the significant improvement in the liquidity situation, the interest rates are decreasing, and the economic activity is expected to gradually improve, said the governor Adhikari. "The policy direction is gradually being eased as the pressure on the savings and prices is decreasing. It is expected that this will gradually improve the economic activity," he said.

Governor Adhikari announced that the 'Himalaya Shumsher Memorial Lecture' will be organized every year in memory of the first Governor of the NRB, the late Himalaya Shumsher JBR. During his address, Governor Adhikari

also presented details of the significant accomplishments made by the NRB in the current fiscal year.

In the program, former Governor Mr. Deependra Purush Dhakal was honored in recognition of his contributions to Nepal's economic, financial, monetary, and managerial sectors. Governor Adhikari draped a dosalla over him and presented him with a certificate of honor. On that occasion, former Governor Dhakal recalled his leadership period and discussed the significant policy measures implemented during that time and their execution.

Senior Deputy Governor Dr. Neelam Dhungana Timsina, in her welcome address at the program, highlighted the need to focus on economic development





and stability by increasing internal production through entrepreneurship development and job creation. Deputy Governor Mr. Bam Bahadur Mishra delivered the vote of thanks at the program.

On the occasion, congratulatory remarks were presented by Chairman of Nepal Rastriya Karmachari Sangathan Nepal Rastra Bank, Mr. Krishna KC, Chairman of Nepal Bittiya Sanstha Karmachari Sangh Nepal Rastra Bank, Mr. Rajeev Sharma Regmi, Chairman of Nepal Rastra Bank Karmachari Sangh, Ms. Geeta Pokharel Lamsal and Chairman of Nepal Rastra Bank Purwa Karmachari Sangh, Mr. Siddhikrishna Joshi. In the event, three employees who completed 20 years of service in the bank were awarded by Twenty Years of Service Award. Executive Director of the banking department Mr.

Vishrut Thapa, Director of the office of the governor Dr. Dilliram Pokhrel and Director of the Payment System Department Mr. Laxmi Prasad Prasai were honored with Medal. The Senior most recipients, Mr. Vishrut Thapa conveyed his sincere appreciation to the bank for the honor and took the chance to reflect on his twenty-year's journey with Nepal Rastra Bank.

On the occasion of the anniversary, the bank presented the 'Nepal Rastra Bank Sewa Puraskar' to five employees from various divisions and offices. Director of the Office of the Governor, Mr. Kiran Pandit, was awarded the 'Nepal Rastra Bank Sarwotkrista Sewa Puraskar'. Similarly, Mr. Suman Acharya, Deputy Director of the Legal Division; Mr. Rebat Kumar Shrestha, Deputy Director (Mechanical) of the

Mint Division; Ms. Priyanka Thakur, Assistant Director of the Janakpur Office; and Mr. Subrati Pathan, Chief Driver of the Siddharthnagar Office, were awarded the 'Nepal Rastra Bank Utkrista Sewa Puraskar'.

On the occasion of the anniversary, three commercial banks and three remittance companies received certificates of appreciation for achieving the highest remittance inflow into the country. Among the banks, Global IME Bank, Himalayan Bank, and Nepal SBI Bank, and among the remittance companies IME, City Express, and e-Sewa Money Transfer were awarded certificates of appreciation. Likewise, Khalti Pvt. Ltd. and e-Sewa Pvt. Ltd. were honored with certificates for their commendable efforts in promoting electronic payment transactions.

Former Governors Dr.





Bhekh Bahadur Thapa, Mr. Ganesh Bahadur Thapa, Mr. Bijaya Nath Bhattarai, Mr. Deependra Bahadur Kshetry, Dr. Yuba Raj Khatiwada, and Dr. Chiranjibi Nepal, along with the bank's Board of Directors;

Mr. Chintamani Siwakoti, Dr. Shankar Prasad Acharya, and Dr. Ravindra Prasad Pandey, former Deputy Governors, heads of various regulatory bodies, Chief Executive Officers of banks and financial institutions, senior

executives and employees of the bank, and former employees, were present at the program. Mr. Muktinath Sapkota, Director of the Office of the Governor, played the role of MC and conducted the program. ■

## Governor Adhikari Participated in 45<sup>th</sup> SAARCFINANCE Meeting and Symposium



Governor Mr. Maha Prasad Adhikari participated in the '45<sup>th</sup> SAARCFINANCE Governors' Meeting and Symposium'

organized by the Central Bank of Sri Lanka on June 13 and 14, 2024, in Colombo. The meeting was attended by the Central Bank

Governors, Deputy Governors, Ministry of Finance officials, and other representatives from the South Asia region.



On the first day of the program, a seminar focused on 'Central Banking amid Multi-faceted Global Economic Challenges' was organized under the SAARCFINANCE Governors' Symposium. Sri Lanka President and Finance Minister Mr. Ranil Wickremesinghe delivered the opening speech at the seminar. On that occasion, he said that Sri Lanka's economy, which has been in crisis for the past few years, is currently on the mend, and that they are focusing on various policy arrangements for macroeconomic stability as well as legal reforms related to monetary and government finance. In addition, he pointed out the need for regional cooperation to face contemporary economic challenges.

On the same day, a panel discussion was held among the participants on the SAARC region's economy, challenges, various aspects of monetary policy, and other contemporary economic issues. In the first session, titled 'Challenges and Opportunities of Evolving Global Economic Dynamics to SAARC Countries: Sharing Experience,' Governor Adhikari participated as a panelist. On that occasion, he expressed his views on the opportunities and challenges faced by the SAARC region due to the dynamics and changes in the global economy. He also discussed Nepal's economic and financial situation and the policy responses the country has implemented to confront economic challenges.

He emphasized the need for coordination between monetary and financial policies to achieve sustainable development without compromising macroeconomic stability.

The second panel discussion on 'Revisiting Monetary Policy Processes and Paradigms in SAARC Countries: Policy Puzzles, Solutions, and Lessons Learned' took place during the program. The discussion covered the structure of monetary policy adopted by the Central Banks in the SAARC region, recent changes, the limitations of these policies, and future directions.

In the second day of the program, Governor Adhikari participated in the 45<sup>th</sup> SAARCFINANCE Governors' Group Meeting. The meeting was chaired by Dr. P. Nandalal Weerasinghe, the current Chairman of SAARC Finance and Governor of the Central Bank of Sri Lanka. During the meeting, Governor Adhikari discussed the role of Nepal Rastra Bank in various SAARC Finance programs and shared his views on Nepal's current economic and financial situation, the challenges of the economy, and the need for regional cooperation.

At the program, the Central Bank Governors emphasized the need for more effective coordination and collaboration on contemporary economic and financial issues among SAARC member states in the future. After participating in the program, Governor Adhikari returned on June 16.

On the occasion of the program, Governor Adhikari also held separate bilateral meetings with Mr. Shaktikanta Das, Governor of the Reserve Bank of India, and Dr. P. Nandalal Weerasinghe, Governor of the Central Bank of Sri Lanka. During these meetings, discussions took place on contemporary issues and bilateral cooperation. Additionally, Governor Adhikari also engaged in friendly meetings and discussions with other Governors from SAARC countries during the program.

During the program, Dr. Dilliram Pokhrel, Director of the Office of the Governor and NRB SAARC Finance Coordinator; Mr. Shailendra Regmi, Director of the Bankers Training Center; and Mr. Bijay Krishna Kutu, Assistant Director of the Office of the Governor, also participated. Furthermore, a separate meeting of the SAARC Finance Coordinators from the central banks of SAARC countries was held during the event.

SAARCFINANCE is a network of central bank governors and finance secretaries from the member countries of the South Asian Association for Regional Cooperation (SAARC). Established in 1998 with the aim of discussing macroeconomic policies and fostering mutual cooperation among SAARC nations, SAARCFINANCE was formally recognized by the 'Eleventh SAARC Summit' held in Kathmandu in January 2002. ■



## Governor Adhikari Participated in the 52<sup>nd</sup> Board Meeting of the Asian Clearing Union (ACU)



Governor Mr. Maha Prasad Adhikari participated in the 52<sup>nd</sup> Board Meeting of the Asian Clearing Union (ACU) held in Dhaka, Bangladesh, from May 30 to May 31, 2024, and returned on June 1, 2024.

During the meeting chaired by Bangladesh Bank Governor Abdur Rouf Talukdar, ACU Secretary General Farhad Morsali Pavarsi presented a report on the Union's activities in 2022.

During the program, Governor Adhikari informed that despite the geopolitical fluctuations and rising prices in the global environment, Nepal's economic and financial situation remains satisfactory. On the occasion, Governor Adhikari expressed his confidence that the ACU will facilitate trade among member

countries, promote monetary and technical cooperation, and further streamline existing mechanisms.

At the meeting, officials from other central banks affiliated with the Union also presented an overview of their respective countries' macroeconomic and financial situations. In the second session of the program, discussions were held on the existing payment systems of the participating countries. On this occasion, Governor Adhikari discussed the developments in Nepal's payment system and provided a brief overview of its policy and institutional frameworks. He expressed confidence that the link between Nepal's NPI and India's UPI will facilitate smoother payment

transactions between the two countries.

At the program, Director of the Foreign Exchange Management Department Mr. Nishchal Adhikari, Assistant Director Mr. Som Raj Nepali, and Assistant Director of the Office of the Governor Ms. Bidhya Adhikari also participated.

Central banks of 11 countries, namely Bangladesh, Belarus, Bhutan, India, Iran, Mauritius, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka are affiliated with ACU. The Union was established in December 1974 with the aim of organizing and facilitating cross-border payment transactions among member countries. The Secretariat of the Union is located in Tehran, Iran. ■

# Training on Financial Stability and Macro-Prudential Supervision Concluded



The Bankers Training Center (BTC) organized a training program on “Financial Stability and Macro-prudential Supervision” in Kathmandu from May 13 to May 16, 2024.

The BTC organized the program in collaboration with the SEACEN Center, the Bank of Japan, and the Banque de France. The program included 30 participants, with 14 from the Nepal Rastra Bank and 16 from the central banks of the Philippines, Indonesia, Malaysia, Thailand, Cambodia, and India. The program focused on knowledge exchange among the members of the SEACEN Center on regulatory and

supervisory systems of central banks, best practices in macro-prudential policies and tools, and discussions on financial stability and challenges.

At the inaugural session of the training program, Mr. Sirchander Ramaswamy, Director of the SEACEN Center, delivered a welcome speech and introduced the program. Similarly, Executive Director of the Banks and Financial Institutions Regulation Department, Mr. Guru Prasad Paudel, delivered an inaugural speech and discussed the relevance of the program. On this occasion, Dr. Gunakar Bhatta, Executive Director of the Payment

Systems Department, shed light on various aspects of financial stability in Nepal.

At the inaugural session, conducted online, Mr. Ko Munakata, Director of the Bank of Japan, shared Japan’s experiences and evaluation methods regarding the stability of the financial system. In the 13-session program, resource persons from the SEACEN Center and various central banks from different countries provided participants with information on topics such as Basel’s supervisory structure, macro-prudential policies, financial sector risks, stress testing, and financial sector stability. ■



# Management Seminar on Annual Action Plan and Budget Concluded



The Corporate Planning and Risk Management Department (CPRMD) organized a 'Management Seminar' on the June 7-8 in Kathmandu. The department organized this workshop as part of the process of drafting the annual work plan and budget for the fiscal year 2081-82.

Governor Mr. Maha Prasad Adhikari, Deputy Governors Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur Mishra, and bank's Board of Director Mr. Chintamani Siwakoti were present in the seminar. All the executive directors and directors of all departments/offices, divisions and units and representatives of employee unions also participated.

On that occasion, Governor Adhikari highlighted the issue of differing budgets for similar programs across various offices and departments. He emphasized the need for

budget estimates to be realistic, economical, and practical. He also recommended proceeding cautiously in the procurement of IT goods and services due to the many technical complexities involved. He emphasized that the metrics used for reviewing action plans should be scientific and that all relevant departments and offices should make maximum efforts to ensure the success of the action plans.

During the seminar, Deputy Governors Timsina and Mishra chaired the business sessions on the first and second day respectively. In these sessions, executive directors of all departments and heads of various divisions, units, and provincial offices presented their proposed annual action plan for the fiscal year 2081-82.

On that occasion, Mr. Rishikesh Bhatta, Executive Director of the CPRMD, presented a brief overview of

the bank's proposed annual action plan and budget for the fiscal year 2081-82.

On that occasion, Deputy Governor Timsina suggested that only programs feasible based on time and resources are to be included in the action plan. She also emphasized the need for effective inter-departmental coordination during the planning and implementation phases. Deputy Governor Mishra discussed the challenges faced in the procurement process and expressed the bank management's commitment to facilitating it. During the seminar, Board of Director, Mr. Siwakoti stressed the need to review past budgets and action plans to draft future budgets and action plans.

Similarly, during the program, representatives from active employee unions at bank presented suggestions to make the proposed annual action





plan and budget for the fiscal year 2081-82 more effective. They also shared their views on various contemporary issues.

During the program, participants discussed challenges in implementing the action plan and explored potential solutions. The group discussion also covered various

contemporary issues. Executive Director of the Currency Management Department, Mr. Pradeep Raj Paudyal; Executive Director of the Internal Audit Department, Mr. Revati Prasad Nepal; Executive Director of the Assets and Service Management Department, Mr. Suman Kumar Adhikari; Director Mr. Rajan

Bikram Thapa; and Director of the Nepalgunj Office, Mr. Devendra Gautam, shared their views.

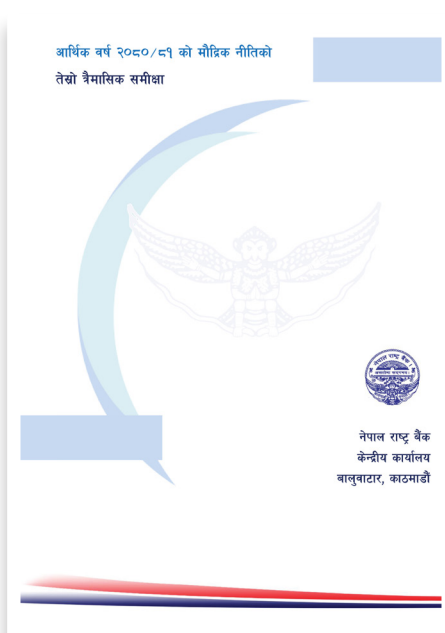
During the program, Executive Director of the CPRMD, Mr. Bhatta, delivered the welcome address while Assistant Director Ms. Asmita Khanal conducted the program. ■

## Third Quarterly Review of Monetary Policy Released

Nepal Rastra Bank (NRB) has published the third quarterly review of the monetary policy for the fiscal year 2080-81. The NRB published the review on May 17, 2024.

Based on the review, the bank has continued the cautiously flexible approach adopted in the annual monetary policy. In order to make the interest rate corridor effective, it is mentioned in the review that the provision of Standing Deposit Facility (SDF) will be reviewed. It also indicates that necessary facilitation will be provided to introduce additional instruments to further strengthen the capital base of banks and financial institutions.

The bank has stated that the risk weight of hire purchase



vehicle loans will be reduced from 125 percent to 100 percent. Similarly, the review mentions that an arrangement will be made to allow the sale of up to 20 percent of primary capital in

one fiscal year from investments that have been held for more than one year. The loan loss provision for loans classified as good will be reduced from 1.25 percent to 1.20 percent.

Similarly, the bank has stated that the debt service-to-gross income ratio for loans intended for the purchase of residential property will be facilitated, and based on the submission of tax clearance certificates, the existing ratio will be increased from 50 percent to 70 percent. Considering the state of internal economic activities, inflation, and the annual budget of the Government of Nepal for the fiscal year 2081/82, appropriate measures will be used when drafting the monetary policy for the coming year. ■

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