

An Unofficial Translation

# Annual Report

## Fiscal Year 2023/24



November 2024



Nepal Rastra Bank

# Annual Report

Fiscal Year 2023/24



**Nepal Rastra Bank**



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## Executive Summary

1. The global economic growth rate is projected to remain at 3.2 percent in both 2024 and 2025. According to the *World Economic Outlook* published by the International Monetary Fund (IMF) in October 2024, the global economy grew by 3.6 percent in 2022 and by 3.3 percent in 2023. In 2024, consumer inflation is estimated to be 2.6 percent in advanced economies and 7.9 percent in emerging and developing economies. In 2023, consumer inflation stood at 4.6 percent in advanced economies and 8.1 percent in emerging and developing economies.
2. According to the National Statistics Office, Nepal's Gross Domestic Product (GDP) at basic prices is preliminarily estimated to have increased by 3.54 percent in fiscal year 2023/24. During the review year, the output of the agricultural sector at basic prices is estimated to have grown by 3.05 percent, while that of the non-agricultural sector is estimated to have increased by 3.75 percent.
3. The Monetary Policy for the fiscal year 2023/24 was announced on 23 July 2023. The policy aimed to contain the annual average consumer inflation within 6.5 percent. It also targeted maintaining foreign exchange reserves sufficient to cover the import of goods and services for at least seven months.
4. In fiscal year 2023/24, the average consumer inflation stood at 5.44 percent. In the previous year, the annual average inflation was recorded at 7.74 percent.
5. In fiscal year 2023/24, total merchandise exports declined by 3.0 percent to Rs. 152.38 billion, while total merchandise imports decreased by 1.2 percent to Rs. 1,592.99 billion. During the review year, the total trade deficit narrowed by 1.0 percent to Rs. 1,440.60 billion, which is equivalent to 25.3 percent of the Gross Domestic Product (GDP).
6. In fiscal year 2023/24, the current account recorded a surplus of Rs. 221.34 billion, and the balance of payments remained in surplus by Rs. 502.49 billion. As of the end of mid-July 2024, total foreign exchange reserves stood at Rs. 2,041.10 billion. In U.S. dollar terms, foreign exchange reserves amounted to USD 15.27 billion. The level of reserves as of mid-July 2024 is sufficient to cover 15.6 months of merchandise imports and 13.0 months of merchandise and services imports.
7. In fiscal year 2023/24, the Government of Nepal mobilized a total revenue of Rs. 1,082.75 billion, including other receipts. Total government expenditure amounted to Rs. 1,408.02 billion.
8. In fiscal year 2023/24, broad money (M2) increased by 13.0 percent, while narrow money (M1) declined by 1.3 percent. Likewise, total domestic credit grew by 6.1 percent, and claims on the private sector by the monetary sector also increased by 6.1 percent. Deposits of banks and financial institutions rose by 13.0 percent, and credit to the private sector expanded by 5.8 percent.

9. In fiscal year 2023/24, a total liquidity of Rs. 4,673.60 billion was mopped up through various open market operation instruments, while liquidity amounting to Rs. 804.76 billion was injected. During the review year, Rs. 1.20 billion was utilized under the Standing Liquidity Facility (SLF).
10. The weighted average inter-bank rate of the BFIs remained 3.62 percent in 2023/24.
11. As of the mid-July 2024, the number of licensed banks and financial institutions stood at 107. Among them, there were 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance institutions, and 1 infrastructure development bank. By the mid-July 2024, the total number of branches of banks and financial institutions reached 11,530.
12. In the fiscal year 2023/24, the total assets/liabilities of commercial banks increased by 12.9 percent, reaching Rs. 7.22 trillion. Similarly, those of development banks grew by 7.9 percent to Rs. 717 billion, and those of finance companies rose by 11.2 percent to Rs. 169.72 billion. In contrast, the total assets/liabilities of microfinance financial institutions decreased by 1.3 percent, amounting to Rs. 553.73 billion.
13. As of the mid-July 2024, the Deposit and Credit Guarantee Fund (DCGF) had guaranteed total credit amounting to Rs. 257.72 billion and deposits amounting to Rs. 1.43 trillion.
14. In the fiscal year 2023/24, a total of 20 commercial banks, 17 development banks, 17 finance companies, and 57 microfinance financial institutions requested credit information on 5,815,835 loan accounts from the Credit Information Center. The number of blacklisted borrowers recorded at the Center stood at 94,477 by mid-July 2024.
15. As of mid-July 2024, the NEPSE index stood at 2,240.4 points. The market capitalization reached Rs. 3.55 trillion, accounting for 62.29 percent of the total Gross Domestic Product.
16. The provisions outlined in the Monetary Policy of 2023/24 have been implemented. These include measures related to anti-money laundering, encouragement of mergers and acquisitions among microfinance institutions, the requirement for national-level development banks to maintain capital in accordance with the Capital Adequacy Framework, 2015, regulations on investments made by banks and financial institutions, mandatory lending in specified sectors, and the requirement for borrowers availing credit/facilities beyond a certain threshold to obtain a Permanent Account Number (PAN).
17. Starting from 2023/24, the Nepal Rastra Bank has begun publishing a Financial Corporation Survey in addition to the Monetary Survey. This new survey includes data not only from NRB, banks and financial institutions, but also from insurance companies, the Employees Provident Fund, Citizen Investment Trust, microfinance institutions, and infrastructure-focused institutions like HIDCL and Nepal Infrastructure Bank.

18. In 2023/24, a total of 353.75 million new banknotes of various denominations, worth Rs. 73.99 billion, were issued into circulation. As of the mid-July 2024, banknotes worth a total of Rs. 690.15 billion are in circulation.
19. As of mid-July 2024, a total of 1,138 employees were working at the Bank—1,076 in administrative roles and 62 in technical positions. By job level, there were 631 officers, 438 assistants, and 69 non-gazetted support staff.
20. In terms of physical infrastructure development, the construction of the central office building at Baluwatar, carried out by the contractor CICO-Samanantar JV, has been completed and handed over on 12 July 2024. Similarly, the building at Thapathali, constructed by the contractor BILIL-Contech JV Naxal Kathmandu, has also been completed and handed over on 21 September 2024.
21. In the fiscal year 2023/24, a total of 828,978 transactions were processed through the RTGS system, settling and clearing Nepali currency transactions worth Rs. 3.83 trillion.
22. In the fiscal year 2023/24, foreign investments amounting to Rs. 10.29 billion and foreign loans amounting to Rs. 58.96 billion were recorded.
23. Data and information received from commercial banks through the Supervisory Information System (SIS) are regularly monitored. Furthermore, with the implementation of the SIS Onsite Inspection Module, inspection reports must now be prepared simultaneously through the SIS platform.
24. According to the financial position as of the mid-July 2024, the Bank's assets and liabilities increased by 30.15 percent compared to the mid-July of 2023, reaching Rs. 2.067 trillion.
25. In the fiscal year 2023/24, the Bank's net income before adjustment for foreign exchange and other asset revaluation gains/losses increased by 21.96 percent compared to the previous year, amounting to Rs. 73.76 billion. On 14 November 2024, the Bank's Board of Directors decided to allocate necessary amounts from the net profit to various required funds and to transfer the remaining savings of Rs. 37.22 billion to the Government of Nepal.

## **Acronyms**

ACU	Asian Clearing Union
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BFI	Banks and Financial Institutions
BOK-KPP	Bank of Korea-Knowledge Partnership Program
BOP	Balance of Payments
CBDC	Central Bank Digital Currency
CD	Credit to Deposit
CEO	Chief Executive Officer
CIT	Citizen Investment Trust
CRR	Cash Reserve Ratio
CSP	Customer Security Programme
DCGF	Deposit and Credit Guarantee Fund
ECC	Electronic Cheque Clearing
ECF	Extended Credit Facility
EPF	Employees Provident Fund
FCGO	Financial Comptroller General Office
FDI	Foreign Direct Investment
FII	Financial Inclusion Index
FIU	Financial Information Unit
FXOL	Foreign Exchange Online Reporting System
FY	Fiscal Year
GDP	Gross Domestic Product
GL	General Ledger
GoN	Government of Nepal
IBS	Individual Bank Supervisor
IC	Indian Currency
ICAAP	Internal Capital Adequacy Assessment Process
IIP	International Investment Position
IMF	International Monetary Fund
IPS	Interbank Payment System
IT	Information Technology
JTCC	Joint Technical Coordination Committee
Ltd.	Limited
MBS	Mint Billing System
MFI	Microfinance Financial Institutions
MOF	Ministry of Finance
n.i.e.	not included elsewhere

NBI	National Banking Institute
NCTS	Note Chest Transaction System
NEPSE	Nepal Stock Exchange
NFRS	Nepal Financial Reporting Standards
NPI	National Payments Interface
NRB	Nepal Rastra Bank
NSO	National Statistics Office
ODCs	Other Depository Corporations
OMOs	Open Market Operations
PEs	Public Enterprises
PSO	Payment Service Operator
PSP	Payment Service Provider
QR	Quick Response
RTGS	Real Time Gross Settlements
SAARC	South Asian Association for Regional Cooperation
SARFII	South Asia Region Financial Inclusion Initiative
SARTTAC	South Asia Regional Training and Technical Assistance Center
SDRs	Special Drawing Rights
SEACEN	South East Asian Central Banks
SIS	Supervisory Information System
SLF	Standing Liquidity Facility
SLR	Statutory Liquidity Ratio
SREP	Supervisory Review and Evaluation Process
TORS	Terms of Reference
ToT	Terms of Trade
TOT	Training of Trainers
USSD	Unstructured Supplementary Service Data
VAT	Value Added Tax

## **PART - 1**

### **MACROECONOMIC AND FINANCIAL SITUATION**

<b>World Economic Situation and Outlook</b>	<b>1</b>
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## PART – ONE

# MACROECONOMIC AND FINANCIAL SITUATION

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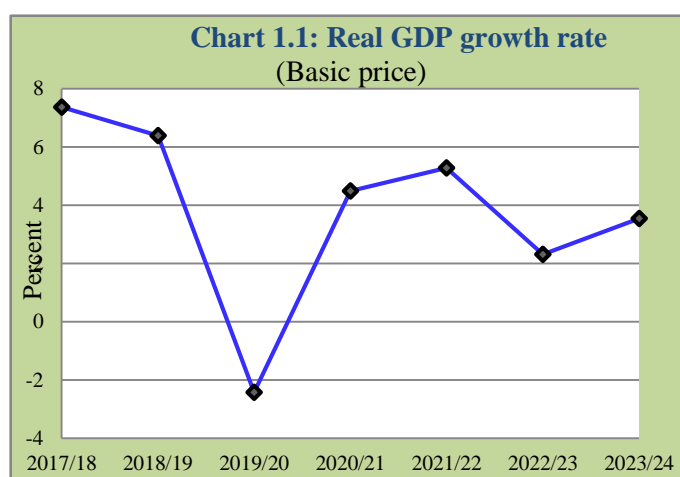
### World Economic Situation and Outlook

- 1.1 According to the World Economic Outlook (WEO) published by the International Monetary Fund (IMF) in October 2024, global economic growth stood at 3.6 percent in 2022 and 3.3 percent in 2023. The IMF projects the growth rate to remain at 3.2 percent for both 2024 and 2025.
- 1.2 According to the IMF's projections, the overall economic growth rate of advanced economies was 1.7 percent in 2023 and is expected to reach 1.8 percent in 2024. Emerging and developing economies grew by 4.4 percent in 2023, with the growth rate projected to moderate slightly to 4.2 percent in 2024. For emerging and developing Asian economies, growth stood at 5.7 percent in 2023 and is projected to be 5.3 percent in 2024. India's economy grew by 8.2 percent in 2023, with a projected growth of 7.0 percent in 2024. Similarly, China's growth rate was 5.2 percent in 2023 and is expected to slow to 4.8 percent in 2024. Global trade in goods and services, which expanded by only 0.8 percent in 2023, is projected to grow by 3.1 percent in 2024.
- 1.3 Global inflation has been gradually easing. According to the IMF, global inflation stood at 6.7 percent in 2023 and is projected to decline to 5.8 percent in 2024. In 2023, consumer inflation was 4.6 percent in advanced economies and 8.1 percent in emerging and developing economies. For 2024, inflation is projected to ease further to 2.6 percent in advanced economies and 7.9 percent in emerging and developing economies.

### Macroeconomic and Financial Situation of Nepal

#### Gross Domestic Product

- 1.4 In 2023/24, the country's real gross domestic product (GDP) is estimated to grow by 3.54 percent at basic price and 3.87 percent at producer's price. This marks an improvement from the previous year, when growth stood at 2.31 percent at basic price and 1.95 percent at producer's price.
- 1.5 In 2023/24, the agricultural sector is estimated to grow by 3.05 percent, while the non-agricultural sector is projected to expand by 3.75 percent—both reflecting improvements over the previous year's growth rates of 2.76 percent and 2.13 percent, respectively. Within the non-agricultural sector, industrial activity is expected to grow modestly by 1.25 percent, slightly lower than the 1.38 percent recorded in the previous year. In contrast, the service sector is anticipated to register a stronger performance, with growth accelerating to 4.50 percent from 2.36 percent in the preceding year.



## Sectoral Composition of GDP

- 1.6 In 2023/24, the contribution of the agriculture, industry, and services sectors to Gross Domestic Product (GDP) is estimated at 24.09 percent, 13.00 percent, and 62.90 percent, respectively. This marks a slight shift from the previous year's shares of 23.92 percent for agriculture, 13.60 percent for industry, and 62.48 percent for services. At the provincial level, Bagmati Province accounted for the highest share of GDP at 36.36 percent, while Karnali Province recorded the lowest contribution at 4.28 percent.
- 1.7 Under the broad industrial classification, the primary, secondary, and tertiary sectors are estimated to contribute 24.56 percent, 12.53 percent, and 62.90 percent to GDP, respectively, in 2023/24. In comparison, their respective shares in the previous year stood at 24.42 percent, 13.10 percent, and 62.48 percent.

**Table 1.1: Share of Primary, Secondary, and Tertiary Sectors in GDP**

(At Current Price)

Sectors	Percent of GDP				
	2019/20	2020/21	2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>
Primary <sup>1</sup>	25.75	26.35	25.00	24.42	24.56
Secondary <sup>2</sup>	13.07	13.27	13.70	13.10	12.53
Tertiary <sup>3</sup>	61.18	60.38	61.30	62.48	62.90

1 Agriculture, forestry and fishery, and mining and quarrying

2 Manufacturing industries, electricity, gas and water, and construction

3 Services

R Revised Estimates

P Preliminary Estimates

Source: National Statistics Office

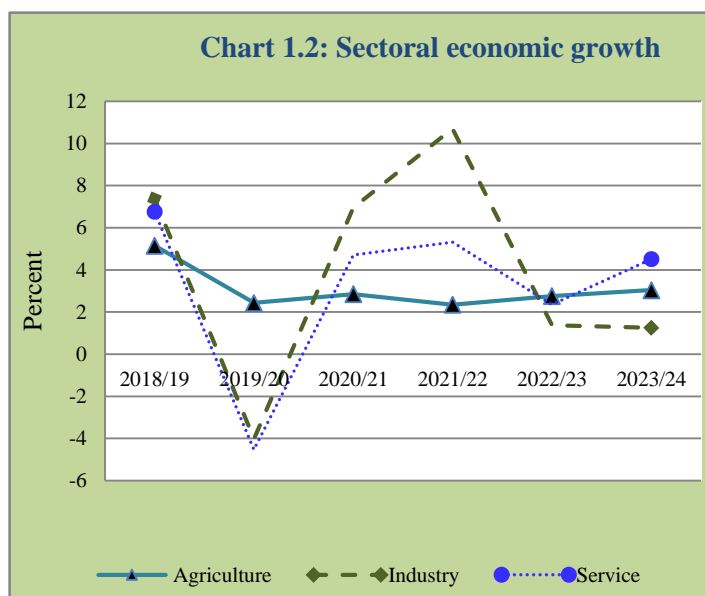
## Agriculture

- 1.8 Agricultural production is estimated to have increased by 3.05 percent in 2023/24, reflecting an improvement from the 2.76 percent growth recorded in the previous year.

## Industry

- 1.9 The industrial sector is estimated to have grown by 1.25 percent in 2023/24, slightly lower than the 1.38 percent growth recorded in the previous year.

- 1.10 In 2023/24, production in the electricity, gas, steam, and air conditioning sector is estimated to increase significantly by 17.44 percent. The water supply, sewage disposal, waste management, and treatment sector, along with the mining and quarrying sector, are projected to grow by 2.80 percent and 2.31 percent, respectively. However, the construction and manufacturing sectors are estimated to contract by 2.07 percent and 1.60 percent, respectively.



## Service

- 1.11 The service sector is estimated to have expanded by 4.50 percent in 2023/24, showing a significant acceleration from the 2.36 percent growth recorded in the previous year.
- 1.12 Within the service sector, the accommodation and food service segment grew by 21.84 percent, while the financial and insurance sector expanded by 7.80 percent. The human health and social work sector increased by 5.52 percent, and the public administration, defense, and compulsory social security sector grew by 4.49 percent. The arts, entertainment, and other service activities sector recorded a growth of 4.17 percent. Additionally, the administrative and support services sector rose by 4.04 percent, the professional, scientific, and technical sector by 4.15 percent, and the information and communication sector by 4.91 percent. Growth in the education sector is estimated at 2.71 percent, with the real estate sector increasing by 2.98 percent. The transportation and storage sector saw significant expansion of 11.89 percent, while the repair of motor vehicles and motorcycles, along with wholesale and retail trade, experienced a modest growth of 0.16 percent.

## Saving and Gross National Disposable Income

- 1.13 The share of total consumption in GDP is estimated at 92.38 percent in 2023/24, slightly lower than 92.59 percent recorded in the previous year.
- 1.14 Gross National Disposable Income increased by 8.48 percent in 2023/24, compared to a growth of 10.39 percent in the previous year. The ratio of Gross National Disposable Income to GDP stood at 128.54 percent in the review year, up from 126.38 percent in the preceding year.

**Table 1.2: Gross National Disposable Income**  
(At Current Price)

Particulars	Rs.in Billion			Percent Change	
	2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>
<b>Gross Domestic Product (at Producers' Price)<sup>1</sup></b>	4976.6	5348.5	5704.8	7.5	6.7
Factor Income, Net <sup>2</sup>	28.8	62.4	87.4	116.3	40.2
Current Transfer, Net <sup>2</sup>	1117.9	1348.5	1540.6	20.6	14.2
<b>Gross National Disposable Income</b>	6123.3	6759.4	7332.8	10.4	8.5

R = Revised Estimates

P = Preliminary Estimates

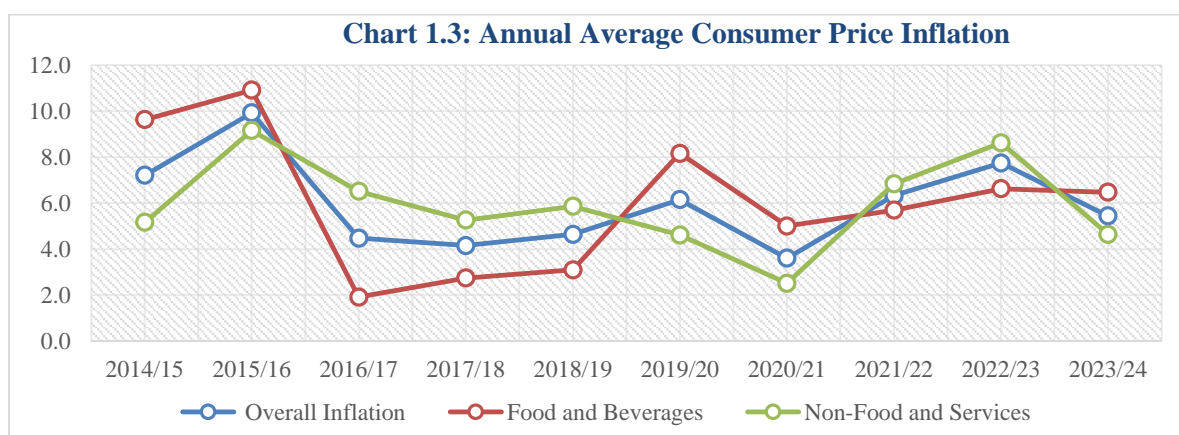
Source: 1. National Statistics Office, 2. Nepal Rastra Bank

## Inflation, and Salary and Wage Rate Index

### Consumer Price Inflation

- 1.15 In 2023/24, the annual average consumer inflation stood at 5.44 percent, well within the government's target of 6.5 percent and marking a significant improvement from 7.74 percent in the previous year. The easing of inflation, which began in the second quarter, was supported by several factors, including favorable global inflation trends—particularly in India—effective domestic monetary and fiscal policies, timely adjustments of petroleum product prices by Nepal Oil Corporation aligned with declining international crude oil prices, slower growth in import price, salary and wage, and wholesale price indices, as well as moderated domestic demand pressures. These combined factors contributed to the sustained decline in consumer price inflation throughout the fiscal year.

- 1.16 During the review year, the annual average inflation rates for the food and beverages group and the non-food and services group were 6.48 percent and 4.65 percent, respectively. This compares to 6.63 percent and 8.62 percent recorded in the previous year.
- 1.17 Within the non-food and services category, the spices subgroup, as well as the miscellaneous goods & services and recreation & culture subgroups, experienced significantly higher growth rates compared to the previous year. In contrast, the ghee and oil subgroup and the transportation subgroup saw a decline in growth rates relative to the previous year.
- 1.18 During the review period, the consumer price inflation shows an annual average of 5.99 percent in the Kathmandu Valley, 4.82 percent in the Terai, 5.78 percent in the Hills, and 6.86 percent in the Mountain region. These figures reflect a decrease from the previous year's inflation rates of 7.55 percent in Kathmandu Valley, 8.00 percent in Terai, 7.56 percent in the Hills, and 7.12 percent in the Mountain region.



### Consumer Price Inflation in Nepal and India

- 1.19 During the review year, the annual average consumer price inflation rate in Nepal was 5.44 percent, compared to 5.11 percent in India. In the previous year, inflation rates stood at 7.74 percent in Nepal and 6.06 percent in India.

### Wholesale Price Inflation

- 1.20 In the review year, the annual average wholesale price inflation stood at 3.92 percent, a notable decline from 8.47 percent in the previous year. Specifically, inflation for primary goods increased by 7.18 percent, while fuel and energy prices declined by 4.45 percent. Manufactured goods recorded an inflation rate of 3.50 percent. In comparison, the previous year saw inflation rates of 5.42 percent for primary goods, 22.80 percent for fuel and energy, and 8.04 percent for manufactured goods.
- 1.21 Based on broad economic classification, the annual average wholesale price inflation for consumption goods, intermediate goods, and capital goods stood at 6.62 percent, 2.70 percent, and 2.19 percent, respectively, during the review year.

## National Salary and Wage Rate Index

- 1.22 During the review year, the National Salary and Wage Rate Index increased by 5.09 percent, down from a 9.90 percent rise in the previous year. The salary index rose by 1.05 percent, while the wage rate index increased by 6.31 percent, compared to respective increases of 12.39 percent and 9.17 percent in the previous year. Among wage rates, agricultural labor increased by 4.49 percent, industrial labor by 10.93 percent, and construction labor by 2.85 percent during the review period.

## External Sector

- 1.23 In 2023/24, the trade deficit narrowed by 1 percent to Rs.1,440.60 billion, reflecting a 3 percent decline in merchandise exports and a 1.2 percent reduction in merchandise imports. This follows a more significant 15.5 percent decrease in the trade deficit in the previous year. The balance of payments surplus expanded notably during the review year, supported by increased remittance inflows, higher service exports, and reduced import activity.

## International Trade

- 1.24 In 2023/24, total merchandise exports declined by 3.0 percent to Rs.152.38 billion, improving from a sharper decline of 21.4 percent in the previous year. The share of total merchandise exports in GDP stood at 2.7 percent during the review year, slightly down from 2.9 percent a year earlier.
- 1.25 Exports to India, which constitute a significant portion of total merchandise exports, decreased by 3.3 percent to Rs.103.18 billion in 2023/24, an improvement compared to a 31.3 percent decline recorded in the previous year. Commodity-wise, exports of palm oil, soybean oil, bran, jute products, and several other items to India declined during the review period.
- 1.26 Merchandise exports to China grew by 46.6 percent to Rs.2.59 billion in 2023/24, although this growth moderated compared to the 118.3 percent increase recorded in the previous year. Key export items to China during the review year included woolen carpets, handicrafts, and pashmina.
- 1.27 Exports to other countries declined by 4.3 percent to Rs.46.61 billion in 2023/24, reversing the 10.7 percent growth seen in the previous year. Notable decreases were observed in exports of woolen carpets, gold and silver goods, jewelry, handicrafts, and pashmina.
- 1.28 Total merchandise imports decreased by 1.2 percent to Rs.1,592.99 billion in 2023/24, improving from a sharper 16.1 percent decline in the previous year. The share of merchandise imports in GDP stood at 27.9 percent during the review year, down from 30.1 percent in the previous year.
- 1.29 Imports from India decreased by 3.0 percent to Rs.996.68 billion in 2023/24, following a 14.4 percent decline in the previous year. Significant reductions were seen in imports of hot rolled sheet in coil, paddy and rice, petroleum products, and MS billets, among others.
- 1.30 Merchandise imports from China increased by 34.2 percent to Rs.298.77 billion in 2023/24, rebounding from a 15.9 percent decline in the previous year. Key imports from China during

the review year included ready-made garments, machinery and parts, electrical equipment, and apples.

- 1.31 In 2023/24, merchandise imports from other countries declined by 17.6 percent to Rs.297.53 billion, improving slightly from a 20.7 percent decline in the previous year. Notable reductions were recorded in imports of crude soybean oil, gold, crude palm oil, medicine, and coal.
- 1.32 The ratio of the total trade deficit to GDP stood at 25.3 percent in the review year, down from 27.2 percent in the previous year. The trade deficit with India decreased by 3.0 percent to Rs.893.51 billion, while the deficit with China increased by 34.1 percent to Rs.296.19 billion. Meanwhile, the trade deficit with other countries declined by 19.7 percent to Rs.250.91 billion.
- 1.33 Total merchandise trade decreased by 1.3 percent to Rs.1,745.37 billion in 2023/24, improving from a 16.6 percent decline in the previous year. The share of total trade in GDP was 30.6 percent during the review year, down from 33.1 percent a year earlier. Trade with India contracted by 3.1 percent to Rs.1,099.86 billion, following a 16.3 percent decline in the previous year. Trade with China expanded by 34.2 percent to Rs.301.36 billion, reversing a 15.5 percent decline in the previous year. Trade with other countries fell by 16.0 percent to Rs.344.14 billion, compared to a 17.9 percent decline in the prior year.
- 1.34 The export-import ratio stood at 9.6 percent in 2023/24, slightly lower than 9.7 percent recorded in the previous year. India's share in total exports, imports, trade deficit, and total trade was 67.7 percent, 62.6 percent, 62.0 percent, and 63.0 percent respectively, marginally down from 67.9 percent, 63.8 percent, 63.3 percent, and 64.1 percent in the previous year.

#### **Service Account**

- 1.35 In 2023/24, the service account recorded a deficit of Rs.55.86 billion, narrowing from a deficit of Rs.79.89 billion in the previous year.
- 1.36 Service income increased by 31.4 percent to Rs.252.77 billion in 2023/24, following a growth of 57.6 percent in the previous year. Within this, travel income rose by 32.1 percent to Rs.82.33 billion, compared to a 92.0 percent increase in the previous year.
- 1.37 Gross service payments increased by 13.4 percent to Rs.308.63 billion in the review year, following an 18.3 percent rise in the previous year. Travel expenditure, a major component of service payments, rose by 31.1 percent to Rs.189.43 billion, compared to a 48.5 percent increase in the previous year.

#### **Transfer**

- 1.38 In the review year, transfer income increased 14.6 percent to Rs.1577.94 billion. Such income had increased 22.4 percent in the previous year. Similarly, transfer payments decreased 14.0 percent to Rs.6.70 billion in the review year. In the previous year, such payments had increased 0.8 percent.

- 1.39 Workers' remittance inflows grew by 16.5 percent to Rs.1,445.32 billion in 2023/24, compared to a 23.2 percent increase in the previous year. The ratio of remittance inflows to GDP stood at 25.3 percent, up from 23.2 percent a year earlier. As a result, net transfer income rose by 14.7 percent to Rs.1,571.24 billion, following a 22.5 percent increase in the previous year.
- 1.40 Pension income declined by 8.9 percent to Rs.68.58 billion in the review year, in contrast to a 21.5 percent increase recorded in the previous year.

### Current Account and Balance of Payments

- 1.41 In 2023/24, the current account recorded a surplus of Rs.221.34 billion, a significant turnaround from a deficit of Rs.46.57 billion in the previous year. The current account surplus represented 3.9 percent of GDP, compared to a deficit equivalent to 0.9 percent of GDP in the preceding year.
- 1.42 The Balance of Payments (BOP) remained in surplus, amounting to Rs.502.49 billion in 2023/24, compared to a surplus of Rs.285.82 billion in the previous year.
- 1.43 Transfers under the capital account declined by 22.9 percent to Rs.5.81 billion in the review year. Under the financial account, net foreign direct investment increased by 36.1 percent to Rs.8.40 billion, up from Rs.6.17 billion in the previous year.
- 1.44 Government sector foreign debt receipts increased by 3.1 percent to Rs.123.61 billion in 2023/24, reversing a 1.8 percent decline in the previous year. Meanwhile, principal repayments on government debt rose by 13.9 percent to Rs.39.18 billion, following a 17.0 percent increase in the previous year.

### Foreign Exchange Reserves

- 1.45 Gross foreign exchange reserves increased by 32.6 percent to Rs.2,041.10 billion as of mid-July 2024, compared to Rs.1,539.36 billion in mid-July 2023. In U.S. dollar terms, reserves rose by 30.4 percent to USD 15.27 billion, following a 23.1 percent increase in the previous year.
- 1.46 Foreign exchange reserves held by NRB increased by 37.4 percent to Rs.1,848.55 billion in mid-July 2024, up from Rs.1,345.78 billion a year earlier. The NRB's share in total reserves accounted for 90.6 percent. The share of Indian currency in the total foreign exchange reserves stood at 22.5 percent.

### Reserve Adequacy Indicators

- 1.47 Based on the import data of 2023/24, the banking sector's foreign exchange reserves as of mid-July 2024 are sufficient to cover 15.6 months of prospective merchandise imports and 13 months of combined merchandise and services imports.
- 1.48 In the review year, the ratio of foreign exchange reserves to GDP stood at 35.8 percent. The ratios to total imports, broad money supply, and reserve money were 108.6 percent, 29.3 percent, and 206.7 percent respectively. In the previous year, these ratios were 28.8 percent, 83.0 percent, 25.0 percent, and 168.9 percent, respectively. (Table 1.3)

**Table 1.3: Reserve Adequacy Indicators**

Description	2021/22	2022/23	2023/24
1. Foreign Exchange Reserve Sufficient for Financing Imports of Equivalent Months			
a. Merchandise	7.8	11.7	15.6
b. Merchandise and Services	6.9	10.0	13.0
2. Gross Foreign Exchange Reserve/GDP (percent)	24.4	28.8	35.8
3. Gross Foreign Exchange Reserve/Imports* (percent)	57.8	83.0	108.6
4. Gross Foreign Exchange Reserve/Broad Money Supply (percent)	21.9	25.0	29.3
5. Gross Foreign Exchange Reserve/Reserve Money (percent)	147.2	168.9	206.7

\* Merchandise and service imports

### Foreign Assets and Liabilities Position

- 1.49 As of mid-July 2024, the country's foreign assets stood at Rs.2,176.98 billion, while foreign liabilities totaled Rs.1,890.60 billion. As a result, the net international investment position (IIP) recorded a surplus of Rs.286.38 billion. This marks a significant improvement from a deficit of Rs.177.02 billion in mid-July 2023.

### Trend of Foreign Exchange Rate

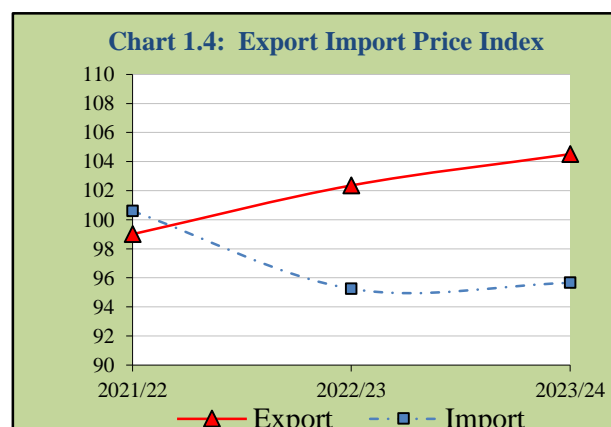
- 1.50 The exchange rate of the Nepalese Rupee against the Indian Rupee remained fixed during 2023/24. However, compared to mid-July 2023, the Nepalese currency depreciated by 1.64 percent against the US dollar and by 0.77 percent against the Pound Sterling as of mid-July 2024. However, it appreciated by 1.19 percent against the Euro and by 11.83 percent against the Japanese yen during the review period. (Table 1.4).

**Table 1.4: The trend of the Exchange Rate of the Nepalese Rupee**

Foreign Currency	Buying Rate in NPR			Appreciation (+) / Depreciation (-) Percentage	
	Mid-July				
	2022	2023	2024	2023	2024
1 US Dollar	127.51	131.17	133.36	-2.79	-1.64
1 Pound Sterling	150.86	171.95	173.29	-12.27	-0.77
1 Euro	128.19	147.19	145.46	-12.91	+1.19
10 Japanese Yen	9.19	9.45	8.45	-2.75	+11.83

### Export Import Price Index

- 1.51 On a year-on-year basis, the unit value export price index and the overall export price index, based on customs data, increased by 2.1 percent and 0.4 percent respectively as of mid-July 2024. The terms of trade (ToT) index also rose by 1.7 percent, a moderation compared to the 9.2 percent increase recorded in the previous year. (Figure 1.4).

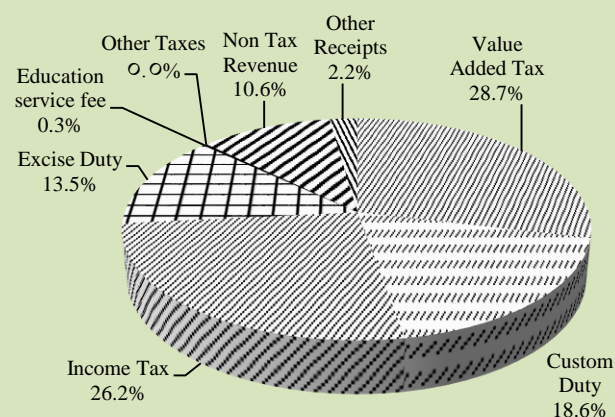


## Fiscal Situation

### Government Revenue

- 1.52 According to the Ministry of Finance, Financial Comptroller General Office (FCGO), government revenue mobilization—including transfers to provincial and local governments as well as other receipts—increased by 7.1 percent to Rs.1,082.75 billion in 2023/24. This follows a 9.3 percent decline to Rs.1,010.65 billion in the previous year. The ratio of revenue to GDP stood at 19.0 percent in the review year, slightly up from 18.9 percent in the previous year.
- 1.53 Value Added Tax (VAT) increased by 8.3 percent to Rs.310.45 billion in the review year, reversing a decline of 8.8 percent to Rs.286.63 billion in the previous year.
- 1.54 Income tax rose by 12.6 percent to Rs.283.46 billion in 2023/24, compared to a 3.1 percent decrease to Rs.251.81 billion in the previous year.
- 1.55 Customs revenue increased by 10.4 percent to Rs.201.02 billion during the review year, following a significant decline of 24.8 percent to Rs.182.12 billion in the previous year.
- 1.56 Excise duty rose by 2.3 percent to Rs.146.35 billion in 2023/24, after decreasing by 14.2 percent to Rs.143.07 billion a year earlier.
- 1.57 Of the total revenue mobilized (including other receipts) in the review year, VAT contributed 28.7 percent, income tax 26.2 percent, customs duty 18.6 percent, and excise duty 13.5 percent. These shares stood at 28.4 percent, 24.9 percent, 18.0 percent, and 14.2 percent, respectively, in the previous year.
- 1.58 Non-tax revenue mobilization increased by 24.7 percent to Rs.114.34 billion in the review year, following a 13.2 percent rise to Rs.91.72 billion in the previous year.
- 1.59 In the review year, tax revenue accounted for 87.2 percent, non-tax revenue 10.6 percent, and other receipts 2.2 percent of total revenue. The share of direct and indirect tax revenue in total revenue stood at 30.4 percent and 69.6 percent, respectively. In the previous year, tax revenue comprised 85.7 percent, non-tax revenue 9.1 percent, and other receipts 5.3 percent, with direct and indirect tax revenue accounting for 29.3 percent and 70.7 percent, respectively.

**Chart 1.5: Structure of Revenue Mobilization in 2023/24**



### Government Expenditure

- 1.60 According to the Ministry of Finance, Financial Comptroller General Office (FCGO), total government expenditure declined by 0.9 percent to Rs.1,408.02 billion in 2023/24. In the previous year, such expenditure had amounted to Rs.1,421.33 billion.

**Table 1.5: Government Expenditure and Revenue**

Description	Amount (In Billion)			Percentage Change	
	2021/22	2022/23	2023/24	2022/23	2023/24
<b>Total Expenditure</b>	<b>1310.00</b>	<b>1421.33</b>	<b>1408.02</b>	<b>8.5</b>	<b>-0.9</b>
<i>Recurrent Expenditure</i>	954.32	991.51	951.64	3.9	-4.0
<i>Capital Expenditure</i>	216.21	234.62	191.75	8.5	-18.3
<i>Financial Management</i>	139.47	195.20	264.63	40.0	35.6
<b>Total Revenue</b>	<b>1065.34</b>	<b>957.34</b>	<b>1058.90</b>	<b>-10.1</b>	<b>10.6</b>
<i>Tax Revenue</i>	984.33	865.62	944.55	-12.1	9.1
<i>Non Tax Revenue</i>	81.01	91.72	114.34	13.2	24.7
<i>Other Receipts</i>	48.50	53.30	23.85	9.9	-55.2
<i>Total Receipts</i>	1113.85	1010.64	1082.75	-9.3	7.1

Source: Financial Comptroller General Office

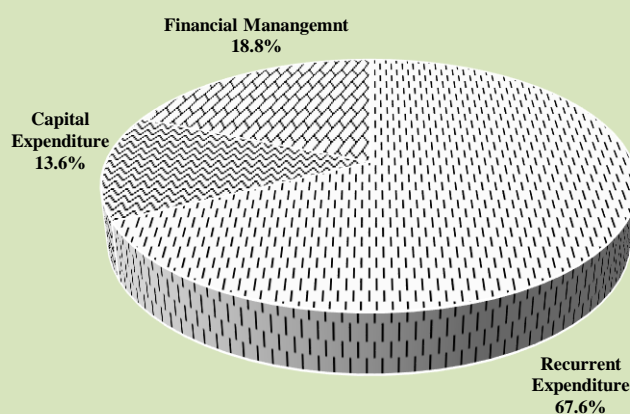
1.61 In 2023/24, recurrent expenditure decreased by 4.0 percent to Rs.951.64 billion, compared to Rs.991.51 billion in the previous year.

1.62 Capital expenditure declined by 18.3 percent to Rs.191.75 billion in the review year, down from Rs.234.62 billion in the previous year.

1.63 Financing expenditure increased significantly by 35.6 percent to Rs.264.63 billion in 2023/24, up from Rs.195.20 billion in the preceding year.

1.64 Of the total government expenditure in the review year, recurrent expenditure accounted for 67.6 percent, capital expenditure 13.6 percent, and financing expenditure 18.8 percent. (Chart 1.6).

1.65 As a share of GDP in 2023/24, recurrent, capital, and financing expenditures stood at 16.7 percent, 3.4 percent, and 4.6 percent respectively, compared to 18.5 percent, 4.4 percent, and 3.6 percent in the previous year. (Table 1.6)

**Chart 1.6: Structure of Government Expenditure in 2023/24****Table 1.6: Major Government Finance Indicators**  
(Percent of GDP)

Particulars	2021/22	2022/23	2023/24
Total expenditure	26.3	26.6	24.7
RecurrentExpenditure	19.2	18.5	16.7
Capital Expenditure	4.3	4.4	3.4
Financial Manangement	2.8	3.6	4.6
Revenue	22.4	18.9	19.0
Tax Revenue	19.8	16.2	16.6

### Sources of Financing the Budget Deficit

1.66 In 2023/24, total domestic borrowing mobilization amounted to Rs.234.42 billion, with net domestic borrowing standing at Rs.51.80 billion. These figures represent 4.1 percent and 0.9 percent of GDP, respectively. In comparison, the previous fiscal year recorded total domestic borrowing of Rs.256 billion and net borrowing of Rs.140.90 billion. During the review year, the principal repayment of domestic debt totaled Rs.182.62 billion.

## Cash Balance

- 1.67 At the end of 2023/24, the Government of Nepal maintained a cash balance of Rs.91.78 billion with Nepal Rastra Bank, including the balances of provincial and local governments. This represents an increase from Rs.58.23 billion recorded at the end of the previous fiscal year.

## Government Debt

- 1.68 As of mid-July 2024, the outstanding external debt of the Government of Nepal stood at Rs.1,252.34 billion, while domestic debt amounted to Rs.1,180.90 billion, bringing the total outstanding public debt to Rs.2,433.24 billion. This compares to Rs.2,299.35 billion recorded in mid-July of the previous year. The total outstanding debt-to-GDP ratio stood at 42.7 percent in the review year, slightly lower than 43.0 percent in the previous year. Additional indicators related to government debt are presented in Table 1.7.

**Table 1.7: Government Debt Situation**

S.N.	Government Debt Indicators	2021/22	2022/23	2023/24
1.	Total Debt/Gross Domestic Product	40.4	43.0	42.7
2.	External Debt/Gross Domestic Product	20.6	21.9	22.0
3.	Domestic Debt/Gross Domestic Product	19.8	21.1	20.7
4.	External Debt/Exports	512.8	744.7	821.8
5.	External Debt Service/Exports	14.7	22.0	26.5
6.	Domestic Debt Service/ Revenue	4.2	11.4	16.9
7.	Total Debt Service/Revenue	6.9	14.8	20.6
8.	External Debt Service/Revenue	2.6	3.4	3.7

Source: FCGO and NRB

## Provincial Government Fiscal Situation

- 1.69 In 2023/24, the total expenditure of provincial governments, based on banking transactions, amounted to Rs.184.02 billion. During the review period, provincial governments collected a total of Rs.192.95 billion in revenue. Of this amount, Rs.145.09 billion was transferred by the federal government, comprising revenue shares from grants and the divisible fund. Additionally, provincial governments mobilized Rs.47.86 billion through their own revenue sources and other receipts.

## Policy Provisions Related to Revenue

- 1.70 In the budget of 2023/24, the government of Nepal has adopted the following revenue policy.
- Gradually transform the import-based revenue structure towards direct tax and domestic production-based revenue structure,
  - Promote entrepreneurship, attract internal and foreign investment, and protect and promote domestic industries through revenue policy,
  - Gradually improve the industrial and business environment by ensuring stability in the principles of tax policy of the country,
  - Protecting tax-base, discouraging the misuse of policy loopholes and preventing all forms of informal and illegal economic activities by bringing all taxable transactions under tax net thereby expanding the tax base.

- Enhance voluntary tax participation and compliance by making the revenue system technology-friendly, automated, transparent and taxpayer-friendly, and
- Implement necessary legal reforms to control tax evasion, establishing effective coordination between responsible agencies, and strengthening campaigns to control all forms of fraud, deception, and evasion.

## Tax Rates

- 1.71 In 2023/24, import tariff rates were maintained at nine levels: 5, 10, 15, 20, 30, 40, 60, 70, and 80 percent, compared to ten rates in the previous year. Export tariffs remained at two rates of 10 percent and 200 percent. The number of excise duty rates applicable in 2023/24 stood at twenty-one, ranging from 5 to 105 percent at specified intervals. The threshold for tax exemption on the income of natural persons remained unchanged, while an income tax rate of 39 percent is applied to taxable income exceeding Rs.5 million.

**Table 1.8: Tax Rates**

Heading	2022/23	2023/24
<b>1. Import Duties (Percent)</b>	1,5,10,15,20,30,40, 45, 60, 80	10,30,15,40,20,5,60,80,70
<b>2. Export Duties (Percent)</b>	200	200
<b>3. Excise (Percent)</b>	2.5,5,7,10,15,20,30,35,40,45, 50,55,60,65,75,80,85,90,95,100,105	5,15,10,20,25,7,80,30,35,55,60, 40,65,75,85,95,105,90,45,50, 100
<b>4. VAT (Percent)</b>	13	13
<b>5. Income Tax</b>		
<b>In the case of a natural person</b>		
(a) Non-Taxable Income Threshold		
(i) Individual	Rs.5,00,000/-	Rs.5,00,000/-
(ii) Couple or Family	Rs.6,00,000/-	Rs.6,00,000/-
(b) Income Tax Rates (Percent)		
(iii) Upto Non-Taxable Income Threshold	–First Rs.200,000: 10 percent	–First Rs.200,000: 10 percent
	– Additional Rs.300,000: 20 percent – On residual amount:30 percent – Above Rs.20 lakhs taxable income :36 percent	– Additional Rs.300,000: 20 percent – On residual amount:30 percent – Above Rs.20 lakhs upto Rs.50 lakhs taxable income :36 percent – Above 50 lakhs taxable income :39 percent
<b>Corporate Tax</b>		
(a) Flat Rate on Corporate Net Income		
(i) Banks, finance companies, and Financial Institutions	30 Percent	30 Percent
(ii) Telecommunication & Internet service provider, Remittance service provider, Securities business, Merchant Banking Business and Commodity Broker business	30 Percent	30 Percent
(iii) Businesses involved in Cigarettes, tobacco, cigars, alcoholic drinks, and beer-related transactions	30 Percent	30 Percent
(iv) Others	25 Percent	25 Percent

Heading	2022/23	2023/24
(b) Partnership Firm	25 Percent	25 Percent
House Land Rent Tax	10 Percent	10 Percent
Meeting Allowance	15 Percent	15 Percent
Commission	15 Percent	15 Percent
Lottery, Gift, Prize	25 Percent	25 Percent
Interest Tax	5 Percent	6 Percent
Provident Fund and Pension	5 Percent	5 Percent
Government Securities	5 Percent	6 Percent
Dividend Tax	5 Percent	5 Percent
<b>In the case of gold</b> First 50 grams, for each 10-gram In case of 50-100 grams, for each 10 gram In case of above 100 grams, for each 10-gram	Rs.9500/- Rs.10,500/- To be seized	Rs.9500/- Rs.10,500/-duty plus additional three percent To be seized

Source: Arthik Bidheyak 2080/81, Inland Revenue Department.

## Status of Public Enterprises

1.72 As of 2022/23, a total of 44 Public Enterprises (PEs) were in operation, comprising 10 in the industrial sector, 5 in public utilities, 4 in trading, 9 in financial services, 5 in the social sector, and 11 in services. Analysis of their financial performance revealed

**Table 1.9: Status of Public Enterprises**

	Rs. In Ten Millions			Growth Rate (percent)	
	2020/21	2021/22	2022/23	2021/22	2022/23
Government Investment	56728.9	61816.5	66110.7	9.0	6.9
<i>Share Investment</i>	31465.1	32892.8	37972.2	4.5	15.4
<i>Loan Investment</i>	25263.8	28923.7	28138.6	14.5	-2.7
Shareholders' Fund	75572.9	76133.3	98213.2	0.7	29.0
Unfunded Liabilities	5939.2	4736.0	5287.0	-20.3	11.6
Operating Income	42244.2	57543.6	66101.3	36.2	14.9
Net Profit/Loss	2635.9	154.2	4851.8	-94.1	3046.2
Retained Profit/Loss	9177.9	5240.8	6115.0	-42.9	16.7

Source: Annual Performance Review of Public Enterprises (2081), Ministry of Finance, Government of Nepal

that 26 PEs reported profits, 15 incurred losses, and 3 had no transactions during the year. The net profit of the profitable enterprises surged by 981.40 percent, while the net loss of the loss-making enterprises increased by 2.81 percent in the review year.

1.73 In 2022/23, net profit of Public Enterprises (PEs) increased by 3046.2 percent, rising from Rs.1.54 billion to Rs.48.51 billion (Table 1.9). Key contributors included Nepal Telecom Limited (Rs.7.92 billion), Nepal Electricity Authority (Rs.9.41 billion), Agricultural Development Bank Limited (Rs.1.32 billion), Rastriya Banijya Bank Limited (Rs.3.60 billion), Nepal Bank Limited (Rs.3.44 billion), Citizen Investment Trust (Rs.3.86 billion), and Civil Aviation Authority of Nepal (Rs.2.64 billion), among others.

1.74 Total shareholders' fund of PEs, including Government of Nepal's (GoN) share and loan investments, increased in 2022/23. GoN's share and loan investment rose by 6.9 percent compared to the previous fiscal year.

- 1.75 In 2022/23, the Government of Nepal received Rs.10 billion in dividends from PEs, compared to Rs.6.16 billion in 2021/22. This dividend accounted for 2.63 percent of GoN's total share investment. Dividends received from key PEs included Rs.6.59 billion from Nepal Telecom Limited, Rs.385 million from Agricultural Development Bank Limited, Rs.1.05 billion from Rastriya Banijya Bank Limited, Rs.734.7 million from Nepal Bank Limited, and Rs.586.6 million from Nepal Stock Exchange Limited.
- 1.76 The net accumulated profit of PEs increased by 16.68 percent to Rs.61.15 billion in 2022/23, up from Rs.52.41 billion in the previous year.
- 1.77 In 2022/23, the unfunded liabilities of Public Enterprises (PEs), arising from employee-related obligations including retirement benefits, pensions, medical care, insurance, and post-retirement leave allowances, increased by 11.63 percent to reach Rs.52.87 billion, up from Rs.47.36 billion in the previous year.

## Monetary and Financial Situation

### Monetary Situation

- 1.78 In 2023/24, broad money (M2) grew by 12.9 percent, up from an 11.4 percent increase in the previous year. Conversely, narrow money (M1) declined by 1.7 percent during the review year, compared to a 1.2 percent decrease in the previous year.
- 1.79 Currency in circulation rose by 10.0 percent, accelerating from a 4.5 percent increase in the previous year, while demand deposits contracted by 15.9 percent compared to a 2.6 percent decline a year earlier.
- 1.80 Net foreign assets, adjusted for foreign exchange valuation gains and losses, expanded by Rs.502.49 billion (34.5 percent) in the review year, surpassing the Rs.285.82 billion (24.8 percent) growth of the previous year.
- 1.81 Domestic credit growth moderated to 6.1 percent in the review year, down from 8.9 percent in the prior year.
- 1.82 Net claims of the monetary sector on the Government of Nepal increased by 4.0 percent (Rs.40.55 billion), a notable slowdown from the 36.4 percent rise seen in the previous year. The government's cash balance held with NRB stood at Rs.91.78 billion at the end of the review period.
- 1.83 Claims of the monetary sector on the private sector grew by 6.1 percent (Rs.299.15 billion), compared to a 4.6 percent increase in the previous year.
- 1.84 Reserve money rose by 8.3 percent during the review year, down from a 10.4 percent increase in the prior year.
- 1.85 Deposits mobilized by Banking and Financial Institutions (BFIs) increased by 13.0 percent, slightly higher than the 12.3 percent growth recorded in the previous year. Similarly, credit extended to the private sector by BFIs grew by 5.8 percent in the review year, up from 3.8 percent in the previous year.

## Utilisation of Interbank Transactions, SDF and SLF

- 1.86 In 2023/24, interbank transactions of commercial banks totaled Rs.3,863.48 billion, while those of other financial institutions (excluding transactions among commercial banks) amounted to Rs.362.99 billion (Table 1.10). In the previous year, these transactions stood at Rs.3,942.15 billion and Rs.352.07 billion, respectively.

**Table 1.10: Utilisation of Interbank Transactions and Standing Liquidity Facility**

Particulars	2021/22	2022/23	2023/24
Interbank transactions of commercial banks (Rs.in billion)	2784.10	3942.15	3863.48
Interbank rate of commercial banks (In Percent) <sup>1</sup>	6.99	2.98	2.99
Interbank transactions of other financial institutions except among commercial banks (Rs.in billion)	316.25	352.07	362.99
Inter-bank rate of other financial institutions (In Percent) <sup>1</sup>	7.20	4.70	2.99
Use of standing liquidity facility (SLF) (Rs.in billion)	9170.11	2727.11	1.2
Standing deposit facility (SDF) (Rs.in billion)	-	-	3522.35

<sup>1</sup> Weighted average interest rate during the period of mid-June to mid-July

## Liquidity Management

- 1.87 The Monetary Management Department and the Open Market Operations Committee have been conducting open market operations for short-term and structural liquidity management in accordance with *The Nepal Rastra Bank, Open Market Operations Regulations, 2078 (Fifth Amendment, 2081)*. These operations aim to achieve the objectives of monetary policy. Regular and structural open market operations are carried out based on the Liquidity Monitoring and Forecasting Framework report prepared by the Economic Research Department, as well as on factors such as the banking system's liquidity position, deposit and lending trends, interbank rates, current account and balance of payments status, government revenue and expenditure, and other relevant economic and financial indicators. Regular open market operations utilize instruments including repo/reverse repo auctions and deposit collection, whereas structural operations involve outright purchase/sale auctions, long-term repo/reverse repo auctions, long-term deposit collection auctions, and issuance of Nepal Rastra Bank bonds.
- 1.88 In 2023/24, a total liquidity of Rs.4,673.60 billion was mopped up through open market operations. Of this amount, Rs.1,151.25 billion was absorbed through deposit collection auctions and Rs.3,522.35 billion via the standing deposit facility. Conversely, total liquidity injection during the review year amounted to Rs.804.76 billion, including Rs.1.20 billion through the standing liquidity facility and Rs.803.56 billion through the overnight liquidity facility.

## Foreign Exchange Transaction

- 1.89 In 2023/24, Nepal Rastra Bank injected a net liquidity of Rs.783.47 billion through the net purchase of US\$ 5.89 billion from the foreign exchange market (commercial banks). In the previous year, net liquidity injection amounted to Rs.712.50 billion through the net purchase of US\$ 5.45 billion (Table 1.11). During the review year, Indian Currency (IC) worth Rs.535.7 billion was purchased by selling US\$ 4.2 billion. In comparison, the previous year saw IC purchases of Rs.596.37 billion against US\$ 4.56 billion sales.

**Table 1.11: Overall Situation of Foreign Exchange Transactions**

(Rs.in billion)

Particulars	2021/22	2022/23	2023/24
1. US\$ purchase	369.94	712.50	783.47
2. US\$ sale	14.38	-	-
3. Net liquidity injection (1-2)	355.57	712.50	783.47
4. Purchase of IC by selling US\$	595.23	596.37	535.07

### Interest Rates

- 1.90 Most short-term interest rates declined by mid-July 2024 compared to mid-July 2023. The 91-day weighted average treasury bill rate stood at 3.00 percent in mid-July 2024, down from 6.35 percent in mid-July 2023. The weighted average interbank rate, the operating target of monetary policy among BFIs, averaged 3.62 percent in 2023/24, compared to 2.99 percent in mid-July 2024.

**Table 1.12: Weighted Average Interest Rate (Percent)**

Particular	Mid-July 2022	Mid-July 2023	Mid-July 2024
91-days treasury bills rate	10.66	6.35	3.00
Inter-bank rate of BFIs	7.01	3.14	2.99
Base rate			
Commercial banks	9.54	10.03	8.00
Development banks	-	12.15	9.71
Finance companies	-	13.41	11.21
Deposit rate			
Commercial banks	7.41	7.86	5.77
Development banks	-	9.14	6.63
Finance companies	-	9.79	7.93
Lending Rate			
Commercial banks	11.62	12.30	9.93
Development banks	-	14.10	11.34
Finance companies	-	14.82	12.55

- 1.91 In mid-July 2024, the average base rate of commercial banks stood at 8.00 percent, that of development banks at 9.71 percent, and finance companies at 11.21 percent. These rates were lower compared to mid-July 2023, when the base rates were 10.03 percent for commercial banks, 12.15 percent for development banks, and 13.41 percent for finance companies. The weighted average deposit rate in mid-July 2024 was 5.77 percent for commercial banks, 6.63 percent for development banks, and 7.93 percent for finance companies. In comparison, these rates were 7.86 percent, 9.14 percent, and 9.79 percent respectively in mid-July 2023. Similarly, the weighted average lending rate as of mid-July 2024 stood at 9.93 percent for commercial banks, 11.34 percent for development banks, and 12.55 percent for finance companies. These rates were also lower than those recorded in mid-July 2023, which stood at 12.30 percent, 14.10 percent, and 14.82 percent respectively (Table 1.12).

## Status of Sources and Uses of Funds of the BFIs

### Commercial Banks

- 1.92 In 2023/24, the total assets and liabilities of commercial banks expanded by 12.9 percent (Rs.824.29 billion), reaching Rs.7227.60 billion. This growth marks a significant increase compared to a 7.5 percent rise (Rs.447.23 billion) recorded in the previous fiscal year.
- 1.93 In 2023/24, total deposit mobilization of commercial banks increased by 13.3 percent (Rs.674.77 billion), reaching Rs.5746.99 billion as of mid-July 2024. This reflects an improvement compared to the 12.1 percent (Rs.546.61 billion) growth observed in the previous year. During the review year, demand deposits declined by 16.0 percent, while saving and fixed deposits rose by 28.2 percent and 9.7 percent respectively. In contrast, during the previous year, demand deposits had decreased by 2.6 percent, while saving and fixed deposits had increased by 8.3 percent and 19.1 percent respectively.
- 1.94 In the review year 2023/24, loans and advances of commercial banks increased by 7.7 percent (Rs.419.77 billion), reaching Rs.5871.03 billion as of mid-July 2024. This compares with a growth of 5.0 percent (Rs.259.52 billion) recorded in the previous year. During the review period, claims on the private sector by commercial banks rose by 5.8 percent (Rs.246.95 billion), up from a 3.5 percent increase (Rs.142.80 billion) in the previous year. Consequently, the ratio of commercial banks' claims on the private sector to GDP stood at 78.81 percent in mid-July 2024.
- 1.95 In 2023/24, loans and advances by commercial banks to priority sectors accounted for 29.95 percent (Rs.1346.63 billion) of total loans disbursed. Within this, loans to the agriculture sector and non-agriculture sector constituted 13.12 percent and 21.25 percent respectively.
- 1.96 In the review year, commercial banks' investment in government securities increased by 14.0 percent (Rs.124.78 billion), reaching Rs.1016.28 billion in mid-July 2024. In the previous year, such investment had risen by Rs.62.68 billion.
- 1.97 As of mid-July 2024, the liquid assets of commercial banks, including investments in government securities, totaled Rs.1573.18 billion. These liquid assets represented 27.4 percent of total deposits during the review year, slightly lower than 28.3 percent recorded in the previous year. Among the components of liquid assets, liquid funds grew by 2.5 percent in the review year. Meanwhile, commercial banks' balances held with foreign banks decreased by 0.8 percent (Rs.1.44 billion) to Rs.189.24 billion, whereas balances held with Nepal Rastra Bank increased by 4.8 percent (Rs.12.60 billion) to Rs.272.30 billion as of mid-July 2024.

### Development Banks

- 1.98 In the review year, the total assets and liabilities of development banks increased by 7.9 percent (Rs.52.29 billion) to reach Rs.717 billion as of mid-July 2024, compared to a 10.9 percent increase (Rs.65.49 billion) in the previous year.
- 1.99 Total deposits, the primary source of resource mobilization for development banks, grew by 7.4 percent (Rs.42.08 billion) to Rs.608.25 billion in the review year. The liquid assets of development banks, including investments in government securities, stood at Rs.122.82

billion as of mid-July 2024, accounting for 20.2 percent of total deposits, slightly lower than 21 percent recorded in the previous year. Among the components of liquid assets, liquid funds expanded by 10.8 percent to Rs.30.58 billion during the review year.

- 1.100 Loans and advances of development banks increased by 3.7 percent (Rs.22.96 billion) to Rs.637.48 billion as of mid-July 2024, compared to a 9.4 percent increase (Rs.52.82 billion) in the previous year. Credit to the private sector, a major component of loans and advances, rose by 5.0 percent to Rs.481.81 billion, representing 8.45 percent of GDP.
- 1.101 As of mid-July 2024, the outstanding credit extended by development banks to the agriculture, micro, cottage, small enterprises/businesses, energy, and tourism sectors accounted for 25.6 percent (Rs.126.39 billion) of their total credit portfolio.

### Finance Companies

- 1.102 In the review year, the total assets and liabilities of finance companies increased by 11.2 percent (Rs.17.12 billion) to reach Rs.169.72 billion as of mid-July 2024. This followed a modest growth of 0.5 percent to Rs.152.60 billion in the previous year. Deposit mobilization, a primary source of resource mobilization for these institutions, rose by 13.8 percent (Rs.15.38 billion) to Rs.126.54 billion in mid-July 2024, compared to an 8.1 percent increase in the prior year.
- 1.103 The liquid assets of finance companies, including investments in government securities, amounted to Rs.29.51 billion in mid-July 2024, representing 23.3 percent of total deposits. This ratio was 24.2 percent in the preceding year. Among the components of liquid assets, liquid funds expanded by 2.6 percent to Rs.7.02 billion during the review period.
- 1.104 Loans and advances extended by finance companies increased by 6.8 percent (Rs.9.45 billion) to Rs.147.64 billion in mid-July 2024, reversing a 1.0 percent decline recorded in the previous year. Within this portfolio, credit to the private sector grew by 7.7 percent to Rs.95.99 billion, equivalent to 1.7 percent of GDP.
- 1.105 As of mid-July 2024, the outstanding credit provided by finance companies to the agriculture, micro, cottage, small enterprises/businesses, energy, and tourism sectors accounted for 20.17 percent (Rs.19.01 billion) of their total credit portfolio.

### Microfinance Financial Institutions (MFIs)

- 1.106 As of mid-July 2024, the total assets and liabilities of Microfinance Institutions (MFIs) increased by 1.3 percent, reaching Rs.553.73 billion. During the same period, total deposits amounted to Rs.176.66 billion, while borrowings stood at Rs.230.75 billion. Total loans extended by MFIs reached Rs.455.85 billion, alongside investments totaling Rs.10.19 billion.

### Infrastructure Development Bank

- 1.107 As of mid-July 2024, the assets and liabilities of Nepal Infrastructure Bank increased by 1.2 percent, reaching Rs.29.50 billion. The bank's paid-up capital stood at Rs.21.60 billion, while loans and investments amounted to Rs.21.14 billion.

### Insurance Companies

- 1.108 As of mid-July 2024, a total of 37 insurance companies were in operation, comprising 14 life insurance, 14 non-life insurance, 2 reinsurance, and 7 micro-insurance companies. According to data from the Nepal Insurance Authority, the total assets and liabilities of these insurance companies increased by 38.0 percent to Rs.939.23 billion, up from Rs.680.9 billion in mid-July 2023.

### Employees Provident Fund (EPF)

- 1.109 According to the data received, the total assets and liabilities of the Employees' Provident Fund (EPF) increased by 11.6 percent to Rs.571.32 billion in mid-July 2024, compared to an 11.5 percent increase to Rs.512.4 billion in the previous year. The provident fund balance of employees grew by 12.3 percent, reaching Rs.518.47 billion in mid-July 2024, up from Rs.461.78 billion in mid-July 2023.

### Citizen Investment Trust (CIT)

- 1.110 According to the reported data, the total assets and liabilities of the Citizens Investment Trust (CIT) increased by 14.3 percent, reaching Rs.303.41 billion as of mid-July 2024, compared to Rs.265.56 billion in the previous year. On the liabilities side, fund collection—a major component—rose by 13.1 percent to Rs.230.93 billion from Rs.204.14 billion in the previous year. Similarly, loans and advances grew by 7.0 percent, totaling Rs.79.06 billion as of mid-July 2024, compared to Rs.73.83 billion a year earlier.

### Social Security Fund (SSF)

- 1.111 According to the data received, the Social Security Fund's (SSF) total assets and liabilities increased by 31.0 percent to Rs.98.33 billion in mid-July 2024, compared to a 37.0 percent increase to Rs.74.97 billion in mid-July 2023. By the end of mid-July 2024, a total of 1,491,537 individuals were registered with the SSF, including 975,412 migrant workers, 295 informal sector workers, 185 self-employed individuals, and 19,210 employees from formal sector firms and companies. Contributions totaling Rs.62.41 billion were collected from 1,330,668 contributors—comprising foreign employment, informal sector, and self-employed individuals—affiliated with 5,439 employment provider companies. During the period, Rs.1.36 billion was disbursed as insurance claims for medical treatment, maternity safety, accident, and disability security schemes to 74,970 beneficiaries. Under dependent family security schemes, Rs.158.1 million was paid as monthly pensions and educational scholarships to families of 541 contributors. Additionally, Rs.8.32 billion was paid to 82,348 individuals under the retirement security scheme.

### Deposit and Credit Guarantee Fund (DCGF)

- 1.112 The Deposit and Credit Guarantee Fund (DCGF) has been providing credit guarantee services to priority sectors, including livestock and vegetable farming loans, concessional loans, foreign employment loans, micro and deprived sector loans, and small and medium-scale enterprise loans. As of mid-July 2024, the DCGF had guaranteed credit totaling Rs.257.72 billion, supported by total deposits amounting to Rs.1,430.46 billion (Table 1.13).

**Table 1.13: Transaction Details of Deposit and Credit Guarantee Fund**

Particulars	Mid-July			Percent Change	
	2022	2023	2024	2022/23	2023/24
Total deposit guaranteed (Rs.in billion)	879.22	1232.95	1430.46	40.23	16.02
Total credit guaranteed (Rs.in billion)	197.64	216.44	257.72	9.51	19.07

Source: Deposit and Credit Guarantee Fund

### Credit Information Centre Limited

- 1.113 According to data from Credit Information Centre Limited, a total of 5,815,835 credit information requests were made by 20 commercial banks, 17 development banks, 17 finance companies, and 52 microfinance institutions during the fiscal year 2023/24. The number of blacklisted borrowers at the Centre increased to 94,477 as of mid-July 2024, up from 56,598 in mid-July 2023.

### Financial Structure

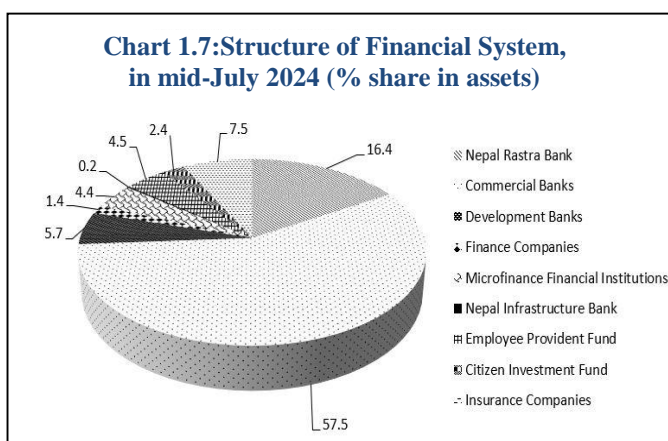
- 1.114 As of mid-July 2024, a total of 161 banks and non-bank financial institutions were in operation. This includes 122 banks and financial institutions (comprising 107 licensed by NRB and 15 others), 37 insurance companies, the Employees Provident Fund (EPF), the Citizens Investment Trust (CIT), and the Postal Saving Bank. In comparison, a total of 164 such institutions were in operation in the previous year.

**Table 1.14: Number of Banks and Non-Bank Financial Institutions**

Banks and Non-Bank Financial Institutions	Mid-July			
	2021	2022	2023	2024
Commercial banks	27	26	20	20
Development banks	18	17	17	17
Finance companies	17	17	17	17
Microfinance financial institutions	70	65	57	52
Infrastructure development bank	1	1	1	1
<b>Institutions licensed by NRB to conduct banking transactions</b>	<b>133</b>	<b>126</b>	<b>112</b>	<b>107</b>
Other institutions	15	15	15	15
Insurance companies	41	40	34	37
Employees provident fund	1	1	1	1
Citizen investment trust	1	1	1	1
Postal saving bank	1	1	1	#
<b>Total</b>	<b>192</b>	<b>184</b>	<b>164</b>	<b>161</b>

# The Deposit and Lending transactions of Postal Saving Bank have been transferred to Rastriye Banijya Bank Ltd on 17 July 2023.

- 1.115 As of mid-July 2024, Nepal Rastra Bank's share in the total assets/liabilities of the financial system stood at 16.4 percent. The corresponding shares of other financial institutions were: commercial banks at 57.5 percent, development banks at 5.7 percent, finance companies at 1.4 percent, microfinance institutions (MFIs) at



4.4 percent, infrastructure development bank at 0.2 percent, Employees Provident Fund (EPF) at 4.5 percent, Citizens Investment Trust (CIT) at 2.4 percent, insurance companies at 7.5 percent, and Postal Saving Bank at 0.01 percent (Chart 1.7). The ratio of total assets/liabilities of the banking system to GDP reached 220.3 percent in mid-July 2024.

### Financial Expansion

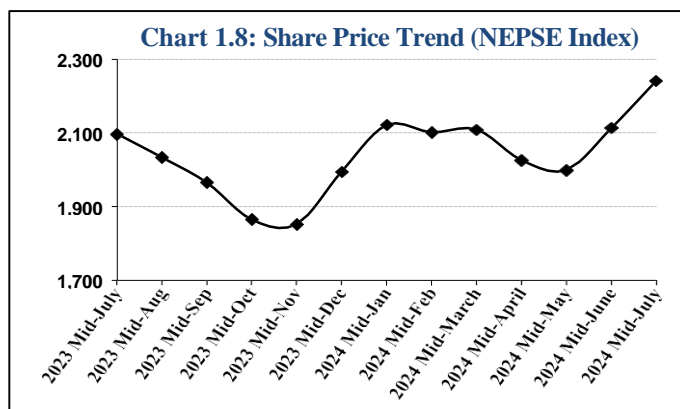
- 1.116 The number of BFIs licensed by NRB decreased to 107 in mid-July 2024 from 112 in mid-July 2023. As of mid-July 2024, the licensed institutions comprised 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance institutions, and 1 infrastructure development bank.
- 1.117 The total number of deposit and loan accounts in commercial banks, development banks, and finance companies increased in mid-July 2024 to approximately 55.89 million deposit accounts and 1.89 million loan accounts, up from about 51.18 million deposit and 1.83 million loan accounts in mid-July 2023. Meanwhile, microfinance institutions had approximately 5.995 million members and 2.663 million loan accounts in mid-July 2024, compared to 6.016 million members and 2.984 million loan accounts a year earlier. Microfinance services have now expanded to all 77 districts across the country.
- 1.118 The number of institutions licensed by NRB to conduct limited banking operations remained unchanged at 15 as of mid-July 2024.

### Financial Access

- 1.119 The number of BFI branches reached 11,530 in mid-July 2024 compared to 10,589 in mid-July 2023.
- 1.120 Population per branch stood at 2,529 in mid-July 2024 compared to 2,517 in the previous year.
- 1.121 At the provincial level, Bagmati Province had the highest number of BFI branches at 3,038, while Karnali Province had the lowest at 475 in mid-July 2024. In the previous year, these figures were 3,025 and 466 respectively.
- 1.122 The number of mobile banking users of BFIs rose to 24.60 million in mid-July 2024 from 21.4 million a year earlier. Similarly, debit card users of A, B, and C class BFIs increased to 12.9 million in mid-July 2024 compared to 12.2 million in mid-July 2023.

## Securities Market

- 1.123 On a year-on-year basis, the NEPSE index rose by 6.8 percent to reach 2,240.4 points in mid-July 2024, following a 4.4 percent increase to 2,097.1 points in mid-July 2023.
- 1.124 The NEPSE sensitive index edged up by 0.8 percent to 397.2 points in mid-July 2024 from 394.2 points in mid-July 2023. Likewise, the NEPSE



float index increased by 5.3 percent to 152.6 points compared to 145.0 points a year earlier.

- 1.125 Securities market activity expanded in 2023/24, with the total volume of share transactions surging 57.28 percent to Rs.734.68 billion, up from Rs.467.03 billion in the previous year.
- 1.126 In mid-July 2024, market capitalization increased by 15.3 percent year-on-year to Rs.3,553.68 billion. The market capitalization to GDP ratio stood at 62.29 percent compared to 57.3 percent in mid-July 2023. During the review year, the market capitalization distribution was as follows: BFIs (including insurance companies) accounted for 58.6 percent, hydropower 15.1 percent, investment companies 7.3 percent, manufacturing and processing 6.4 percent, hotels 2.8 percent, trading institutions 0.5 percent, and others 9.2 percent.
- 1.127 The paid-up value of listed shares on NEPSE increased by 13.2 percent to Rs.825.05 billion in mid-July 2024. During 2023/24, additional securities worth Rs.130.47 billion were listed, comprising ordinary shares worth Rs.86.81 billion, bonus shares Rs.21.65 billion, right shares Rs.21.98 billion, and a follow-on public offer (FPO) of Rs.30 million.
- 1.128 The number of companies listed on the Nepal Stock Exchange Limited reached 270 in mid-July 2024, up from 254 in mid-July 2023. Among these, 132 are BFIs (including insurance companies), 91 hydropower companies, 22 manufacturing and processing industries, 7 hotels, 7 investment companies, 4 trading companies, and 7 others.

**Table 1: World Economic Growth Rate, Price, and Trade**  
(Annual Percent Change)

Description	2022	2023	Projection	
			2024	2025
<b>World Output</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.2</b>
<b>Advanced Economies</b>	<b>2.9</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>
United States	2.5	2.9	2.8	2.2
Euro Area	3.3	0.4	0.8	1.2
Japan	1.2	1.7	0.3	1.1
<b>Emerging and Developing Economies</b>	<b>4.0</b>	<b>4.4</b>	<b>4.2</b>	<b>4.2</b>
Emerging and Developing Asia	4.4	5.7	5.3	5.0
China	3.0	5.2	4.8	4.5
India	7.0	8.2	7.0	6.5
<b>Goods Price</b>				
Oil	39.2	-16.4	0.9	-10.4
Non-fuel	7.9	-5.7	2.9	-0.2
<b>Consumer Price</b>	<b>8.7</b>	<b>6.7</b>	<b>5.8</b>	<b>4.3</b>
Advanced Economies	7.3	4.6	2.6	2.0
Emerging and Developing Economies	9.6	8.1	7.9	5.9
World Trade (Merchandise and Services)	5.7	0.8	3.1	3.4

Source: International Monetary Fund, October 2024

**Table 2: Macroeconomic Indicators**

S.N.	Description	Percent Change		
		2021/22	2022/23	2023/24
1	Producers' Price:			
	GDP at constant (2010/11) price	5.63	1.95	3.87
	GDP at current price	14.34	7.47	6.66
2	Basic Price:			
	GDP at constant (2010/11) price	5.28	2.31	3.54
	GDP at current price	14.56	11.35	6.57
	• GNP at Current Price	14.39	8.10	7.05
	• Total consumption at current price	14.08	6.53	6.42
	• Gross domestic savings at current price	18.12	20.92	9.66
	• Gross national savings at current price	7.46	22.57	14.13
	• Total investment at current price	22.40	-9.61	2.85
	• Gross fixed capital formation at current price	12.95	-7.00	4.00
3	Gross National Disposable Income at current price	12.41	10.39	8.48
4	Money supply (M1)	-9.30	-0.31	-1.28
5	Broad money supply (M2)	6.81	11.19	12.96
6	Total domestic credit	14.52	8.82	6.11
7	Fixed deposits	9.01	12.34	13.00
8	Total exports	41.7	-21.4	-3.0
9	Total imports	24.7	-16.1	-1.2
10	Gross foreign exchange reserve	-13.1	26.6	32.6
11	Government Revenue	14.1	-9.3	7.1
12	Government Expenditure	9.5	8.5	-0.9
13	Annual average consumer price inflation	6.32	7.74	5.44
14	Annual average wholesale price inflation	9.51	8.47	3.92
<b>As Percent of Nominal GDP at Producers' Price</b>				
1	Total consumption	93.42	92.59	92.38
2	Gross domestic saving	6.58	7.41	7.62
3	Gross national saving	29.63	33.79	36.15
4	Total investment at current price	37.64	31.66	30.53
5	Gross fixed capital formation	28.98	25.08	24.45
6	Gross national disposable income	123.04	126.38	128.54
7	Money supply (M1)	19.17	17.78	16.45
8	Broad money supply (M2)	111.41	115.26	122.07
9	Total domestic credit	114.03	115.46	114.86
10	Fixed deposits	102.13	106.76	113.10
11	Total exports	4.0	2.9	2.7
12	Total imports	38.6	30.1	27.9
13	Foreign exchange reserve	24.4	28.8	35.8
14	Government revenue	22.4	18.9	19.0
15	Government expenditure	26.3	26.6	24.7
16	Trade balance (-deficit)	-34.6	-27.2	-25.3
17	Current account balance (-deficit)	-12.5	-0.9	3.9
18	Total outstanding external debt	20.60	21.90	21.95
19	Total outstanding domestic debt	19.80	21.10	20.70

Source: Economic Survey, 2023-24; Financial Comptroller General Office

**Table 3: Sectoral Growth Rate of Gross Domestic Product**

(At 2010/11 price)

Description	Growth rate (percentage)		
	2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>
<b>1. Agriculture sector</b>	<b>2.35</b>	<b>2.76</b>	<b>3.05</b>
Agriculture, forestry and fishing	2.35	2.76	3.05
<b>2. Non agriculture sector</b>	<b>6.54</b>	<b>2.13</b>	<b>3.75</b>
<b>A. Industry sector</b>	<b>10.70</b>	<b>1.38</b>	<b>1.25</b>
Mining and quarrying	8.84	0.98	2.31
Manufacturing	6.70	-1.98	-1.60
Electricity, gas, steam and air conditioning supply	52.68	19.89	17.44
Water supply, sewerage, waste management and remediation activities	3.08	3.25	2.80
Construction	6.93	-1.10	-2.07
<b>B. Service sector</b>	<b>5.32</b>	<b>2.36</b>	<b>4.50</b>
Wholesale and retail trade; repair of motor vehicles and motorcycles	7.42	-3.02	0.16
Transportation and storage	4.60	1.45	11.89
Accommodation and food service activities	12.56	18.03	21.84
Information and communication	4.19	4.15	4.91
Financial and insurance activities	6.91	7.27	7.80
Real estate activities	1.72	2.18	2.98
Professional, scientific and technical activities	3.50	3.93	4.15
Administrative and support service activities	1.58	5.03	4.04
Public administration and defence; compulsory social security	4.08	5.75	4.49
Education	4.66	3.93	2.71
Human health and social work activities	6.99	6.57	5.52
Arts, entertainment and recreation; Other service activities; and Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	4.48	5.11	4.17

R = Revised estimate

P = Preliminary estimate

Source: National Statistics Office

**Table 4: Province-wise Economic Growth Rate and Share**

Province	2022/23 <sup>R</sup>		2023/24 <sup>P</sup>	
	Growth Rate	Share	Growth Rate	Share
Koshi	2.13	15.88	3.51	15.84
Madhesh	1.50	13.14	3.78	13.12
Bagmati	1.77	36.22	3.96	36.36
Gandaki	3.30	9.06	4.55	9.06
Lumbini	1.99	14.29	4.05	14.26
Karnali	1.96	4.28	3.39	4.28
Sudur-Paschim	1.52	7.13	3.41	7.09
<b>National</b>	<b>1.95</b>	<b>100.00</b>	<b>3.87</b>	<b>100.00</b>

R = Revised estimate

P = Preliminary estimate

Source: National Statistics Office

**Table 5: National Consumer Price Index****(2014/15 = 100)****Annual Average**

Groups & Sub-Groups	Weight percent	Fiscal Year			percent Change	
		2021/22	2022/23	2023/24	2022/23	2023/24
<b>Overall Index</b>	<b>100</b>	<b>146.32</b>	<b>157.64</b>	<b>166.22</b>	<b>7.74</b>	<b>5.44</b>
<b>Food and Beverage</b>	<b>43.91</b>	<b>143.7</b>	<b>153.22</b>	<b>163.13</b>	<b>6.62</b>	<b>6.47</b>
Cereal grains and their products	11.33	131.35	145.4	159.72	10.7	9.85
Pulses and legumes	1.84	119.34	124.72	137.14	4.51	9.96
Vegetable	5.52	147.84	146.48	158.63	-0.92	8.29
Meat and fish	6.75	146.29	150.83	153.96	3.1	2.08
Milk products and eggs	5.24	143.46	156.7	168.44	9.23	7.49
Ghee and oil	2.95	189.03	189.09	168.3	0.03	-10.99
Fruit	2.08	156.07	167.54	177.96	7.35	6.22
Sugar and sugar products	1.74	137.97	146.45	160.9	6.15	9.87
Spices	1.21	129.64	145.85	184.35	12.5	26.4
Non-alcoholic drinks	1.24	139.4	148.99	158.92	6.88	6.66
Alcoholic drinks	0.68	188.59	204.76	215.61	8.57	5.3
Tobacco products	0.41	172.5	189.54	193.95	9.88	2.33
Restaurant and hotel	2.92	148.07	169.42	181.48	14.42	7.12
<b>Non-food and Services</b>	<b>56.09</b>	<b>148.41</b>	<b>161.2</b>	<b>168.68</b>	<b>8.62</b>	<b>4.64</b>
Clothes and footwear	7.19	161.29	172.38	180.24	6.88	4.56
Housing and utilities	20.3	156.64	170.19	177.17	8.65	4.1
Furnishing and household equipment	4.3	143.74	156.09	163.51	8.59	4.75
Health	3.47	125.66	138.24	143.49	10.01	3.8
Transportation	5.34	136.81	155.28	154.01	13.5	-0.82
Communication	2.82	111.8	113.31	113.8	1.35	0.43
Recreation and culture	2.46	132	145.44	161.38	10.18	10.96
Education	7.41	156.21	169.94	183.08	8.79	7.73
Miscellaneous goods and services	2.81	157.04	169.53	188.83	7.95	11.38
<b>CPI : Kathmandu Valley</b>						
Overall Index	100	145.5	156.48	165.85	7.55	5.99
Food and beverage	39.77	147.14	155.5	166.84	5.68	7.29
Non-food and services	60.23	144.43	157.13	165.2	8.79	5.14
<b>CPI : Terai</b>						
Overall Index	100	144.69	156.27	163.8	8	4.82
Food and beverage	44.14	140.92	150.96	159.97	7.12	5.97
Non-food and services	55.86	147.74	160.59	166.89	8.7	3.92
<b>CPI : Hill</b>						
Overall Index	100	150.48	161.85	171.2	7.56	5.78
Food and beverage	46.88	145.36	155.03	164.95	6.65	6.4
Non-food and services	53.12	155.14	168.13	176.9	8.37	5.22
<b>CPI : Mountain</b>						
Overall Index	100	143.91	154.15	164.72	7.12	6.86
Food and beverage	59.53	140.83	151.15	161.97	7.33	7.16
Non-food and services	40.47	148.55	158.67	168.86	6.81	6.42

**Table 6: National Wholesale Price Index**  
**(2017/18 = 100)**  
**Annual Average**

Groups and Sub-groups	Weight percent	Fiscal Year			Percent Change	
		2021/22	2022/23	2023/24 <sup>P</sup>	2022/23	2023/24
<b>1. Overall</b>	<b>100</b>	<b>133.78</b>	<b>145.11</b>	<b>150.79</b>	<b>8.47</b>	<b>3.92</b>
<b>1.1 Primary</b>	<b>33.59</b>	<b>136.47</b>	<b>143.87</b>	<b>154.20</b>	<b>5.42</b>	<b>7.18</b>
Food	8.76	136.54	143.55	154.80	5.14	7.83
Nonfood	57.65	135.56	148.18	146.07	9.31	-1.42
<b>1.2 Fuel and Power</b>	<b>31.27</b>	<b>136.96</b>	<b>168.19</b>	<b>160.70</b>	<b>22.80</b>	<b>-4.45</b>
Fuel and power	2.31	157.21	205.55	193.97	30.75	-5.63
Electricity	5.66	100.00	100.00	100.00	0.00	0.00
<b>1.3 Manufactured</b>	<b>3.10</b>	<b>131.74</b>	<b>142.32</b>	<b>147.30</b>	<b>8.04</b>	<b>3.50</b>
Manufacture of food, beverage & tobacco	15.16	142.70	154.72	163.78	8.42	5.85
Manufacture of textiles	1.01	140.98	152.88	170.34	8.44	11.42
Manufacture of leather and leather products	0.29	117.76	127.99	138.72	8.68	8.39
Manufacture of wood and wood products	2.07	138.90	158.30	163.19	13.97	3.09
Manufacture of paper and paper products	1.08	124.49	143.68	163.36	15.41	13.69
Manufacture of chemicals and chemical products	6.55	136.04	147.66	153.15	8.54	3.72
Manufacture of rubber and plastics products	1.92	116.14	122.12	121.80	5.14	-0.26
Manufacture of non-metallic mineral products	4.50	105.05	118.74	109.60	13.03	-7.69
Manufacture of basic metals	12.55	140.40	149.67	154.59	6.60	3.29
Manufacture of electric and electronic products	4.45	100.27	102.62	104.41	2.34	1.74
Manufacture of machinery and equipment	3.17	122.68	131.49	136.40	7.18	3.73
Manufacture of transport, equipments and parts	3.80	135.07	144.05	147.15	6.65	2.15
Other	1.08	123.20	136.23	141.92	10.57	4.18
<b>2. Broad Economic Classification</b>	<b>100.00</b>	<b>133.78</b>	<b>145.11</b>	<b>150.79</b>	<b>8.47</b>	<b>3.92</b>
Consumption goods	32.90	135.53	141.87	151.27	4.68	6.62
Intermediate goods	56.30	135.97	151.24	155.32	11.23	2.70
Capital goods	10.80	117.04	123.03	125.73	5.12	2.19
<b>3. Construction Material</b>	<b>14.03</b>	<b>128.63</b>	<b>141.17</b>	<b>137.41</b>	<b>9.75</b>	<b>-2.67</b>

**Table 7: National Salary and Wage Rate Index**  
**(2004/05 = 100)**  
**Annual Average**

Groups & Sub-groups	Weight percent	Fiscal Year					Percent Change	
		2019/20	2020/21	2021/22	2022/23	2023/24 <sup>P</sup>	2022/23	2023/24
<b>Overall Index</b>	<b>100</b>	<b>537.38</b>	<b>545.99</b>	<b>582.32</b>	<b>639.99</b>	<b>672.57</b>	<b>9.90</b>	<b>5.09</b>
<b>Salary Index</b>	<b>26.97</b>	<b>446.04</b>	<b>446.42</b>	<b>488.57</b>	<b>549.12</b>	<b>554.89</b>	<b>12.39</b>	<b>1.05</b>
Officers	9.80	425.18	425.39	453.78	495.79	500.32	9.26	0.91
Non officers	17.17	457.91	458.40	508.40	579.54	586.02	13.99	1.12
<b>Civil Service</b>	<b>2.82</b>	<b>541.80</b>	<b>541.80</b>	<b>580.07</b>	<b>661.38</b>	<b>661.38</b>	<b>14.02</b>	<b>0.00</b>
Officers	0.31	421.45	421.45	437.65	500.87	500.87	14.45	0.00
Non officers	2.51	556.41	556.41	597.36	680.86	680.86	13.98	0.00
<b>Public Corporations</b>	<b>1.14</b>	<b>441.98</b>	<b>442.09</b>	<b>486.70</b>	<b>583.32</b>	<b>590.23</b>	<b>19.85</b>	<b>1.18</b>
Officers	0.19	393.40	393.65	428.53	474.90	487.45	10.82	2.64
Non officers	0.95	451.70	451.78	498.34	605.00	610.79	21.40	0.96
<b>Bank &amp; Financial Institutions</b>	<b>0.55</b>	<b>653.50</b>	<b>663.85</b>	<b>851.35</b>	<b>1064.54</b>	<b>1156.30</b>	<b>25.04</b>	<b>8.62</b>
Officers	0.10	476.98	481.55	604.63	777.27	832.77	28.55	7.14
Non officers	0.45	693.90	705.58	907.83	1130.30	1230.36	24.51	8.85
<b>Army &amp; Police Forces</b>	<b>4.01</b>	<b>483.76</b>	<b>483.76</b>	<b>561.72</b>	<b>658.86</b>	<b>658.86</b>	<b>17.29</b>	<b>0.00</b>
Officers	0.17	382.61	382.61	420.08	483.10	483.10	15.00	0.00
Non officers	3.84	488.30	488.30	568.08	666.75	666.75	17.37	0.00
<b>Education</b>	<b>10.55</b>	<b>466.92</b>	<b>467.34</b>	<b>509.95</b>	<b>567.64</b>	<b>571.83</b>	<b>11.31</b>	<b>0.74</b>
Officers	6.80	452.32	452.54	486.81	530.19	532.04	8.91	0.35
Non officers	3.75	493.37	494.17	551.89	635.52	643.94	15.15	1.32
<b>Private Institutions</b>	<b>7.90</b>	<b>350.97</b>	<b>350.97</b>	<b>365.22</b>	<b>387.81</b>	<b>394.54</b>	<b>6.19</b>	<b>1.74</b>
Officers	2.24	346.35	346.35	352.90	379.85	390.51	7.64	2.81
Non officers	5.66	352.79	352.79	370.08	390.95	396.13	5.64	1.32
<b>Wage Rate Index</b>	<b>73.03</b>	<b>571.12</b>	<b>582.76</b>	<b>616.94</b>	<b>673.54</b>	<b>716.02</b>	<b>9.17</b>	<b>6.31</b>
<b>Agricultural Labourer</b>	<b>39.49</b>	<b>654.26</b>	<b>668.67</b>	<b>697.52</b>	<b>742.21</b>	<b>775.54</b>	<b>6.41</b>	<b>4.49</b>
Male	20.49	633.06	649.52	661.07	697.66	727.91	5.53	4.34
Female	19.00	677.14	689.34	736.85	790.29	826.94	7.25	4.64
<b>Industrial Labourer</b>	<b>25.25</b>	<b>464.88</b>	<b>472.82</b>	<b>518.73</b>	<b>598.14</b>	<b>663.50</b>	<b>15.31</b>	<b>10.93</b>
High skilled	6.31	444.39	450.70	490.80	576.53	635.34	17.47	10.20
Skilled	6.31	442.94	451.64	493.92	570.53	646.15	15.51	13.25
Semi skilled	6.31	446.40	454.59	505.12	578.50	640.58	14.53	10.73
Unskilled	6.32	525.73	534.27	585.01	666.93	731.85	14.00	9.73
<b>Construction Labourer</b>	<b>8.29</b>	<b>498.53</b>	<b>508.24</b>	<b>532.13</b>	<b>575.99</b>	<b>592.42</b>	<b>8.24</b>	<b>2.85</b>
<b>Mason</b>	<b>2.76</b>	<b>464.19</b>	<b>468.20</b>	<b>489.48</b>	<b>525.25</b>	<b>537.58</b>	<b>7.31</b>	<b>2.35</b>
Skilled	1.38	452.00	458.39	477.88	510.17	522.56	6.76	2.43
Unskilled	1.38	476.37	478.01	501.07	540.32	552.60	7.83	2.27
<b>Carpenter</b>	<b>2.76</b>	<b>453.54</b>	<b>460.11</b>	<b>474.53</b>	<b>510.62</b>	<b>523.88</b>	<b>7.61</b>	<b>2.60</b>
Skilled	1.38	436.46	443.76	454.71	488.25	501.29	7.38	2.67
Unskilled	1.38	470.61	476.45	494.35	533.00	546.47	7.82	2.53
<b>Worker</b>	<b>2.77</b>	<b>577.67</b>	<b>596.19</b>	<b>632.11</b>	<b>691.78</b>	<b>715.48</b>	<b>9.44</b>	<b>3.43</b>
Male	1.38	581.47	595.85	625.62	668.96	693.27	6.93	3.63
Female	1.39	573.89	596.53	638.57	714.48	737.58	11.89	3.23

**Table 8: Consumer Price Inflation in Nepal and India**  
(Y-o-y percent Change)

Fiscal Year	2021/22			2022/23			2023/24		
Mid-Month	Nepal	India	Deviation	Nepal	India	Deviation	Nepal	India	Deviation
August	4.35	5.3	-0.95	8.26	7	1.26	7.52	6.83	0.69
September	3.49	4.35	-0.86	8.64	7.41	1.23	8.19	5.02	3.17
October	4.24	4.48	-0.24	8.5	6.77	1.73	7.5	4.87	2.63
November	6.04	4.91	1.13	8.08	5.88	2.2	5.38	5.55	-0.17
December	7.11	5.66	1.45	7.38	5.72	1.66	4.95	5.69	-0.74
January	5.65	6.01	-0.36	7.26	6.52	0.74	5.26	5.1	0.16
February	6.24	6.07	0.17	7.88	6.44	1.44	5.01	5.09	-0.08
March	7.14	6.95	0.19	7.44	5.66	1.78	4.82	4.85	-0.03
April	7.28	7.79	-0.51	7.76	4.7	3.06	4.61	4.83	-0.22
May	7.87	7.04	0.83	7.41	4.31	3.1	4.4	4.8	-0.4
June	8.56	7.01	1.55	6.83	4.87	1.96	4.17	5.08	-0.91
July	8.08	6.71	1.37	7.44	7.44	0	3.57	3.6	-0.03
<b>Average</b>	<b>6.32</b>	<b>6.02</b>	<b>0.31</b>	<b>7.74</b>	<b>6.06</b>	<b>1.68</b>	<b>5.44</b>	<b>5.11</b>	<b>0.34</b>

Note :

1) CPI in Nepal (2014/15 = 100)

2) CPI in India (2012 = 100)

**Table 9: Direction of Foreign Trade\***

(Rs. in Million)

	2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	Percent Change	
				2022/23	2023/24
<b>TOTAL EXPORTS</b>	<b>200031</b>	<b>157140.7</b>	<b>152380.6</b>	<b>-21.4</b>	<b>-3.0</b>
To India	155222.3	106686.4	103177.1	-31.3	-3.3
To China	808.8	1765.8	2588.6	118.3	46.6
To Other Countries	43999.9	48688.5	46614.9	10.7	-4.3
<b>TOTAL IMPORTS</b>	<b>1920448.4</b>	<b>1611731.8</b>	<b>1592985.5</b>	<b>-16.1</b>	<b>-1.2</b>
From India	1200152.7	1027847.5	996682.2	-14.4	-3.0
From China	264783.7	222715.9	298774.6	-15.9	34.2
From Other Countries	455511.9	361168.3	297528.7	-20.7	-17.6
<b>TOTAL TRADE BALANCE</b>	<b>-1720417.4</b>	<b>-1454591.1</b>	<b>-1440604.9</b>	<b>-15.5</b>	<b>-1.0</b>
With India	-1044930.4	-921161.1	-893505.1	-11.8	-3.0
with China	-263975	-220950.1	-296186.0	-16.3	34.1
With Other Countries	-411512	-312479.8	-250913.8	-24.1	-19.7
<b>TOTAL FOREIGN TRADE</b>	<b>2120479.3</b>	<b>1768872.5</b>	<b>1745366.1</b>	<b>-16.6</b>	<b>-1.3</b>
With India	1355375	1134533.9	1099859.2	-16.3	-3.1
With China	265592.5	224481.7	301363.3	-15.5	34.2
With Other Countries	499511.8	409856.8	344143.7	-17.9	-16.0

(In Percent)

<b>1. Ratio of Exports to Imports</b>	10.4	9.7	9.6
India	12.9	10.4	10.4
China	0.3	0.8	0.9
Other Countries	9.7	13.5	15.7
<b>2. Share in Total Exports</b>			
India	77.6	67.9	67.7
China	0.4	1.1	1.7
Other Countries	22.0	31.0	30.6
<b>3. Share in Total Imports</b>			
India	62.5	63.8	62.6
China	13.8	13.8	18.8
Other Countries	23.7	22.4	18.7
<b>4. Share in Trade Balance</b>			
India	60.7	63.3	62.0
China	15.3	15.2	20.6
Other Countries	23.9	21.5	17.4
<b>5. Share in Total Trade</b>			
India	63.9	64.1	63.0
China	12.5	12.7	17.3
Other Countries	23.6	23.2	19.7
<b>6. Share of Exports &amp; Imports in Total Trade</b>			
Export	9.4	8.9	8.7
Import	90.6	91.1	91.3

\* Based on customs data

R= Revised, P= Provisional

Table 10: Exports of Major Commodities to India\*

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>140697.9</b>	<b>93287.0</b>	<b>82060.9</b>	<b>-33.7</b>	<b>-12.0</b>
1	Brans	610.4	1016.0	427.5	66.4	-57.9
2	Cardamom	4779.0	8256.0	7936.6	72.8	-3.9
3	Cattlefeed	251.4	81.9	0.1	-67.4	-99.9
4	Cinnamon	152.1	198.2	201.0	30.3	1.4
5	Copper Wire Rod	436.2	462.9	913.2	6.1	97.3
6	Fruits	12.8	6.1	16.8	-52.3	175.0
7	G.I. pipe	66.0	374.9	794.3	-	111.9
8	Ginger	465.4	1072.4	1127.3	130.4	5.1
9	Handicraft Goods	32.3	38.7	26.7	19.9	-30.9
10	Herbs	971.9	1101.2	1342.5	13.3	21.9
11	Juice	6074.8	6629.8	8658.7	9.1	30.6
12	Jute Goods	7496.8	7241.1	6755.8	-3.4	-6.7
	Jute Goods - Hessian	382.6	3723.7	4040.6	-	8.5
	Jute Goods - Sackings	7114.2	3517.4	2715.2	-50.6	-22.8
13	Marble Slab	10.3	23.9	12.3	131.9	-48.5
14	Medicine (Ayurvedic)	1279.1	1287.8	1544.1	0.7	19.9
15	Mustard & Linseed	7.0	0.0	0.0	-	-
16	Noodles	1348.3	1055.2	924.0	-21.7	-12.4
17	Oil Cakes	3492.2	2302.3	2955.8	-34.1	28.4
18	Palm Oil	41064.7	20509.1	6336.5	-50.1	-69.1
19	Paper	60.3	77.4	30.9	28.4	-60.1
20	Particle Board	352.0	4704.1	7415.3	-	57.6
21	Pashmina	37.8	102.7	108.4	171.9	5.6
22	Plastic Utensils	42.8	8.5	38.6	-80.1	354.0
23	Polyester Yarn	7523.6	8925.2	9382.5	18.6	5.1
24	Readymade Garments	171.5	227.4	199.7	32.6	-12.2
25	Rosin	1853.7	1652.3	1478.6	-10.9	-10.5
26	Shoes and Sandals	1055.4	1017.2	1277.7	-3.6	25.6
27	Skin	351.3	76.7	97.2	-78.2	26.8
28	Soyabean Oil	48120.4	8476.0	901.8	-82.4	-89.4
29	Tea	3005.5	3436.9	3093.4	14.4	-10.0
30	Textiles**	3277.9	2377.8	2542.4	-27.5	6.9
31	Thread	1992.4	1624.9	1827.6	-18.4	12.5
32	Tooth Paste	844.6	544.2	781.8	-35.6	43.7
33	Turpentine	255.3	264.2	235.1	3.5	-11.0
34	Vegetables	151.5	186.5	182.2	23.1	-2.3
35	Wire	209.6	221.6	636.4	5.8	187.1
36	Zinc sheet	2841.7	7705.7	11858.0	171.2	53.9
<b>B.</b>	<b>Others</b>	<b>14524.4</b>	<b>13399.4</b>	<b>21116.2</b>	<b>-7.7</b>	<b>57.6</b>
	<b>Total (A+B)</b>	<b>155222.3</b>	<b>106686.4</b>	<b>103177.1</b>	<b>-31.3</b>	<b>-3.3</b>

\* Based on customs data

\*\* Includes PP fabric

R= Revised,

P= Provisional

**Table 11: Imports of Major Commodities from India\***

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>973369.1</b>	<b>817363.5</b>	<b>784148.2</b>	<b>-16.0</b>	<b>-4.1</b>
1	Agri. Equip. & Parts	6856.1	5200.6	5274.2	-24.1	1.4
2	Aluminium Bars, Rods, Profiles, Foil etc.	7158.0	8642.5	8376.0	20.7	-3.1
3	Baby Food & Milk Products	7355.6	7593.2	7043.1	3.2	-7.2
4	Bitumen	6251.7	7812.4	9010.7	25.0	15.3
5	Books and Magazines	984.8	1127.0	1126.3	14.4	-0.1
6	Cement	689.4	294.3	298.3	-57.3	1.4
7	Chemical Fertilizer	1826.0	1373.0	470.7	-24.8	-65.7
8	Chemical	11979.1	11287.3	11622.6	-5.8	3.0
9	Coal	16511.5	20902.0	19573.7	26.6	-6.4
10	Coldrolled Sheet in Coil	3853.0	753.1	131.1	-80.5	-82.6
11	Cooking Stoves	903.1	590.2	648.9	-34.7	9.9
12	Cosmetic Goods	3512.7	3613.7	3969.4	2.9	9.8
13	Cuminseeds and Peppers	2103.6	2036.5	2612.6	-3.2	28.3
14	Dry Cell Battery	3780.9	3334.6	3760.9	-11.8	12.8
15	Electrical Equipment	33671.0	31821.4	38677.0	-5.5	21.5
16	Enamel & other paints	7047.7	5241.2	5337.5	-25.6	1.8
17	Ferrous products obtained by direct reduction of iron (Sponge Iron)	23981.7	43601.8	39026.7	81.8	-10.5
18	Fruits	10932.8	10475.4	10880.0	-4.2	3.9
19	Glass Sheet and G.Wares	7521.2	6931.1	6233.3	-7.8	-10.1
20	Hotrolled Sheet in Coil	37250.4	37065.3	20711.8	-0.5	-44.1
21	Incense Sticks	1248.1	1228.3	1231.4	-1.6	0.3
22	Insecticides	4418.1	3590.5	4257.5	-18.7	18.6
23	Live Animals	454.8	0.5	26.9	-99.9	-
24	M.S. Billet	51330.3	21135.7	13851.9	-58.8	-34.5
25	M.S. Wire Rod, Bars, Coils, Bars	18430.8	9512.0	9939.5	-48.4	4.5
26	Medicine	35683.8	32517.5	35328.4	-8.9	8.6
27	Molasses Sugar	219.2	216.1	426.4	-1.4	97.3
28	Other Machinery and Parts	55452.0	42419.5	44257.7	-23.5	4.3
29	Other Stationery Goods	1251.7	1537.3	1545.2	22.8	0.5
30	Paper	8696.6	10215.4	9987.3	17.5	-2.2
31	Petroleum Products	330704.9	307078.0	297637.7	-7.1	-3.1
32	Pipe and Pipe Fittings	7369.2	5699.8	5196.3	-22.7	-8.8
33	Plastic Utensils	5834.8	5068.3	4817.7	-13.1	-4.9
34	Polypropylene Granuals	7201.5	4624.8	5954.2	-35.8	28.7
35	Radio, TV, Deck & Parts	1727.8	1990.4	1281.6	15.2	-35.6
36	Raw Cotton	182.1	199.9	162.5	9.8	-18.7
37	Readymade Garments	9574.7	6887.2	9391.8	-28.1	36.4
38	Rice/Paddy	47356.0	36404.3	22098.3	-23.1	-39.3
39	Salt	1835.6	2446.6	2507.8	33.3	2.5
40	Sanitaryware	3712.6	3457.8	3241.9	-6.9	-6.2
41	Shoes and Sandals	1135.8	1196.8	1050.5	5.4	-12.2
42	Steel Sheet	10995.7	1515.2	277.8	-86.2	-81.7
43	Tea	65.3	98.9	28.0	51.6	-71.7
44	Telecommunication Equipments and Parts	14187.9	8384.7	9756.3	-40.9	16.4
45	Textiles	11885.3	9586.7	10898.0	-19.3	13.7
46	Thread	17521.0	16841.9	12882.5	-3.9	-23.5
47	Tobacco	2984.3	2976.4	3594.8	-0.3	20.8
48	Tyre, Tubes and Flapes	11043.8	9122.8	11128.5	-17.4	22.0
49	Vegetables	16961.3	16880.6	11268.4	-0.5	-33.2
50	Vehicles & Spare Parts	94299.0	40230.8	51904.6	-57.3	29.0
51	Wire Products,Notbolt,Handles, Lock	5434.6	4602.2	3432.0	-15.3	-25.4
<b>B.</b>	<b>Others</b>	<b>226783.6</b>	<b>210484.0</b>	<b>212533.9</b>	<b>-7.2</b>	<b>1.0</b>
	<b>Total (A+B)</b>	<b>1200152.7</b>	<b>1027847.5</b>	<b>996682.2</b>	<b>-14.4</b>	<b>-3.0</b>

\* Based on customs data

R= Revised,

P= Provisional

**Table 12: Exports of Major Commodities to China\***

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>579.2</b>	<b>1083.8</b>	<b>1114.1</b>	<b>87.1</b>	<b>2.8</b>
1	Agarbatti	3.7	8.0	20.4	113.7	155.1
2	Handicraft ( Metal and Wooden )	89.9	102.5	265.2	14.1	158.6
3	Noodles	8.4	514.2	149.8	-	-70.9
4	Other handicraft goods	87.8	54.3	36.4	-38.1	-33.0
5	Pashmina	23.5	13.1	35.4	-44.2	169.8
6	Readymade Garments	91.6	167.7	160.1	83.1	-4.6
7	Readymade Leather Goods	0.0	0.4	14.8	-	-
8	Rudrakshya	12.4	22.3	27.2	80.2	21.9
9	Tanned Skin	26.7	0.0	12.2	-	-
10	Tea	0.2	1.1	0.9	378.1	-21.2
11	Wheat Flour	0	0	0	0	0
12	Woolen Carpet	235.0	200.0	391.6	-14.9	95.9
<b>B.</b>	<b>Other</b>	<b>229.6</b>	<b>682.0</b>	<b>1474.5</b>	<b>197.1</b>	<b>116.2</b>
	<b>Total (A+B)</b>	<b>808.8</b>	<b>1765.8</b>	<b>2588.6</b>	<b>118.3</b>	<b>46.6</b>

\* Based on customs data

R= Revised, P= Provisional

**Table 13: Imports of Major Commodities from China\***

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>213133.7</b>	<b>171109.4</b>	<b>197284.7</b>	<b>-19.7</b>	<b>15.3</b>
1	Aluminium scrap, flake, foil, bars, & rods	1261.1	553.3	64.2	-56.1	-88.4
2	Apple	5989.5	5155.8	7574.7	-13.9	46.9
3	Bags	1257.2	1409.4	1923.3	12.1	36.5
4	Camera	2330.2	1062.6	1251.8	-54.4	17.8
5	Ceramic Products	1235.0	1054.0	989.9	-14.7	-6.1
6	Chemical	3582.3	3180.2	2619.8	-11.2	-17.6
7	Chemical Fertilizer	7009.8	12585.6	11837.4	79.5	-5.9
8	Computer and Parts	16060.4	9956.9	10883.5	-38.0	9.3
9	Cosmetic Goods	980.0	1011.7	1866.8	3.2	84.5
10	Dry Cell Battery	142.3	85.8	126.8	-39.7	47.8
11	Electrical Goods	18353.2	15926.2	18353.2	-13.2	15.2
12	Fastener	375.4	326.9	442.0	-12.9	35.2
13	Garlic	1043.5	1104.7	2223.9	5.9	101.3
14	Glasswares	1880.4	2373.5	1908.2	26.2	-19.6
15	Medical Equip.& Tools	5185.8	4897.2	2940.6	-5.6	-40.0
16	Medicine	8470.3	1059.1	1355.9	-87.5	28.0
17	Metal & Wooden furniture	1423.8	942.8	1613.1	-33.8	71.1
18	Office Equip.& Stationary	1762.2	1269.1	1012.2	-28.0	-20.2
19	Other Machinery and Parts	25709.0	19142.9	24458.7	-25.5	27.8
20	Other Stationeries	940.9	1117.9	1230.5	18.8	10.1
21	P.V.C. Compound	744.3	383.4	655.0	-48.5	70.8
22	Parafin Wax	0.3	7.3	10.1	-	39.2
23	Pipe and Pipe Fittings	808.9	1117.2	608.8	38.1	-45.5
24	Plywood & Partical board	495.2	465.0	131.7	-6.1	-71.7
25	Polyethylene terephthalate (Plastic pet chips/Pet Resin)	896.0	1019.6	857.7	13.8	-15.9
26	Polythene Granules	463.0	219.1	219.6	-52.7	0.2
27	Raw Silk	2745.8	2748.4	2697.0	0.1	-1.9
28	Raw Wool	407.3	349.8	323.7	-14.1	-7.4
29	Readymade Garments	20336.6	16673.7	23084.8	-18.0	38.4
30	Seasoning Powder & Flavour for Instant Noodles	256.4	264.6	606.3	3.2	129.1
31	Shoes and Sandals	7077.8	6131.9	8277.1	-13.4	35.0
32	Silver	2026.7	85.0	15.9	-95.8	-81.3
33	Smart Cards	380.1	1367.3	320.6	259.7	-76.6
34	Solar Panel	1501.5	1231.9	923.4	-18.0	-25.0
35	Steel Rod & Sheet	498.3	308.2	202.5	-38.2	-34.3
36	Storage Battery	403.1	443.5	569.8	10.0	28.5
37	Telecommunication Equipments and Parts	36027.4	25110.2	25998.2	-30.3	3.5
38	Textiles	15912.5	15688.8	19740.9	-1.4	25.8
39	Thread	472.6	914.5	1917.6	93.5	109.7
40	Toys	1512.4	1485.8	2463.2	-1.8	65.8
41	Transport Equip.& Parts	6924.9	4915.9	6540.1	-29.0	33.0
42	Tyre, Tubes and Flapes	392.5	309.8	481.0	-21.1	55.3
43	Video Television & Parts	5632.8	3715.9	3227.7	-34.0	-13.1
44	Welding Rods	1020.6	608.8	459.5	-40.4	-24.5
45	Wheat Products	353.3	312.0	353.3	-11.7	13.2
46	Writing & Printing Paper	851.0	1016.2	1922.6	19.4	89.2
<b>B.</b>	<b>Others</b>	<b>51650.0</b>	<b>51606.5</b>	<b>101490.0</b>	<b>-0.1</b>	<b>96.7</b>
	<b>Total (A + B)</b>	<b>264783.7</b>	<b>222715.9</b>	<b>298774.6</b>	<b>-15.9</b>	<b>34.2</b>

\* Based on customs data

R= Revised, P= Provisional

Table 14: Exports of Major Commodities to Other Countries\*

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>22762.8</b>	<b>26374.5</b>	<b>24714.4</b>	<b>15.9</b>	<b>-6.3</b>
1.	Handicraft ( Metal and Wooden )	382.9	463.4	327.9	21.0	-29.2
2.	Herbs	657.4	742.9	578.6	13.0	-22.1
3.	Musical instruments, parts and accessories	938.9	919.1	863.7	-2.1	-6.0
4.	Nepalese Paper & Paper Products	561.7	683.8	640.8	21.7	-6.3
5.	Noodles	477.4	726.6	892.4	52.2	22.8
6.	Other handicraft goods	527.8	676.9	461.2	28.2	-31.9
7.	Pashmina	2697.0	3078.3	2880.2	14.1	-6.4
8.	Pulses	569.5	491.7	358.7	-13.7	-27.1
9.	Readymade Garments	4618.9	5444.0	5934.8	17.9	9.0
10.	Readymade Leather Goods	287.5	330.9	375.2	15.1	13.4
11.	Silverware and Jewelleries	1157.2	643.6	417.9	-44.4	-35.1
12.	Tanned Skin	135.1	377.7	286.4	179.5	-24.2
13.	Tea	421.5	492.2	517.4	16.8	5.1
14.	Woolen Carpet	9330.0	11303.5	10179.1	21.2	-9.9
<b>B.</b>	<b>Others</b>	<b>21237.1</b>	<b>22314.0</b>	<b>21900.6</b>	<b>5.1</b>	<b>-1.9</b>
	<b>Total (A+B)</b>	<b>43999.9</b>	<b>48688.5</b>	<b>46614.9</b>	<b>10.7</b>	<b>-4.3</b>

\* Based on customs data

R= Revised, P= Provisional

Table 15: Imports of Major Commodities from Other Countries\*

(Rs. in Million)

S.N.		Fiscal Year			Percent Change	
		2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A.</b>	<b>Major Commodities</b>	<b>372939.0</b>	<b>290660.7</b>	<b>228918.8</b>	<b>-22.1</b>	<b>-21.2</b>
1	Aircraft Spareparts	6028.5	5697.0	13406.0	-5.5	135.3
2	Bags	41.5	66.5	68.5	60.3	3.0
3	Betelnut	3947.6	1494.5	689.0	-62.1	-53.9
4	Camera	797.4	733.9	877.3	-8.0	19.6
5	Chemical	2341.6	1627.5	1458.8	-30.5	-10.4
6	Chemical Fertilizer	12527.2	26732.5	24123.6	113.4	-9.8
7	Cigarette Paper	57.4	76.1	162.0	32.5	112.8
8	Clove	60.6	72.4	286.4	19.5	295.6
9	Coal	23047.2	10279.1	5962.6	-55.4	-42.0
10	Coconut Oil	18.3	57.0	21.2	212.1	-62.9
11	Computer and Parts	2867.8	1831.6	1847.4	-36.1	0.9
12	Copper Wire Rod, Scrapes & Sheets	6704.2	4094.1	4180.4	-38.9	2.1
13	Cosmetic Goods	1996.1	1643.9	1967.5	-17.6	19.7
14	Crude Palm Oil	39310.7	25915.5	10598.3	-34.1	-59.1
15	Crude Soyabean Oil	56256.7	35670.9	13444.6	-36.6	-62.3
16	Door Locks	3.5	12.9	9.6	263.2	-25.4
17	Dry Cell Battery	14.5	20.6	23.9	42.3	16.2
18	Edible Oil	18881.6	18711.7	18238.8	-0.9	-2.5
19	Electrical Goods	2616.6	2347.7	2829.7	-10.3	20.5
20	Flash Light	26.4	41.3	34.5	56.8	-16.7
21	Glasswares	1117.5	747.6	1166.2	-33.1	56.0
22	Gold	42691.2	43886.4	25934.7	2.8	-40.9
23	Insecticides	230.4	161.1	151.6	-30.1	-5.9
24	Medical Equip.& Tools	10545.4	8454.3	10484.0	-19.8	24.0
25	Medicine	31935.6	14081.8	9219.7	-55.9	-34.5
26	Office Equip.& Stationary	1334.1	1244.2	1005.5	-6.7	-19.2
27	Oil seeds	12158.5	9318.2	10751.1	-23.4	15.4
28	Other Machinery and Parts	10410.4	11384.5	10135.5	9.4	-11.0
29	Other Stationeries	2110.5	3589.6	4159.1	70.1	15.9
30	P.V.C. Compound	5281.3	2986.6	2650.2	-43.5	-11.3
31	Palm Oil	1752.4	2720.3	2176.1	55.2	-20.0
32	Peas	7098.0	2665.6	3683.5	-62.4	38.2
33	Petroleum Products	3641.5	2799.0	3013.0	-23.1	7.6
34	Pipe and Pipe Fittings	128.7	127.9	248.3	-0.6	94.1
35	Polythene Granules	11965.5	11777.3	7654.9	-1.6	-35.0
36	Powder Milk	169.0	172.7	179.6	2.2	4.0
37	Preparations, used in animals feeding	1068.5	759.5	1082.1	-28.9	42.5
38	Pulses	6050.2	6821.7	5272.6	12.8	-22.7
39	Raw Wool	1374.4	1138.6	1623.6	-17.2	42.6
40	Readymade Garments	998.2	919.3	786.9	-7.9	-14.4
41	Shoes and Sandals	426.5	454.8	551.4	6.6	21.2
42	Silver	13921.2	2645.3	3269.3	-81.0	23.6
43	Small Cardamom	464.1	1358.4	1419.7	192.7	4.5
44	Steel Rod & Sheet	27.8	27.8	23.2	0.0	-16.6
45	Storage Battery	550.3	390.8	319.3	-29.0	-18.3
46	Synthetic & Natural Rubber	298.9	262.4	225.4	-12.2	-14.1
47	Synthetic Carpet	335.9	71.9	18.4	-78.6	-74.5
48	Telecommunication Equipments and Parts	3502.6	2907.2	1382.6	-17.0	-52.4
49	Tello	117.2	52.6	16.0	-55.1	-69.6
50	Textile Dyes	175.8	169.8	194.1	-3.4	14.3
51	Textiles	933.2	727.2	285.4	-22.1	-60.8
52	Thread	5158.8	5177.6	5350.3	0.4	3.3
53	Toys	240.1	306.9	367.6	27.8	19.8
54	Transport Equip.& Parts	10621.3	6689.5	7380.6	-37.0	10.3
55	Tyre, Tubes and Flaps	635.3	531.0	575.7	-16.4	8.4
56	Video Television & Parts	2773.8	2411.7	1758.4	-13.1	-27.1
57	Watches & Bands	646.5	921.8	932.1	42.6	1.1
58	Writing & Printing Paper	1651.2	1913.7	2331.9	15.9	21.9
59	X-Ray Film	617.4	515.0	521.2	-16.6	1.2
60	Zinc Ingot	234.5	242.5	387.7	3.4	59.8
<b>B.</b>	<b>Others</b>	<b>82572.9</b>	<b>70507.6</b>	<b>68609.9</b>	<b>-14.6</b>	<b>-2.7</b>
	<b>Total (A+B)</b>	<b>455511.9</b>	<b>361168.3</b>	<b>297528.7</b>	<b>-20.7</b>	<b>-17.6</b>

\* Based on customs data

R= Revised, P= Provisional

Table 16: Summary of Balance of Payments

(Rs. in Million)

Particulars	Annual			Percent Change	
	2021/22	2022/23 <sup>R</sup>	2023/24 <sup>P</sup>	2022/23	2023/24
<b>A. Current Account</b>	<b>-623376.5</b>	<b>-46566.3</b>	<b>221339.2</b>	<b>-92.5</b>	<b>-</b>
Goods: Exports f.o.b.	211464.7	183631.0	182366.7	-13.2	-0.7
Oil	8068.5	16019.5	13245.1	98.5	-17.3
Other	203396.2	167611.5	169121.6	-17.6	0.9
Goods: Imports f.o.b.	-1873440.1	-1582793.5	-1570113.9	-15.5	-0.8
Oil	-327073.5	-305572.9	-288747.8	-6.6	-5.5
Other	-1546366.6	-1277220.6	-1281366.1	-17.4	0.3
Balance on Goods	-1661975.4	-1399162.5	-1387747.3	-15.8	-0.8
Services: Net	-108117.5	-79885.9	-55856.5	-26.1	-30.1
Services: credit	122083.7	192379.0	252774.9	57.6	31.4
Travel	32447.2	62300.9	82326.6	92.0	32.1
Government n.i.e.	9526.2	11484.0	23743.1	20.6	106.7
Other	80110.2	118594.0	146705.2	48.0	23.7
Services: debit	-230201.2	-272264.9	-308631.4	18.3	13.4
Transportation	-92230.5	-81880.3	-73440.3	-11.2	-10.3
Travel	-97322.9	-144516.6	-189434.0	48.5	31.1
O/W Education	-67701.6	-100423.3	-125131.9	48.3	24.6
Government n.i.e.	-1754.5	-1875.8	-1621.6	6.9	-13.6
Other	-38893.3	-43992.2	-44135.5	13.1	0.3
Balance on Goods and Services	-1770092.9	-1479048.4	-1443603.8	-16.4	-2.4
Income: Net	28839.5	62858.3	93699.2	118.0	49.1
Income: credit	57494.0	96661.7	131470.3	68.1	36.0
Income: debit	-28654.5	-33803.4	-37771.2	18.0	11.7
Balance on Goods, Services and Income	-1741253.3	-1416190.1	-1349904.6	-18.7	-4.7
Transfers: Net	1117876.8	1369623.8	1571243.7	22.5	14.7
Current transfers: credit	1125595.3	1377407.5	1577941.0	22.4	14.6
Grants	54707.4	60347.4	61632.8	10.3	2.1
Workers' Remittances	1007306.9	1240686.4	1445315.1	23.2	16.5
Pensions	61962.1	75257.6	68579.9	21.5	-8.9
Other transfers	1618.9	1116.1	2413.3	-31.1	116.2
Current transfers: debit	-7718.5	-7783.7	-6697.3	0.8	-14.0
<b>B. Capital Account (Capital Transfer)</b>	<b>9992.4</b>	<b>7541.7</b>	<b>5811.7</b>	<b>-24.5</b>	<b>-22.9</b>
Total, Groups A plus B	-613384.1	-39024.6	227150.9	-93.6	-
<b>C. Financial Account (Excluding Group E)</b>	<b>328142.5</b>	<b>260846.4</b>	<b>160882.2</b>	<b>-20.5</b>	<b>-38.3</b>
Direct Investment in Nepal	18560.3	6170.5	8400.7	-66.8	36.1
Foreign Direct Investment	19219.0	7977.8	8474.7	-58.5	6.2
Repatriation of Investment	-658.7	-1807.3	-73.9	174.4	-95.9
Portfolio Investment	0.0	0.0	0.0	-	-
Other investment: assets	-14062.5	-6615.9	-12168.7	-53.0	83.9
Trade credits	-14255.6	-6914.0	-12150.9	-51.5	75.7
Other	193.0	298.1	-17.8	54.4	-
Other investment: liabilities	323644.7	261291.8	164650.2	-19.3	-37.0
Trade credits	118482.6	128070.4	88729.8	8.1	-30.7
Loans	134010.0	109800.7	91126.6	-18.1	-17.0
General Government	92601.8	85452.2	84431.8	-7.7	-1.2
Drawings	122017.7	119860.0	123608.1	-1.8	3.1
Repayments	-29415.9	-34407.8	-39176.3	17.0	13.9
Other sectors	41408.2	24348.5	6694.8	-41.2	-72.5
Currency and deposits	34591.1	21075.1	-15058.5	-39.3	-
Nepal Rastra Bank	-43.7	46.3	-26.7	-	-
Deposit money banks	34634.8	21028.8	-15031.9	-39.3	-
Other liabilities	36561.0	2345.5	-147.7	-93.6	-
Total, Group A through C	-285241.6	221821.7	388033.1	-	74.9
<b>D. Miscellaneous Items, Net</b>	<b>104030.9</b>	<b>87422.2</b>	<b>99251.8</b>	<b>-16.0</b>	<b>13.5</b>
Total, Group A through D	-181210.7	309243.9	487284.9	-	57.6
<b>E. Reserves and Related Items</b>	<b>181210.7</b>	<b>-309243.9</b>	<b>-487284.9</b>	<b>-</b>	<b>57.6</b>
Reserve assets	181210.7	-309243.9	-487284.9	-	57.6
Nepal Rastra Bank	186042.6	-275295.6	-488357.1	-	77.4
Deposit money banks	-4831.9	-33948.2	1072.2	-	-
Use of Fund Credit and Loans	0.0	0.0	0.0	-	-
<b>Changes in reserve net (- increase)</b>	<b>252362.8</b>	<b>-285823.2</b>	<b>-502491.1</b>	<b>-</b>	<b>75.8</b>

P= Provisional, R= Revised

**Table 17: Gross Foreign Exchange Reserve**

	Rs. in Million			Percent Change	
	2022	2023 <sup>R</sup>	2024 <sup>P</sup>	2022/23	2023/24
<b>Nepal Rastra Bank</b>	<b>1056395</b>	<b>1345776</b>	<b>1848555</b>	<b>27.4</b>	<b>37.4</b>
Convertible	783819.6	1013087.8	1400975.1	29.3	38.3
Inconvertible	272575	332688.6	447579.8	22.1	34.5
<b>Commercial Banks</b>	<b>159407.5</b>	<b>193586</b>	<b>192547.8</b>	<b>21.4</b>	<b>-0.5</b>
Convertible	144563.9	179573	180617	24.2	0.6
Inconvertible	14843.6	14013	11930.8	-5.6	-14.9
<b>Total Reserve</b>	<b>1215802</b>	<b>1539362</b>	<b>2041103</b>	<b>26.6</b>	<b>32.6</b>
Convertible	928383.5	1192660.8	1581592.1	28.5	32.6
Inconvertible	287418.7	346701.6	459510.7	20.6	32.5
	<b>US Dollars in Million</b>			<b>Percent Change</b>	
<b>Nepal Rastra Bank</b>	<b>8265.4</b>	<b>10236.4</b>	<b>13830.3</b>	<b>2.4</b>	<b>3.5</b>
Convertible	6132.7	7705.8	10481.6	2.6	3.6
Inconvertible	2132.7	2530.5	3348.6	1.9	3.2
<b>Commercial Banks</b>	<b>1247.2</b>	<b>1472.5</b>	<b>1440.6</b>	<b>1.8</b>	<b>-0.2</b>
Convertible	1131.1	1365.9	1351.3	2.1	-0.1
Inconvertible	116.1	106.6	89.3	-0.8	-1.6
<b>Total Reserve</b>	<b>9512.6</b>	<b>11708.8</b>	<b>15270.9</b>	<b>2.3</b>	<b>3.0</b>
Convertible	7263.8	9071.7	11832.9	2.5	3.0
Inconvertible	2248.8	2637.1	3437.9	1.6	3.0

R= Revised, P= Provisional

**Table 18: International Investment Position (IIP)**

(Rs. in Million)

S.N.	Heading	Mid-July		
		2022	2023 <sup>R</sup>	2024 <sup>P</sup>
<b>A</b>	<b>Assets</b>	<b>1,330,654.4</b>	<b>1,654,496.9</b>	<b>2,176,979.5</b>
<b>1</b>	<b>Direct Investment</b>			
<b>2</b>	<b>Portfolio Investment</b>			
<b>3</b>	<b>Other Investments</b>	<b>185,975.1</b>	<b>214,353.7</b>	<b>219,283.1</b>
	Other Equity	12,809.3	12,495.8	13,409.5
	Currency and Deposits	86,132.1	68,022.1	61,236.9
	Loans	1,024.4	1,568.4	2,873.0
	Trade credit and advances	14,255.6	7,704.1	12,150.9
	Other account receivable	71,753.8	124,563.4	129,612.8
<b>4</b>	<b>Official Reserve Assets</b>	<b>1,144,679.3</b>	<b>1,440,143.2</b>	<b>1,957,696.5</b>
<b>B</b>	<b>Liabilities</b>	<b>1,601,991.7</b>	<b>1,831,512.4</b>	<b>1,890,600.9</b>
<b>1</b>	<b>Direct Investment</b>	<b>264,329.5</b>	<b>295,496.6</b>	<b>303,897.4</b>
<b>2</b>	<b>Portfolio Investment</b>			
<b>3</b>	<b>Other Investments</b>	<b>1,337,662.1</b>	<b>1,536,015.8</b>	<b>1,586,703.5</b>
	Other Equity			
	Currency and Deposits	58,217.3	72,858.8	73,859.6
	Loans	1,124,347.6	1,295,346.4	1,384,205.2
	Trade credit and advances	118,482.6	127,998.7	88,729.8
	Other account payable	53.6	905.4	1,150.0
	Special drawing rights (Net incurrence of liabilities)	36,561.0	38,906.6	38,758.9
<b>Net IIP</b>		<b>(271,337.2)</b>	<b>-177015.6</b>	<b>286378.6</b>

P= Provisional

R= Revised

**Table 19: Government Budgetary Operation+**(Based on Banking Transactions)  
(Based on the statistics of Mid-July)

(Rs. in Ten Million)

Heading				Percentage Change	
	2021/22	2022/23	2023/24P	2022/23	2023/24
<b>Total Expenditure</b>	<b>126235.0</b>	<b>137920.0</b>	<b>135190.0</b>	<b>9.3</b>	<b>-2.0</b>
Recurrent	93,768.40	98,732.55	-	5.29	-
<i>a.Domestic Resources</i>	89,623.62	94,892.57	-	-	-
<i>b.Foreign Loans</i>	2,919.45	2,736.61	-	-	-
<i>c.Foreign Grants</i>	1,225.33	1,103.37	-	-	-
Capital	20,626.86	22,429.04	-	8.74	-
<i>a.Domestic Resources</i>	14,409.93	16,036.77	-	-	-
<i>b.Foreign Loans</i>	5,557.49	5,838.32	-	-	-
<i>c.Foreign Grants</i>	659.44	553.95	-	-	-
Financial	11,839.77	16,758.39	-	41.54	-
<i>a.Domestic Resources</i>	11,148.36	16,517.97	-	-	-
<i>b.Foreign Loans</i>	399.36	-	-	-	-
<i>c.Foreign Grants</i>	292.05	240.42	-	-	-
<b>Total Resources</b>	<b>99868.4</b>	<b>88777.6</b>	<b>96946.4</b>	<b>-11.1</b>	<b>9.2</b>
2.1 Revenue and Grants	95017.9	83447.3	94561.0	-12.2	13.3
i. Revenue	106634.7	95417.5	105889.6	-10.5	11.0
<i>i.a. Federal Government</i>	93827.9	83406.0	93202.6	-11.1	11.7
<i>i.b.Province and Local Govt.(Transferable)</i>	12806.8	12011.5	12687.0	-6.2	5.6
ii. Foreign Grants	1190.1	41.4	1358.4	-96.5	3184.0
2.2 Other Receipts	4850.5	5330.3	2385.3	9.9	-55.2
<b>Deficit(-) / Surplus (+)</b>	<b>-26366.6</b>	<b>-49142.4</b>	<b>-38243.7</b>	<b>86.4</b>	<b>-22.2</b>
<b>Sources of Financing</b>	<b>31285.8</b>	<b>34567.5</b>	<b>33924.0</b>	<b>10.5</b>	<b>-1.9</b>
Internal Loans	21962.1	24873.8	24569.3	13.3	-1.2
Domestic Borrowings	23130.3	25599.8	23442.1	10.7	-8.4
(i) Treasury Bills	10391.7	15361.0	5500.0	47.8	-64.2
(ii) Development Bonds	12450.0	10000.0	17900.0	-19.7	79.0
(iii) National Savings Certificates	0.0	0.0	0.0	-	-
(iv) Citizen Saving Certificates	283.0	236.1	37.0	-16.6	-84.3
(v) Foreign Employment Bond	5.7	2.6	5.2	-53.4	95.5
Overdrafts	-	-	-	-	-
Others@	-1168.3	-725.9	1127.1	-37.9	-255.3
Principal Refund and Share Divestment	293.9	1181.4	610.1	302.0	-48.4
Foreign Loans	9029.9	8512.3	8744.6	-5.7	2.7
<b>Total resources available to the Federal Government</b>	<b>4919.2</b>	<b>-14574.9</b>	<b>-4319.7</b>	<b>-396.3</b>	<b>-70.4</b>
<b>Province Government Expenditure</b>	<b>18562.9</b>	<b>20463.2</b>	<b>18402.4</b>	<b>10.2</b>	<b>-10.1</b>
<b>Province Government Resources+++</b>	<b>20131.8</b>	<b>19193.9</b>	<b>19390.0</b>	<b>-4.7</b>	<b>1.0</b>
1. Grant and Revenue Transfer from Federal Government	15335.9	14885.7	14509.1	-2.9	-2.5
2. Revenue and Recovery	4795.9	4308.2	4881.0	-10.2	13.3
2.1 Province, Revenue & Bereju	4709.5	4201.2	4785.7	-10.8	13.9
2.2 Deposits	86.4	107.0	95.3	23.8	-10.9
<b>Deficit (-)/Surplus (+) of Province Government</b>	<b>1568.9</b>	<b>-1269.3</b>	<b>987.6</b>	<b>-</b>	<b>-177.8</b>
<b>Change in Balance of Local Government</b>	<b>-5172.0</b>	<b>-459.0</b>	<b>6729.0</b>	<b>-91.1</b>	<b>-1566.0</b>
<b>Change in Balance of Govt. Office Accounts</b>	<b>686.4</b>	<b>-315.8</b>	<b>-41.2</b>	<b>-146.0</b>	<b>-86.9</b>
V. A. T. Fund Account	-14.1	0.6	45.6	-104.0	7894.7
Customs Fund Account	262.43	(270.86)	56.24	(203.21)	(120.76)
Reconstruction Fund Account	0.0	0.0	0.0	-	-
Others	438.1	-45.5	-143.0	-110.4	214.2
<b>Current Balance of General Government</b>	<b>2002.5</b>	<b>-16618.9</b>	<b>3355.7</b>	<b>-929.9</b>	<b>-120.2</b>
A. Last year's Cash Balance in the Treasury	19876.1	22441.7	5822.8	12.9	-74.1
B. Adjustment	563.1	0.0	0.0	-	-
<b>Cash Balance of General Government</b>	<b>22441.7</b>	<b>5822.765</b>	<b>9178.457</b>	<b>-74.1</b>	<b>57.6</b>

+ Based on data reported by Banking Department of NRB, commercial banks conducting government transactions and report released from 81 DTCOs and payment centres. Expenditure excludes unrealized cheques and direct payments.

@ Other Amounts earned by Nepal Government's Bond transactions

P Provisional

**Table 20: Government Revenue Collection****Annual**

(Rs. in Ten Million)

Heading	Amount			Growth Rate		Composition	
	2021/22	2022/23	2023/24P	2022/23	2023/24	2022/23	2023/24
Value Added Tax	31427.9	28663.2	31045.0	-8.8	8.3	28.4	28.7
Customs	24203.0	18211.6	20102.4	-24.8	10.4	18.0	18.6
Income Tax	25999.0	25180.9	28346.5	-3.1	12.6	24.9	26.2
Excise	16679.0	14306.8	14635.2	-14.2	2.3	14.2	13.5
Educational Service Tax	124.1	200.3	326.4	61.4	62.9	0.2	0.3
Other Tax	8101.0	9172.0	11434.2	13.2	24.7	9.1	10.6
Non-Tax Revenue	106534.0	95734.9	105889.6	-10.1	10.6	94.7	97.8
Other Receipts	4850.0	5330.3	2385.3	9.9	-55.2	5.3	2.2
Total Revenue/Receipts	111384.0	101065.1	108274.9	-9.3	7.1	100.0	100.0

P: Provisional

**Table 21: Outstanding Domestic Debt of the GoN**

(Rs. in Ten Million)

S.N.	Instruments and Ownership	Amount			Amount Change		Percentage Change	
		2021/22	2022/23	2023/24P	2022/23	2023/24	2022/23	2023/24
<b>1</b>	<b>Treasury Bills</b>	<b>35450.8</b>	<b>45781.6</b>	<b>40369.2</b>	<b>10330.8</b>	<b>-5412.3</b>	<b>29.1</b>	<b>-11.8</b>
	a. Nepal Rastra Bank	1512.8	4535.3	0.0	3022.4	-4535.3	199.8	-100.0
	b. Commercial Banks	32398.8	35318.5	37392.5	2919.7	2074.0	9.0	5.9
	c. Development Banks	1076.0	2502.7	1470.8	1426.7	-1031.9	132.6	-41.2
	d. Finance Companies	413.2	206.0	550.9	-207.2	344.9	-50.1	167.4
	e. Others	50.0	3219.1	955.0	3169.1	-2264.1	6338.2	-70.3
<b>2</b>	<b>Development Bond</b>	<b>62044.7</b>	<b>65644.7</b>	<b>76194.7</b>	<b>3600.0</b>	<b>10550.0</b>	<b>5.8</b>	<b>16.1</b>
	a. Nepal Rastra Bank	3345.7	2494.9	1648.4	-850.8	-846.5	-25.4	-33.9
	b. Commercial Banks	50484.2	53832.2	64235.8	3348.0	10403.6	6.6	19.3
	c. Development Banks	5822.5	6652.1	7753.4	829.5	1101.4	14.2	16.6
	d. Finance Companies	1805.0	1796.9	1697.1	-8.2	-99.8	-0.5	-5.6
	e. Others	587.2	868.7	860.0	281.5	-8.7	47.9	-1.0
<b>3</b>	<b>Citizen Saving Bond</b>	<b>914.0</b>	<b>1075.0</b>	<b>1112.0</b>	<b>161.0</b>	<b>37.0</b>	<b>17.6</b>	<b>3.4</b>
	a. Nepal Rastra Bank (Secondary Market)	300.1	390.1	390.6	90.0	0.5	30.0	0.1
	b. Commercial Banks	0.0	0.0	0.0	0.0	0.0	-	-
	c. Development Banks	0.0	0.0	0.0	0.0	0.0	-	-
	d. Finance Companies	0.0	0.0	0.0	0.0	0.0	-	-
	e. Others	613.9	684.9	721.4	71.0	36.5	11.6	5.3
<b>4</b>	<b>Foreign Employment Bond</b>	<b>19.0</b>	<b>17.5</b>	<b>22.7</b>	<b>-1.5</b>	<b>5.2</b>	<b>-7.8</b>	<b>29.4</b>
	a. Nepal Rastra Bank	0.3	0.7	0.7	0.4	0.0	116.7	0.0
	b. Others	18.7	16.9	22.1	-1.8	5.2	-9.8	30.6
<b>5</b>	<b>Total Domestic Debt</b>	<b>98428.5</b>	<b>112518.8</b>	<b>117698.6</b>	<b>14090.3</b>	<b>5179.8</b>	<b>14.3</b>	<b>4.6</b>
	a. Nepal Rastra Bank	5159.0	7420.9	2039.7	2262.0	-5381.3	43.8	-72.5
	b. Commercial Banks	82883.0	89150.7	101628.3	6267.7	12477.6	7.6	14.0
	c. Development Banks	6898.5	9154.8	9224.2	2256.2	69.5	32.7	0.8
	d. Finance Companies	2218.2	2002.9	2248.0	-215.4	245.1	-9.7	12.2
	e. Others	1269.7	4789.5	2558.4	3519.8	-2231.2	277.2	-46.6
<b>6</b>	<b>Balance at NRB (Overdraft (+)/Surplus(-))</b>	<b>22441.7</b>	<b>5822.8</b>	<b>9927.4</b>	<b>-16618.9</b>	<b>4104.7</b>	<b>-74.1</b>	<b>70.5</b>

Table 22: Monetary Survey

(Mid-Month)

(Rs. in Million)

Monetary Aggregates	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2023/24	
				Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1151335.5	1457557.2	1989278.5	285823.2	<sup>1/</sup> 24.8	502491.1	<sup>2/</sup> 34.5
1.1 Foreign Assets	1304086.8	1633729.1	2150244.3	329642.3	25.3	516515.1	31.6
1.2 Foreign Liabilities	152751.3	176171.9	160965.7	23420.6	15.3	-15206.2	-8.6
a. Deposits	58128.7	72724.0	73751.5	14595.3	25.1	1027.4	1.4
b. Other	94622.6	103447.9	87214.3	8825.3	9.3	-16233.6	-15.7
2. Net Domestic Assets	4393037.2	4721498.1	4984785.3	348859.3	<sup>1/</sup> 7.9	292517.5	<sup>2/</sup> 6.2
2.1 Domestic Credit	5674954.3	6182656.6	6560209.1	507702.4	8.9	377552.5	6.1
a. Net Claims on Government	747170.7	1019065.1	1059617.8	271894.5	36.4	40552.7	4.0
Claims on Government	971587.8	1077292.8	1151402.4	105705.0	10.9	74109.6	6.9
Government Deposits	224417.1	58227.6	91784.6	-166189.4	-74.1	33556.9	57.6
b. Claims on Non-Financial Government Enterprises	3783.9	3647.9	5920.6	-136.0	-3.6	2272.7	62.3
c. Claims on Financial Institutions	235000.7	256594.8	292175.9	21594.0	9.2	35581.2	13.9
Government	1564.5	1045.5	1262.1	-519.0	-33.2	216.7	20.7
Non-Government	233436.3	255549.3	290913.8	22113.0	9.5	35364.5	13.8
d. Claims on Private Sector	4688998.9	4903348.8	5202494.7	214349.9	4.6	299145.9	6.1
2.2 Net Non-Monetary Liabilities	1281917.1	1461158.5	1575423.8	158843.0	<sup>1/</sup> 12.4	85035.0	<sup>2/</sup> 5.8
3. Broad Money (M2)	5544372.7	6179055.3	6974063.9	634682.6	11.4	795008.5	12.9
3.1 Money Supply (a+b), M1+	2674292.5	2803365.4	3311483.5	129073.0	4.8	508118.0	18.1
a. Money Supply (M1)	953853.9	965162.4	948807.3	11308.5	1.2	-16355.2	-1.7
Currency	505902.9	528695.7	581729.1	22792.9	4.5	53033.3	10.0
Demand Deposits	447951.0	436466.7	367078.2	-11484.4	-2.6	-69388.5	-15.9
b. Saving and Call Deposits	1720438.5	1838203.0	2362676.2	117764.5	6.8	524473.2	28.5
3.2 Time Deposits	2870080.3	3375689.9	3662580.4	505609.6	17.6	286890.5	8.5
4. Broad Money Liquidity (M3)	5602501.5	6251779.4	7047815.3	649277.9	11.6	796036.0	12.7

1/ Adjusting the exchange valuation gain/loss of Rs.

20398.4

2/ Adjusting the exchange valuation gain/loss of Rs.

29230.2

R = Revised, P = Provisional

**Table 23: Central Bank Survey**

(Mid-Month)

(Rs. in Million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2023/24	
				Amount	Percent	Amount	Percent
1. Foreign Assets	1144679.3	1440143.2	1957696.5	295463.9	25.8	517553.3	35.9
1.1 Gold Investment	60042.2	65812.7	82431.3	5770.5	9.6	16618.6	25.3
1.2 SDR Holdings	25568.3	25708.0	23872.0	139.6	0.5	-1835.9	-7.1
1.3 Reserve Position in the Fund	2674.1	2846.0	2838.2	171.9	6.4	-7.9	-0.3
1.4 Foreign Exchange	1056394.6	1345776.4	1848554.9	289381.8	27.4	502778.5	37.4
2. Claims on Government	51589.7	74209.4	20396.9	22619.7	43.8	-53812.5	-72.5
2.1 Treasury Bills	15128.3	45352.7	0.0	30224.4	199.8	-45352.7	-100.0
2.2 Development Bonds	33457.0	24949.0	16484.0	-8508.1	-25.4	-8465.0	-33.9
2.3 Other Government Papers	3004.4	3907.7	3912.9	903.4	30.1	5.2	0.1
2.4 Loans and Advances	0.0	0.0	0.0	0.0	-	0.0	-
3. Claims on Non-Financial Government Enterprises	33.6	33.6	33.6	0.0	0.0	0.0	0.0
4. Claims on Non-Banking Financial Institutions	643.7	643.7	643.7	0.0	0.0	0.0	0.0
4.1 Government	643.7	643.7	643.7	0.0	0.0	0.0	0.0
4.2 Non-Government	0.0	0.0	0.0	0.0	-	0.0	-
5. Claims on Banks and Financial Institutions	270063.7	1497.8	0.0	-268565.9	-99.4	-1497.8	-100.0
5.1 Refinance	111961.2	1497.8	0.0	-110463.4	-98.7	-1497.8	-100.0
5.2 Repo Lending and SLF	158102.5	0.0	0.0	-158102.5	-100.0	0.0	-
6. Claims on Private Sector	6558.1	6532.9	8937.5	-25.2	-0.4	2404.6	36.8
7. Other Assets	61600.2	61429.9	71090.3	-170.3	-0.3	9660.4	15.7
<b>Assets = Liabilities</b>	<b>1535168.4</b>	<b>1584490.6</b>	<b>2058798.5</b>	<b>49322.1</b>	<b>3.2</b>	<b>474307.9</b>	<b>29.9</b>
8. Reserve Money	825695.9	925920.6	997403.8	100224.7	12.1	71483.1	7.7
8.1 Currency Outside ODCs	505902.9	528695.7	581729.1	22792.9	4.5	53033.3	10.0
8.2 Currency Held by ODCs	108250.2	99280.0	100578.3	-8970.2	-8.3	1298.3	1.3
8.3 Deposits of Commercial Banks	180720.7	259728.4	272297.7	79007.7	43.7	12569.3	4.8
8.4 Deposits of Development Banks	13564.9	20021.4	23550.8	6456.4	47.6	3529.4	17.6
8.5 Deposits of Finance Companies	3427.9	5127.3	5548.1	1699.5	49.6	420.7	8.2
8.6 Other Deposits	13829.3	13067.7	13699.8	-761.6	-5.5	632.1	4.8
9. Govt. Deposits	224417.1	58227.6	91784.6	-166189.4	-74.1	33556.9	57.6
10. Deposit Auction	0.0	20000.0	355450.0	20000.0	-	335450.0	1677.3
11. Reverse Repo	0.0	40000.0	0.0	40000.0	-	-40000.0	-100.0
12. NRB Bond	0.0	0.0	0.0	0.0		0.0	
13. Foreign Liabilities	36649.6	39041.4	38867.0	2391.8	6.5	-174.3	-0.4
14. Capital and Reserve	390656.9	417413.4	483753.8	26756.5	6.8	66340.4	15.9
15. Other Liabilities	57749.0	83887.6	91539.4	26138.6	45.3	7651.8	9.1

R = Revised, P = Provisional

Table 24: Other Depository Corporation Survey

(Mid-Month)

(Rs. In million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2022/23	
				Amount	Percent	Amount	Percent
1. Total Deposits	5082769.3	5710015.9	6452386.4	627246.6	12.3	742370.5	13.0
1.1 Demand Deposits	451151.3	441983.6	374672.2	-9167.7	-2.0	-67311.4	-15.2
a. Residential	434121.8	423399.0	353378.4	-10722.8	-2.5	-70020.6	-16.5
b. Non-Residential	17029.5	18584.6	21293.8	1555.1	9.1	2709.2	14.6
1.2 Saving Deposits	1402175.9	1518857.2	1954389.0	116681.4	8.3	435531.8	28.7
a. Residential	1387447.3	1501753.8	1934153.7	114306.5	8.2	432399.9	28.8
b. Non-Residential	14728.6	17103.4	20235.3	2374.9	16.1	3131.9	18.3
1.3 Fixed Deposits	2832299.5	3358152.6	3642260.7	525853.2	18.6	284108.0	8.5
a. Residential	2812282.6	3331942.3	3622636.1	519659.8	18.5	290693.8	8.7
b. Non-Residential	20016.9	26210.3	19624.6	6193.4	30.9	-6585.7	-25.1
1.4 Call Deposits	339148.9	347269.1	441115.9	8120.1	2.4	93846.9	27.0
a. Residential	332991.2	336449.2	428522.5	3457.9	1.0	92073.3	27.4
b. Non-Residential	6157.7	10819.9	12593.4	4662.2	75.7	1773.5	16.4
1.5 Margin Deposits	57993.8	43753.4	39948.6	-14240.4	-24.6	-3804.8	-8.7
a. Residential	57797.7	43747.5	39944.3	-14050.1	-24.3	-3803.3	-8.7
b. Non-Residential	196.1	5.8	4.4	-190.2	-97.0	-1.5	-25.5
2. Borrowings from Nepal Rastra Bank	270063.7	1497.8	0.0	-268565.9	-99.4	-1497.8	-100.0
3. Foreign Liabilities	57973.0	64406.5	48347.2	6433.6	11.1	-16059.3	-24.9
4. Other Liabilities	1244169.9	1400519.8	1579094.4	156349.9	12.6	178574.6	12.8
4.1 Paid-up Capital	407837.6	424936.0	436456.3	17098.4	4.2	11520.3	2.7
4.2 General Reserves	315540.8	407741.8	518332.9	92200.9	29.2	110591.1	27.1
4.3 Debentures	136839.1	163419.9	177154.0	26580.8	19.4	13734.1	8.4
4.4 Other Liabilities	383952.4	404422.1	447151.3	20469.7	5.3	42729.1	10.6
<b>Assets = Liabilities</b>	<b>6654975.9</b>	<b>7176440.1</b>	<b>8079828.1</b>	<b>521464.1</b>	<b>7.8</b>	<b>903388.0</b>	<b>12.6</b>
5. Liquid Funds	465361.0	577731.0	594509.4	112370.0	24.1	16778.4	2.9
5.1 Cash in Hand	108250.2	99280.0	100578.3	-8970.2	-8.3	1298.3	1.3
5.2 Balance with Nepal Rastra Bank	197713.6	284877.2	301396.6	87163.6	44.1	16519.4	5.8
5.3 Foreign Currency in Hand	3390.2	2872.4	3276.8	-517.8	-15.3	404.4	14.1
5.4 Balance Held Abroad	155995.2	190687.1	189243.5	34691.9	22.2	-1443.6	-0.8
5.5 Cash in Transit	11.9	14.3	14.3	2.4	20.3	-0.1	-0.4
6. Loans and Advances	5840568.3	6159491.1	6622009.4	318922.8	5.5	462518.4	7.5
6.1 Claims on Government	919998.0	1003083.4	1131005.5	83085.3	9.0	127922.2	12.8
6.2 Claims on Non-Financial Government Enterprises	3750.3	3614.3	5887.0	-136.0	-3.6	2272.7	62.9
6.3 Claims on Financial Enterprises	234357.0	255951.1	291532.3	21594.0	9.2	35581.2	13.9
a. Government	920.8	401.8	618.4	-519.0	-56.4	216.7	53.9
b. Non-Government	233436.3	255549.3	290913.8	22113.0	9.5	35364.5	13.8
6.4 Claims on Private Sector	4682440.8	4896815.9	5193557.2	214375.1	4.6	296741.3	6.1
a. Principal	4621095.7	4797030.7	5073968.6	175935.1	3.8	276937.9	5.8
i. Non-financial Private Corporations	2926802.2	3009579.6	3210598.6	82777.5	2.8	201018.9	6.7
ii. Households	1694293.5	1787451.1	1863370.0	93157.6	5.5	75918.9	4.2
b. Interest Accrued	61345.1	99785.1	119588.6	38440.0	62.7	19803.4	19.8
6.5 Foreign Bills Purchased & Discounted	22.1	26.5	27.5	4.4	19.7	1.0	4.0
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	349046.6	439218.0	863309.2	90171.4	25.8	424091.2	96.6

R= Revised, P = Provisional

**Table 25: Condensed Assets and Liabilities of Commercial Banks**

(Mid-Month)

(Rs. in Million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2022/23	
				Amount	Percent	Amount	Percent
1. Total Deposits	4525619.6	5072233.8	5746999.7	546614.2	12.1	674765.9	13.3
1.1 Demand Deposits	442501.5	431059.8	362013.0	-11441.8	-2.6	-69046.8	-16.0
a. Residential	425497.6	412650.4	340752.1	-12847.2	-3.0	-71898.3	-17.4
b. Non-Residential	17004.0	18409.3	21260.9	1405.4	8.3	2851.6	15.5
1.2 Saving Deposits	1261714.2	1366476.2	1752142.7	104761.9	8.3	385666.5	28.2
a. Residential	1247048.2	1349428.4	1731965.7	102380.2	8.2	382537.3	28.3
b. Non-Residential	14666.0	17047.8	20177.1	2381.8	16.2	3129.3	18.4
1.3 Fixed Deposits	2433909.3	2897609.2	3177729.9	463699.9	19.1	280120.7	9.7
a. Residential	2416151.4	2872785.4	3158976.4	456634.0	18.9	286191.0	10.0
b. Non-Residential	17757.9	24823.8	18753.5	7065.8	39.8	-6070.3	-24.5
1.4 Call Deposits	329727.9	333615.9	415443.9	3888.0	1.2	81827.9	24.5
a. Residential	323829.8	324267.4	404432.0	437.6	0.1	80164.6	24.7
b. Non-Residential	5898.1	9348.6	11011.9	3450.4	58.5	1663.3	17.8
1.5 Margin Deposits	57766.6	43472.8	39670.3	-14293.8	-24.7	-3802.5	-8.7
a. Residential	57570.5	43466.9	39665.9	-14103.6	-24.5	-3801.0	-8.7
b. Non-Residential	196.1	5.8	4.4	-190.2	-97.0	-1.5	-25.5
2. Borrowings from Nepal Rastra Bank	240011.5	1149.3	0.0	-238862.2	-99.5	-1149.3	-100.0
3. Foreign Liabilities	57973.0	64406.5	48347.2	6433.6	11.1	-16059.3	-24.9
4. Other Liabilities	1132473.2	1265518.7	1432252.5	133045.5	11.7	166733.8	13.2
4.1 Paid-up Capital	356095.4	369857.3	379020.5	13761.9	3.9	9163.1	2.5
4.2 General Reserves	287025.3	370300.6	472134.0	83275.3	29.0	101833.4	27.5
4.3 Debentures	130392.2	154981.8	168717.9	24589.6	18.9	13736.1	8.9
4.4 Other Liabilities	358960.3	370379.0	412380.1	11418.8	3.2	42001.1	11.3
<b>Assets = Liabilities</b>	<b>5956077.3</b>	<b>6403308.3</b>	<b>7227599.4</b>	<b>447231.0</b>	<b>7.5</b>	<b>824291.1</b>	<b>12.9</b>
5. Liquid Funds	439269.5	543278.4	556901.5	104008.9	23.7	13623.1	2.5
5.1 Cash in Hand	99279.4	90215.0	92309.0	-9064.4	-9.1	2094.1	2.3
5.2 Balance with Nepal Rastra Bank	180720.7	259728.4	272297.7	79007.7	43.7	12569.3	4.8
5.3 Foreign Currency in Hand	3267.2	2638.5	3042.9	-628.7	-19.2	404.5	15.3
5.4 Balance Held Abroad	155990.8	190682.6	189238.0	34691.9	22.2	-1444.6	-0.8
5.5 Cash in Transit	11.4	13.8	13.8	2.4	21.2	-0.1	-0.4
6. Loans and Advances	5191736.4	5451259.8	5871034.6	259523.4	5.0	419774.8	7.7
6.1 Claims on Government	828830.2	891507.1	1016283.1	62676.9	7.6	124776.0	14.0
6.2 Claims on Non-Financial Government Enterprises	3636.6	3519.2	5808.6	-117.4	-3.2	2289.4	65.1
6.3 Claims on Financial Enterprises	204044.4	223471.2	252666.8	19426.8	9.5	29195.6	13.1
a. Government	920.8	401.8	618.4	-519.0	-56.4	216.7	53.9
b. Non-Government	203123.6	223069.4	252048.4	19945.8	9.8	28979.0	13.0
6.4 Claims on Private Sector	4155203.1	4332735.8	4596248.5	177532.7	4.3	263512.7	6.1
a. Principal	4106414.5	4249211.2	4496163.3	142796.8	3.5	246952.1	5.8
i. Non-financial Private Corporations	2784850.4	2827365.8	2998810.1	42515.4	1.5	171444.3	6.1
ii. Households	1321564.0	1421845.4	1497353.3	100281.4	7.6	75507.9	5.3
b. Interest Accrued	48788.6	83524.6	100085.1	34736.0	71.2	16560.6	19.8
6.5 Foreign Bills Purchased & Discounted	22.1	26.5	27.5	4.4	19.7	1.0	4.0
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	325071.4	408770.2	799663.4	83698.8	25.7	390893.2	95.6

R= Revised, P = Provisional

Table 26: Condensed Assets and Liabilities of Development Banks

(Mid-Month)

(Rs. in Million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2022/23	
				Amount	Percent	Amount	Percent
1. Total Deposits	495973.0	566171.0	608251.5	70198.1	14.2	42080.5	7.4
1.1 Demand Deposits	9456.1	10611.0	11488.9	1154.9	12.2	877.9	8.3
a. Residential	9430.6	10435.7	11456.4	1005.1	10.7	1020.6	9.8
b. Non-Residential	25.5	175.2	32.5	149.7	586.3	-142.7	-81.5
1.2 Saving Deposits	120608.5	132842.9	176769.5	12234.5	10.1	43926.6	33.1
a. Residential	120552.8	132791.4	176724.3	12238.6	10.2	43932.8	33.1
b. Non-Residential	55.7	51.5	45.3	-4.2	-7.5	-6.2	-12.1
1.3 Fixed Deposits	327124.9	380578.7	374405.4	53453.8	16.3	-6173.3	-1.6
a. Residential	324892.7	379217.6	373586.6	54324.9	16.7	-5631.0	-1.5
b. Non-Residential	2232.2	1361.1	818.8	-871.1	-39.0	-542.3	-39.8
1.4 Call Deposits	38577.2	41886.1	45342.2	3309.0	8.6	3456.1	8.3
a. Residential	38317.7	40414.8	43760.7	2097.2	5.5	3345.8	8.3
b. Non-Residential	259.5	1471.3	1581.6	1211.8	467.0	110.2	7.5
1.5 Margin Deposits	206.3	252.3	245.5	46.0	22.3	-6.8	-2.7
a. Residential	206.3	252.3	245.5	46.0	22.3	-6.8	-2.7
b. Non-Residential	0.0	0.0	0.0	0.0	-	0.0	-
2. Borrowings from Nepal Rastra Bank	20091.1	300.0	0.0	-19791.1	-98.5	-300.0	-100.0
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	83459.1	98538.9	109043.5	15079.8	18.1	10504.7	10.7
4.1 Paid-up Capital	36993.6	40206.9	42170.7	3213.4	8.7	1963.8	4.9
4.2 General Reserves	19794.3	26826.0	34185.1	7031.8	35.5	7359.1	27.4
4.3 Debentures	5500.0	7490.7	7488.2	1990.7	36.2	-2.5	0.0
4.4 Other Liabilities	21171.3	24015.2	25199.5	2843.9	13.4	1184.3	4.9
<b>Assets = Liabilities</b>	<b>599523.2</b>	<b>665009.9</b>	<b>717295.1</b>	<b>65486.7</b>	<b>10.9</b>	<b>52285.2</b>	<b>7.9</b>
5. Liquid Funds	21074.9	27600.0	30578.0	6525.2	31.0	2978.0	10.8
5.1 Cash in Hand	7382.5	7340.3	6787.9	-42.2	-0.6	-552.4	-7.5
5.2 Balance with Nepal Rastra Bank	13564.9	20021.4	23550.8	6456.4	47.6	3529.4	17.6
5.3 Foreign Currency in Hand	122.9	233.8	233.8	110.9	90.2	0.0	0.0
5.4 Balance Held Abroad	4.5	4.5	5.4	0.0	0.0	1.0	21.5
5.5 Cash in Transit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Loans and Advances	561699.9	614521.4	637476.3	52821.4	9.4	22955.0	3.7
6.1 Claims on Government	68985.4	91547.6	92242.3	22562.1	32.7	694.7	0.8
6.2 Claims on Non-Financial Government Enterprises	0.6	0.6	0.6	0.0	0.7	0.0	-1.3
6.3 Claims on Financial Enterprises	63170.6	58280.6	55435.8	-4889.9	-7.7	-2844.9	-4.9
a. Government	0.0	0.0	0.0	0.0	-	0.0	-
b. Non-Government	63170.6	58280.6	55435.8	-4889.9	-7.7	-2844.9	-4.9
6.4 Claims on Private Sector	429543.3	464692.6	489797.6	35149.3	8.2	25105.1	5.4
a. Principal	426074.8	458659.2	481809.7	32584.3	7.6	23150.5	5.0
i. Non-financial Private Corporations	118683.7	149009.7	178143.1	30326.0	25.6	29133.4	19.6
ii. Households	307391.1	309649.5	303666.6	2258.4	0.7	-5982.9	-1.9
b. Interest Accrued	3468.4	6033.4	7988.0	2564.9	74.0	1954.6	32.4
6.5 Foreign Bills Purchased & Discounted	0.0	0.0	0.0	0.0	-	0.0	-
7. NRB Bond	0.0	0.0	0.0	0.0	-	0.0	-
8. Other Assets	16748.4	22888.5	49240.7	6140.1	36.7	26352.2	115.1

R= Revised

P = Provisional

**Table 27: Condensed Assets and Liabilities of Finance Companies**

(Mid-Month)

(Rs. in Million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2022/23	
				Amount	Percent	Amount	Percent
1. Total Deposits	102837.4	111155.9	126538.9	8318.5	8.1	15383.0	13.8
1.1 Demand Deposits	3179.4	2728.5	2597.0	-450.9	-14.2	-131.5	-4.8
a. Residential	3179.4	2728.5	2596.6	-450.9	-14.2	-131.9	-4.8
b. Non-Residential	0.0	0.0	0.4	0.0	-100.0	0.4	-
1.2 Saving Deposits	19853.3	19538.1	25476.8	-315.1	-1.6	5938.6	30.4
a. Residential	19846.4	19534.0	25463.8	-312.4	-1.6	5929.7	30.4
b. Non-Residential	6.8	4.1	13.0	-2.7	-39.9	8.9	216.5
1.3 Fixed Deposits	71745.3	80130.1	90292.9	8384.9	11.7	10162.8	12.7
a. Residential	71718.5	80104.7	90240.6	8386.2	11.7	10136.0	12.7
b. Non-Residential	26.8	25.5	52.3	-1.3	-4.9	26.8	105.1
1.4 Call Deposits	8038.6	8730.8	8139.4	692.2	8.6	-591.4	-6.8
a. Residential	8038.6	8730.8	8139.4	692.2	8.6	-591.4	-6.8
b. Non-Residential	0.1	0.0	0.0	-0.1	-100.0	0.0	-
1.5 Margin Deposits	20.9	28.3	32.9	7.5	35.8	4.5	16.0
a. Residential	20.9	28.3	32.9	7.5	35.8	4.5	16.0
b. Non-Residential	0.0	0.0	0.0	0.0	-	0.0	-
2. Borrowings from Nepal Rastra Bank	9961.1	48.5	0.0	-9912.5	-99.5	-48.5	-100.0
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	38991.2	41394.9	43183.2	2403.7	6.2	1788.2	4.3
4.1 Paid-up Capital	14748.6	14871.7	15265.1	123.1	0.8	393.3	2.6
4.2 General Reserves	8721.3	10615.1	12013.8	1893.8	21.7	1398.7	13.2
4.3 Debentures	946.9	947.5	947.9	0.6	0.1	0.5	0.0
4.4 Other Liabilities	14574.5	14960.6	14956.4	386.2	2.6	-4.2	0.0
<b>Assets = Liabilities</b>	<b>151789.7</b>	<b>152599.4</b>	<b>169722.1</b>	<b>809.7</b>	<b>0.5</b>	<b>17122.8</b>	<b>11.2</b>
5. Liquid Funds	5016.7	6852.6	7029.9	1835.9	36.6	177.3	2.6
5.1 Cash in Hand	1588.3	1724.7	1481.4	136.4	8.6	-243.3	-14.1
5.2 Balance with Nepal Rastra Bank	3427.9	5127.3	5548.1	1699.5	49.6	420.7	8.2
5.3 Foreign Currency in Hand	0.1	0.1	0.0	0.1	115.4	-0.1	-73.1
5.4 Balance Held Abroad	0.0	0.0	0.0	0.0	-	0.0	
5.5 Cash in Transit	0.4	0.4	0.4	0.0	0.0	0.0	0.0
6. Loans and Advances	139546.2	138187.5	147638.6	-1358.7	-1.0	9451.1	6.8
6.1 Claims on Government	22182.4	20028.7	22480.1	-2153.7	-9.7	2451.4	12.2
6.2 Claims on Non-Financial Government Enterprises	113.1	94.4	77.7	-18.6	-16.5	-16.7	-17.7
6.3 Claims on Financial Enterprises	19556.3	18676.8	17569.7	-879.5	-4.5	-1107.1	-5.9
a. Government	0.0	0.0	0.0	0.0		0.0	
b. Non-Government	19556.3	18676.8	17569.7	-879.5	-4.5	-1107.1	-5.9
6.4 Claims on Private Sector	97694.5	99387.5	107511.1	1693.1	1.7	8123.5	8.2
a. Principal	88606.4	89160.4	95995.6	554.0	0.6	6835.2	7.7
i. Non-financial Private Corporations	23268.0	33204.1	33645.4	9936.1	42.7	441.3	1.3
ii. Households	65338.4	55956.2	62350.2	-9382.1	-14.4	6393.9	11.4
b. Interest Accrued	9088.1	10227.2	11515.5	1139.1	12.5	1288.3	12.6
6.5 Foreign Bills Purchased & Discounted	0.0	0.0	0.0	0.0	-	0.0	-
7. NRB Bond	0.0	0.0	0.0	0.0	-	0.0	-
8. Other Assets	7226.8	7559.3	15053.6	332.5	4.6	7494.3	99.1

R= Revised, P = Provisional

**Table 28: Outstanding Sectoral Credit of Commercial Banks**

(Rs. in Million)

Headings	2022	2023	2024	Changes during the fiscal year			
	Jul	Jul (R)	Jul (P)	2022/23		2022/23	
				Amount	Percent	Amount	Percent
1. Agriculture*	388227.3	414661.3	418598.2	26434.0	6.8	3936.9	0.9
2. Mines	8789.4	11776.2	11897.8	2986.7	34.0	121.6	1.0
3. Productions	695007.0	752814.1	819236.5	57807.1	8.3	66422.4	8.8
4. Construction	190173.9	202963.1	207996.9	12789.2	6.7	5033.8	2.5
5. Metal Productions, Machinery, and Electrical Tools and fitting	72640.8	70274.6	70287.2	-2366.2	-3.3	12.5	0.0
6. Transportation Equipment Production and Fitting	55912.2	51901.2	52035.4	-4011.0	-7.2	134.2	0.3
7. Transportation, Communications and Public Services	292122.5	353559.6	412533.3	61437.0	21.0	58973.8	16.7
8. Wholesaler and Retailers	948355.8	984430.7	999545.4	36074.9	3.8	15114.6	1.5
9. Finance, Insurance, and Fixed Assets	375532.1	365631.3	396069.9	-9900.9	-2.6	30438.7	8.3
10. Service Industries	393403.6	407959.7	433146.5	14556.1	3.7	25186.8	6.2
11. Consumable Loan	866071.0	926396.3	1013638.4	60325.3	7.0	87242.1	9.4
12. Local Government	1125.2	1126.5	1218.2	1.3	0.1	91.7	8.1
13. Others	421769.0	335784.6	330969.4	-85984.4	-20.4	-4815.2	-1.4
<b>Total</b>	<b>4709130.1</b>	<b>4879279.2</b>	<b>5167173.1</b>	<b>170149.2</b>	<b>3.6</b>	<b>287893.8</b>	<b>5.9</b>

(R) = Revised

(P) = Provisional

**Table 29: Outstanding Amount of Refinance by BFIs**

(Rs. in Million)

Institutions	Fiscal Year		
	2021/22	2022/23	2023/24
Commercial Banks	96,541.62	846.95	-
Development Banks	9,051.14	300.00	-
Finance Companies	998.57	48.53	-
Microfinance Financial Institutions	5,369.90	302.34	-
<b>Total</b>	<b>111,961.24</b>	<b>1,497.81</b>	<b>-</b>

**Table 30: Sources and Uses of Microfinance Financial Institutions**

(Rs. in Million)

Headings	Mid-July			Percentage Change	
	2022	2023 <sup>R</sup>	2024 <sup>P</sup>	2022/23	2023/24
<b>Sources</b>					
Capital Fund	50333.99	59479.93	63015.38	18.2	5.9
Deposits	159022.78	167092.71	176660.82	5.1	5.7
Borrowings	233581.54	214238.06	230745.93	-8.3	7.7
Others	64335.01	61779.89	76472.23	-4.0	23.8
Profit/Loss	12377.80	5191.09	6836.59	-58.1	31.7
<b>Sources = Uses</b>	<b>519651.11</b>	<b>507781.68</b>	<b>553730.94</b>	<b>-2.3</b>	<b>9.0</b>
<b>Uses</b>					
Liquid Fund	20319.62	26963.32	34591.55	32.7	28.3
Investment	6095.50	9342.42	10191.02	53.3	9.1
Loans and Advances	449685.76	432237.45	455852.59	-3.9	5.5
Others	43390.27	38184.88	52634.49	-12.0	37.8
Profit/Loss	159.96	1053.61	461.30	558.7	-56.2

R = Revised

P = Provisional

**Table 31: Sources and Uses of Insurance Companies**

(Rs. in Million)

Headings	Mid-July			Changes			
	2022	2023 <sup>R</sup>	2024 <sup>P</sup>	2022/23		2023/24	
				Amount	Percent	Amount	Percent
<b>Sources</b>							
Paid up capital	66695.4	78059.0	87880.0	11363.6	17.0	9821.0	12.6
Reserves	485433.4	534641.4	82847.1	49208.0	10.1	-451794.3	-84.5
Other Liabilities	71997.0	68203.8	768506.6	-3793.2	-5.3	700302.8	1026.8
<b>Sources = Uses</b>	<b>624125.8</b>	<b>680904.2</b>	<b>939233.7</b>	56778.4	<b>9.1</b>	258329.5	<b>37.9</b>
<b>Uses</b>							
Cash and bank balance	7975.0	8158.5	22904.6	183.5	2.3	14746.1	180.7
Investment	551310.4	602667.4	825598.6	51357.0	9.3	222931.2	37.0
Fixed assets	5524.3	5110.3	11877.3	-414.0	-7.5	6767.0	132.4
Other assets	59316.0	64968.1	78853.2	5652.1	9.5	13885.1	21.4

Source: Insurance Board

Table 32: Sources and Uses of Employment Provident Fund

(Rs. in Million)

Headings	Mid-July			Changes			
				2022/23		2023/24	
	2022	2023 <sup>R</sup>	2024 <sup>P</sup>	Amount	Percent	Amount	Percent
<b>Sources</b>							
Provident Fund	416361.1	461783.2	518475.3	45422.1	10.9	56692.1	12.3
Reserves and Other Provisions	43063.7	50256.6	52852.2	7192.9	16.7	2595.6	5.2
<b>Sources = Uses</b>	<b>459424.8</b>	<b>512039.8</b>	<b>571327.5</b>	<b>52615.0</b>	<b>11.5</b>	<b>59287.7</b>	<b>11.6</b>
<b>Uses</b>							
Cash and Bank Balance	6487.5	3840.8	14933.6	-2646.7	-40.8	11092.8	288.8
<b>Investment</b>	<b>149609.3</b>	<b>177527.9</b>	<b>199775.3</b>	<b>27918.6</b>	<b>18.7</b>	<b>22247.4</b>	<b>12.5</b>
Fixed Deposit	121411.4	145542.1	167903.2	24130.7	19.9	22361.1	15.4
Government Securities	320.0	1054.7	1083.7	734.7	229.6	29.0	2.7
Shares and Other Investment	27877.9	30931.1	30788.4	3053.2	11.0	-142.7	-0.5
<b>Loans and Advances</b>	<b>300601.6</b>	<b>327855.7</b>	<b>353177.2</b>	<b>27254.1</b>	<b>9.1</b>	<b>25321.5</b>	<b>7.7</b>
Loans to Project	75979.8	81840.3	90372.5	5860.5	7.7	8532.2	10.4
Loans to Contributors	224621.8	246015.4	262804.7	21393.6	9.5	16789.3	6.8
<b>Fixed Assets</b>	<b>1477.6</b>	<b>1552.3</b>	<b>1816.9</b>	<b>74.7</b>	<b>5.1</b>	<b>264.6</b>	<b>17.0</b>
<b>Other Assets</b>	<b>1248.8</b>	<b>1262.9</b>	<b>1624.4</b>	<b>14.1</b>	<b>1.1</b>	<b>361.5</b>	<b>28.6</b>

R= Revised

P= Provisional

Source: Employment Provident Fund

Table 33: Sources and Uses of Citizen Investment Trust

(Rs. in Million)

Headings	Mid-July			Changes			
				2022/23		2023/24	
	2022	2023 <sup>R</sup>	2024 <sup>P</sup>	Amount	Percent	Amount	Percent
<b>Sources</b>							
Paid up Capital	3270.0	5313.8	5313.8	2043.8	62.5	0.0	0.0
Reserve and Surplus	31141.8	22369.5	18153.9	-8772.3	-28.2	-4215.6	-18.8
Fund Collection	187446.0	204139.2	230930.2	16693.1	8.9	26791.1	13.1
Other Liabilities	25657.6	33738.6	49013.9	8081.0	31.5	15275.3	45.3
<b>Sources = Uses</b>	<b>247515.5</b>	<b>265561.0</b>	<b>303411.8</b>	<b>18045.5</b>	<b>7.3</b>	<b>37850.8</b>	<b>14.3</b>
<b>Uses</b>							
Liquid Assets	4302.4	3821.5	11570.4	-480.9	-11.2	7748.9	202.8
Investment	130286.6	147203.6	164655.2	16917.0	13.0	17451.6	11.9
Loans and Advances	64636.9	73830.6	79066.7	9193.7	14.2	5236.1	7.1
Other Assets	48289.6	40705.3	48119.5	-7584.3	-15.7	7414.3	18.2

R= Revised

P= Provisional

Source: Citizen Investment Trust

**Table 34: Structure of Nepalese Financial System**

(Rs. in Million)

Headings	2021/22			2022/23 <sup>R</sup>			2023/24 <sup>P</sup>		
	Amount	Percent		Amount	Percent		Amount	Percent	
	Total Assets/ Liabilities	Share	Ratio with GDP	Total Assets/ Liabilities	Share	Ratio with GDP	Total Assets/ Liabilities	Share	Ratio with GDP
<b>Financial Institutions</b>	<b>8788033.9</b>	<b>86.8</b>	<b>176.6</b>	<b>9342335.0</b>	<b>86.5</b>	<b>174.7</b>	<b>10756646.0</b>	<b>85.6</b>	<b>188.6</b>
Nepal Rastra Bank	1535168.4	15.2	30.8	1584490.6	14.7	29.6	2058798.5	16.4	36.1
Commercial Banks	5956077.3	58.9	119.7	6403308.3	59.3	119.7	7227599.4	57.5	126.7
Development Banks	599523.2	5.9	12.0	665009.9	6.2	12.4	717295.1	5.7	12.6
Finance Companies	151789.7	1.5	3.1	152599.4	1.4	2.9	169722.1	1.4	3.0
Microfinance Financial Institutions	519651.1	5.1	10.4	507781.7	4.7	9.5	553730.9	4.4	9.7
Nepal Infrastructure Bank	25824.2	0.3	0.5	29145.2	0.3	0.5	29499.9	0.2	0.5
<b>Contractual Saving Institutions</b>	<b>1331066.0</b>	<b>13.2</b>	<b>26.7</b>	<b>1458505.0</b>	<b>13.5</b>	<b>27.3</b>	<b>1813972.9</b>	<b>14.4</b>	<b>31.8</b>
Employment Provident Fund	459424.8	4.5	9.2	512039.8	4.7	9.6	571327.5	4.5	10.0
Citizen Investment Fund	247515.5	2.4	5.0	265561.0	2.5	5.0	303411.8	2.4	5.3
Insurance Companies	624125.8	6.2	12.5	680904.2	6.3	12.7	939233.7	7.5	16.5
<b>Postal Saving Bank</b>		<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>10119100.0</b>	<b>100.0</b>	<b>203.3</b>	<b>10800840.0</b>	<b>100.0</b>	<b>201.9</b>	<b>12570618.9</b>	<b>100.0</b>	<b>220.3</b>
<b>Gross Domestic Product</b>			<b>4976557.7</b>			<b>5348527.6</b>			<b>5704844.4</b>
<b>Market Capitalization of Capital Market</b>			<b>2869344.2</b>			<b>3082519.6</b>			<b>3553677.2</b>
<b>Ratio of Market Capitalization to GDP</b>			<b>57.7</b>			<b>57.6</b>			<b>62.3</b>

R= Revised

P= Provisional

Source: Related Organizations

**Table 35: Capital Market Indices**

(Rs. in Million)

Headings		Mid-July			Percentage Change	
		2022	2023	2024	2022/23	2023/24
1	Number of Listed Companies	234	254	270	8.5	6.3
2	Paid up Capital of Listed Companies	667754.0	728952.8	825048.6	9.2	13.2
3	Market Capitalization	2869344.2	3082519.6	3553677.2	7.4	15.3
4	Annual Turnover	1202101.4	467126.9	734684.48	-61.1	57.3
5	Number of Transaction Days	239	236	229	-1.3	-3.0
6	Number of Transaction Companies	362	404	433	11.6	7.2
7	Number of Transaction	14712483	8644715	14795645	-41.2	71.2
8	Number of Listed Securities (Thousand)	6771226.54	7387006.41	8322509.53	9.1	12.7
9	Number of Transacted Shares (Thousand)	2492011	1277111	2052151	-48.8	60.7
10	Ratio of Paid up Capital to GDP	13.4	13.6	14.5	1.6	6.1
11	Ratio of Transaction Amount to Paid up Capital	180.0	64.1	89.0	-64.4	39.0
12	Ratio of Transaction Amount to Market Capitalization	41.9	15.2	20.7	-63.8	36.4
13	Ratio of Market Capitalization to GDP	57.7	57.6	62.3	0.0	8.1
14	NEPSE Index (Closing)	2009.5	2097.1	2240.4	4.4	6.8
15	NEPSE Sensitive Index (Closing)	385.9	394.2	397.2	2.1	0.8
16	NEPSE Float Index (Closing)	139.4	145.0	152.6	4.0	5.3

Source: Nepal Stock Exchange Ltd.

Table 36: Listed Securities in Nepal Stock Exchange

(Rs. in Million)

Headings	2022/23			2023/24		
	Number of Shares (Thousand)	Amount	Share (Percentage)	Number of Shares (Thousand)	Amount	Share (Percentage)
<b>On the basis of Institutions</b>						
Commercial Banks	23751053.7	200748.3	53.9	6411371.6	37654.7	28.9
Development Banks	349808.0	3498.1	0.9	216379.3	3963.8	3.0
Beema Companies	1456846.7	14568.5	3.9	3295648.1	32956.5	25.3
Finance Companies	62855.5	628.6	0.2	23067.0	230.7	0.2
Microfinance Financial Institutions	513673.9	5136.7	1.4	171137.6	1711.4	1.3
Production and Processing Companies	0.0	0.0	0.0	0.0	0.0	0.0
Hotels	269535.3	2695.4	0.7	0.0	0.0	0.0
Trading Companies	0.0	0.0	0.0	0.0	0.0	0.0
Hydropower	3542238.7	35422.4	9.5	3413688.7	34136.9	26.2
Others	1518080.9	109680.8	29.5	1981223.7	19812.2	15.2
<b>Total</b>	<b>31464092.8</b>	<b>372378.7</b>	<b>100.0</b>	<b>15512516.0</b>	<b>130466.2</b>	<b>100.0</b>
<b>On the basis of Securities</b>						
Ordinary Shares	18438131.4	179881.3	48.3	11146601.6	86807.0	66.5
Righe Shares	413301.3	4133.0	1.1	2197670.4	21976.7	16.8
Bonus Shares	4059203.7	40592.0	10.9	2165221.2	21652.2	16.6
Government Securities	1050000.0	105000.0	28.2	0.0	0.0	0.0
Convertible Preference Shares	0.0	0.0	0.0	0.0	0.0	0.0
Debentures Issued by Banks	355906.6	35590.7	9.6	0.0	0.0	0.0
Mutual Funds	7143755.5	7143.8	1.9	0.0	0.0	0.0
FPO	3794.3	37.9	0.0	3022.7	30.2	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>31464092.8</b>	<b>372378.7</b>	<b>100.0</b>	<b>15512516.0</b>	<b>130466.2</b>	<b>100.0</b>

Source: Nepal Stock Exchange

**Table 37: Listed Companies and Market Capitalization**

Headings	Number of Listed Companies			Market Capitalization (Rs. in Million)						Percentage Change in Market Capitalization	
				2022 Jul		2023 Jul		2024 Jul		2022/23	2023/24
	2022	2023	2024								
	Jul	Jul	Jul	Amount	Share	Amount	Share	Amount	Share		
Financial Institutions	146	136	132	1932240.0	67.3	1941127.0	63.0	2084049.3	58.6	0.5	7.4
Commercial Banks	26	20	19	1053955.5	36.7	953494.7	30.9	943402.9	26.5	-9.5	-1.1
Development Banks	16	16	16	128420.3	4.5	143375.4	4.7	163104.0	4.6	11.6	13.8
Finance Companies	20	20	20	50824.7	1.8	62014.3	2.0	84099.3	2.4	22.0	35.6
Microfinance Financial Institutions	54	59	53	332474.4	11.6	306101.2	9.9	360361.9	10.1	-7.9	17.7
Insurance Companies	30	21	24	366565.0	12.8	476141.4	15.4	533081.2	15.0	29.9	12.0
Production and Processing	19	19	22	123503.2	4.3	136760.7	4.4	228254.0	6.4	10.7	66.9
Hotels	5	7	7	45885.8	1.6	104783.1	3.4	100485.2	2.8	128.4	-4.1
Trading	4	4	4	11790.2	0.4	15354.8	0.5	17746.2	0.5	30.2	15.6
Investment Companies	6	6	7	197846.4	6.9	219026.1	7.1	260193.3	7.3		18.8
Hydropower	51	79	91	314232.4	11.0	407389.0	13.2	536690.0	15.1	29.6	31.7
Others	3	3	7	243846.2	8.5	258078.9	8.4	326259.2	9.2	5.8	26.4
Total	234	254	270	2869344.2	100.0	3082519.5	100.0	3553677.2	100.0	7.4	15.3

Source: Nepal Stock Exchange Ltd.

## Appendix 1.1

## List of Banks and Financial Institutions for Financial Transactions

(As of Mid July 2024)

## 1. Class: "A" (Commercial Banks)

(Rs. in Ten Million)

S.No.	Name	Operation Date (A.D.)	Head Office	Paid up Capital	Working Area
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu	1,469.40	National Level
2	Agriculture Development Bank Ltd.	1968/01/21	Ramshahpath, Kathmandu	1,888.44	National Level
3	Nabil Bank Ltd.	2022-07-11*	Tindhara, Kathmandu	2,705.70	National Level
4	Nepal Investment Mega Bank Ltd.	2023-01-11*	Durbarmarg, Kathmandu	3,412.86	National Level
5	Standard Chartered Bank Nepal Ltd.	1987/01/30	Nayabaneswor, Kathmandu	942.95	National Level
6	Himalayan Bank Ltd.	2023-02-24*	Kamaladi, Kathmandu	2,165.66	National Level
7	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu	1,050.02	National Level
8	Everest Bank Ltd.	1994/10/18	Lazimpat, Kathmandu	1,176.79	National Level
9	Kumari Bank Ltd.	2023-01-01*	Tangal, Kathmandu	2,622.59	National Level
10	Laxmi Sunrise Bank Ltd.	2002/04/03	Hattisar, Kathmandu	2,318.72	National Level
11	Citizens Bank International Ltd.	2007/04/20	Narayanhitpath, Kathmandu	1,420.10	National Level
12	Prime Commercial Bank Ltd.	2007/09/24	Kamalpokhari, Kathmandu	1,940.26	National Level
13	Sanima Bank Ltd.	2012/02/15	Alkapuri, Naxal, Kathmandu	1,358.15	National Level
14	Machhapuchhre Bank Ltd.	2012-07-09*	Lazimpat, Kathmandu	1,162.14	National Level
15	NIC Asia Bank Ltd.	2013-06-30*	Thapathali, Kathmandu	1,491.76	National Level
16	Global IME Bank Ltd.	2023-01-09*	Kamaladi, Kathmandu	3,612.88	National Level
17	NMB Bank Ltd.	2019-09-28*	Babarmahal, Kathmandu	1,836.67	National Level
18	Prabhu Bank Ltd.	2023-01-10*	Babarmahal, Kathmandu	2,354.25	National Level
19	Siddhartha Bank Ltd.	2016-06-21*	Hattisar, Kathmandu	1,409.00	National Level
20	Rastriya Banijya Bank Ltd.	2018-05-02*	Singhadurbarplaza, Kathmandu	1,563.74	National Level

\*Joint operation date after Merger / Acquisition

## Class: "B" (Development Banks)

(Rs. in Ten Million)

S.No.	Name	Operation Date (A.D.)	Head Office	Paid up Capital	Working Area
1	Narayani Development Bank Ltd.	2001-10-17	Ratna Nagar, Chitawan	26.25	1-3 District Level (Nawalparasi, Chitwan, Makawanpur)
2	Karnali Development Bank Ltd.	2004-02-18	Nepalgunj, Banke	50.28	1-5 District Level (Banke, Bardiya, Dang, Pyuthan, Rolpa)
3	Excel Development Bank Ltd.	2005-07-21	Birtamod, Jhapa	124.97	1-5 District Level (Ilam, Jhapa, Morang, Sunsari, Panchthar)
4	Miteri Development Bank Ltd.	2006-10-13	Dharan, Sunsari	111.14	1-5 District Level (Jhapa, Morang, Sunsari, Dhankuta, Udaypur)
5	Muktinath Bikas Bank Ltd.	2007-01-03	Kamaladi, Kathmandu	704.69	National Level
6	Corporate Development Bank Ltd.	2007-11-07	Birgunj, Parsa	52.50	1-5 District Level (Parsa, Bara, Rautahat, Sarlahi, Mohattari)
7	Sindhu Bikas Bank Ltd.	2010-09-09	Barhabise, Sindhupalchowk	55.75	1-5 District Level (Sindhupalchowk, Kavre, Dolkha, Makawanpur, Chitwan)
8	Salapa Bikash Bank Ltd.	2012-07-16	Diktal, Khotang	35.00	1 District Level (Khotang)
9	Green Development Bank Ltd.	2013-08-25	Pokhara, Kaski	51.90	1-5 District Level (Baglung, Myagdi, Kaski, Tanahu, Nawalparasi East)

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10	Sangrila Development Bank Ltd.	2014-07-13*	Baluwatar, Kathmandu	343.10	National Level
11	Shine Resunga Development Bank Ltd.	2019-10-14*	Butawal, Rupandehi	473.37	National Level
12	Jyoti Bikas Bank Ltd.	2019-03-29*	Kamaladi, Kathmandu	439.58	National Level
13	Garima Bikas Bank Ltd.	2021-11-14*	Lazimpat, Kathmandu	568.05	National Level
14	Mahalaxmi Bikas Bank Ltd.	2017-07-02*	Durbar Marg, Kathmandu	417.13	National Level
15	Lumbini Bikas Bank Ltd.	2017-07-09*	Dillibazar, Kathmandu	351.81	National Level
16	Kamana Sewa Bikas Bank Ltd.	2017-08-04*	Gyaneshwor, Kathmandu	328.12	National Level
17	Saptakoshi Development Bank Ltd.	2019-07-07*	Dhankutabazaar, Dhankuta	83.43	1-7 District Level (Morang, Ilam, Panchthar, Jhapa, Sunsari, Dhankuta, Terhathum)

\*Joint operation date after Merger / Acquisition

(Rs. In Ten Million)

**Class: "C" (Finance Companies)**

S.No.	Name	Operation Date (A.D.)	Head Office	Paid up Capital	Working Area
1	Nepal Finance Ltd.	2021-07-11*	Kamaladi, Kathmandu	72.99	National Level
2	Nepal Share Markets and Finance Ltd.	1993/10/19	Ramshahapath, Kathmandu	23.33	National Level
3	Goodwill Finance Ltd.	1995/05/15	Hattisar, Kathmandu	94.61	National Level
4	Progressive Finance Ltd.	1996/02/26	Tinkune, Kathmandu	84.81	National Level
5	Janaki Finance Co. Ltd.	1997/03/07	Janakpurdham, Dhanusha	69.05	Province Level (Madhesh Province)
6	Pokhara Finance Ltd.	1997/03/16	Pokhara, Kaski	108.26	National Level
7	Multipurpose Finance Ltd.	1998-04-15	Rajbiraj, Saptari	61.02	1-5 District Level (Saptari, Siraha, Dhanusha, Mahottari, Sarlahi)
8	Samriddhi Finance Company Limited	2001/08/10	Hetauda, Makawanpur	81.89	National Level
9	Capital Merchant Banking & Finance Ltd.	2002/02/01	Battisputali, Kathmandu	93.51	National Level
10	Guheshwori Merchant Banking & Finance Ltd.	2002/06/13	Pulchowk, Lalitpur	101.22	National Level
11	ICFC Finance Ltd.	2004-07-15	Tangal, Kathmandu	118.35	National Level
12	Manjushree Finance Ltd.	2007-10-17	Nayabaneshwor, Kathmandu	135.16	National Level
13	Reliance Finance Ltd.	2014-05-08*	Pradarsani Marg, Kathmandu	112.15	National Level
14	Gorkhas Finance Ltd.	2016-04-10*	Dillibazar, Kathmandu	86.80	National Level
15	Shree Investment & Finance Co. Ltd.	2017-02-01*	Dillibazar, Kathmandu	98.17	National Level
16	Central Finance Ltd.	2017-03-23*	Kupondole, Lalitpur	94.89	National Level
17	Best Finance Ltd.	2018-08-02*	Chabahil, Kathmandu	85.48	National Level

\*Joint operation date after Merger / Acquisition

**Class: "D" (Micro Finance Financial Institutions)**

(Rs. In Ten Million)

S.No	Name	Operation Date (A.D.)	Head Office	Paid up Capital	Working Area
1	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	1999-07-17	Naxal, Kathmandu	261.21	National Level
2	Deprosc Laghubitta Bittiya Sanstha Ltd.	2001-07-03	Bharatpur, Chitwan	170.62	National Level
3	Chhimek Laghubitta Bittiya Sanstha Ltd.	2001-12-10	Old Baneshwor, Kathmandu	297.72	National Level
4	Swabalamban Laghubitta Bittiya Sanstha Ltd.	2002-02-22	Kamal Pokhari, Kathmandu	145.00	National Level
5	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.	2023-07-09*	Babarmahal, Kathmandu	380.64	National Level

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6	Nerude Mirmire Laghubitta Bittiya Sanstha Ltd.	2024-03-13*	Banepa, Kavrepalanchowk	139.78	National Level
7	Mithila Laghubitta Bittiya Sanstha Ltd.	2009-04-29	Dhalkebar, Dhanusha	19.60	Province Level (Madhesh Province)
8	Sworajagar Laghubitta Bittiya Sanstha Ltd.	2009-12-16	Banepa, Kavrepalanchowk	67.11	National Level
9	First Microfinance Laghubitta Bittiya Sanstha Ltd.	2009-12-28	Gyaneshwor, Kathmandu	123.38	National Level
10	Kalika Laghubitta Bittiya Sanstha Ltd.	2020-01-08*	Pokhara, Kaski	37.23	National Level
11	Janautthan Samudayik Laghubitta Bittiya Sanstha Ltd.	2010-11-09	Butwal, Rupandehi	17.01	19 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Kapilvastu, Rupandehi, Nawalparasi East, Nawalparasi West, Chitwan, Parsa, Surkhet, Dadeldhura, Gulmi, Palpa, Tanahu, Arghakhachi, Pyuthan, Salyan)
12	Suryodaya Womi Laghubitta Bittiya Sanstha Ltd.	2022-04-02*	Banepa, Kavrepalanchowk	79.19	National Level
13	Laxmi Laghubitta Bittiya Sanstha Ltd.	2012-06-04	Maharajgunj, Kathmandu	44.17	National Level
14	Himalayan Laghubitta Bittiya Sanstha Ltd.	2012-07-05	Chuchepati, Kathmandu	31.98	National Level
15	Vijaya Laghubitta Bittiya Sanstha Ltd.	2013/03/28	Dhulikhel, Kavre	74.50	National Level
16	NMB Laghubitta Bittiya Sanstha Ltd.	2013/03/31	Pokhara, Kaski	72.14	National Level
17	Forward Microfinance Laghubitta Bittiya Sanstha Ltd.	2013/05/17	Duhabi Bhaluwa, Sunsari	105.56	National Level
18	Global IME Laghubitta Bittiya Sanstha Ltd.	2013/05/19	Pokhara, Kaski	61.89	National Level
19	Mahuli Laghubitta Bittiya Sanstha Ltd.	2020-11-23*	Bakdhuwa, Saptari	32.24	National Level
20	Meromicrofinance Laghubitta Bittiya Sanstha Ltd.	2013/07/18	Battar, Nuwakot	132.00	National Level
21	Samata Gharelu Laghubitta Bittiya Sanstha Ltd.	2024-07-07*	Banepa, Kavrepalanchowk	56.40	National Level
22	RSDC Laghubitta Bittiya Sanstha Ltd.	2013/09/11	Butwal, Rupandehi	94.44	National Level
23	Samudayik Laghubitta Bittiya Sanstha Ltd.	03/07/2024*	Banepa, Kavrepalanchowk	17.08	4-10 District Level (Sindhupalchowk, Kavrepalanchowk, Dolakha, Ramechhap, Solukhumbu, Okhaldhunga, Nuwakot, Khotang, Bhojpur, Sankhuasabha)
24	National Microfinance Laghubitta Bittiya Sanstha Ltd.	2021-07-14*	Nilkantha, Dhading	116.55	National Level
25	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	2014-08-15*	Butawal, Rupandehi	98.25	National Level
26	Wean Nepal Laghubitta Bittiya Sanstha Ltd.	2021-11-01*	Banepa, Kavrepalanchowk	7.92	Province Level (Bagmati Province)
27	Unnati Sahakarya Laghubitta Bittiya Sanstha Ltd.	2020-07-10*	Siddharthanagar, Rupandehi	24.69	National Level
28	NADEP Laghubitta Bittiya Sanstha Ltd.	2015-05-15	Gajuri, Dhading	48.58	National Level
29	Support Laghubitta Bittiya Sanstha Ltd.	2015/07/12	Hasposi, Itahari	10.76	Province Level (Koshi Province)
30	Aarambha Chautari Laghubitta Bittiya Sanstha Ltd.	2021-11-16*	Banepa, Kavrepalanchowk	36.71	National Level
31	Asha Lagubitta Bittiya Sanstha	2016/08/29	Madanpur Nuwakot	64.16	National Level

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	Ltd.				
32	Gurans Laghubitta Bittiya Sanstha Ltd.	2016/11/16	Dhankutabazaar, Dhankuta	10.14	Province Level (Koshi Province)
33	Ganapati Laghubitta Bittiya Sanstha Ltd.	2016/12/09	Shuklagandaki, Tanahu	15.16	National Level
34	Infinity Laghubitta Bittiya Sanstha Ltd.	1900/01/09	Gaidakot, Nawalparasi	49.74	National Level
35	Swabhiman Laghubitta Bittiya Sanstha Ltd.	2017/05/22	Tilottama, Rupandehi	14.61	Province Level (Lumbini Province)
36	Sampada Laghubitta Bittiya Sanstha Ltd.	2024-07-13*	Bandipur, Tanahu	70.09	National Level
37	NIC Asia Laghubitta Bittiya Sanstha Ltd.	2021-03-21*	Banepa, Kavrepalanchowk	173.94	National Level
38	Samaj Laghubitta Bittiya Sanstha Ltd.	2018/06/01	Malangawa, Sarlahi	2.29	1-3 District Level (Sarlahi, Mahottari, Dhanusha)
39	Mahila Laghubitta Bittiya Sanstha Ltd.	2018/10/18	Banepa, Sanga, Kavrepalanchok	21.76	National Level
40	Manushi Laghubitta Bittiya Sanstha Ltd.	2018/11/17	Banepa, Bhaisepati, Kavrepalanchok	10.94	National Level
41	Unique Nepal Laghubitta Bittiya Sanstha Ltd.	2022-01-14*	Kohalpur, Banke	14.86	4 - 10 District (Bardiya, Banke, Kailali, Kanchanpur, Dang, Kapilbastu, Rupandehi, Nawalparasi, Surkhet, Dadeldhura)
42	Upakar Laghubitta Bittiya Sanstha Limited	2019/03/27	Kohalpur, Banke	10.61	Province Level (Lumbini Province)
43	Dhaulagiri Laghubitta Bittiya Sanstha Limited	2019/02/19	Baglung -2, Baglung	13.31	National Level
44	CYC Nepal Laghubitta Bittiya Sanstha Limited	2023-03-14*	Pokhara, Kaski	26.64	National Level
45	NESDO Samriddha Laghubitta Bittiya Sanstha Limited	2019/03/05	Kushma, Parbat	25.50	National Level
46	Swastik Laghubitta Bittiya Sanstha Limited	2019/03/26	Lahan, Siraha	1.20	Province Level (Madhesh Province)
47	Shrijanshil Laghubitta Bittiya Sanstha Limited	2019/03/15	Golbazar, Siraha	10.94	National Level
48	Matribhumi Laghubitta Bittiya Sanstha Limited	2024-07-10*	Dhanagadhi, Kailali	62.84	National Level
49	Jeevan Bikash Laghubitta Bittiya Sanstha Limited	2020-09-07*	Katahari, Morang	134.75	National Level
50	Aatmanirbhar Laghubitta Bittiya Sanstha Limited	2019-04-15	Ghorahi, Dang	6.86	Province Level (Lumbini Province)
51	Super Laghubitta Bittiya Sanstha Limited	2020-01-15	Tulshipur, Dang	1.95	Province Level (Lumbini Province)
52	Aviyan Laghubitta Bittiya Sanstha Limited	2019-12-17	Panauti, Kavrepalanchowk	25.00	National Level

\*Joint operation date after Merger/Acquisition

**5. Infrastructure Development Bank**

(Rs. in Ten Million)

S.No	Name	Operation Date (A.D.)	Head Office	Paid up Capital	Working Area
1	Nepal Infrastructure Bank Limited	2019/03/06	New Baneshowr, Kathmandu	2,160.00	National Level

**6. Other Institutions****A. Cooperative**

S.No.	Name	Office	Contact Office
1	Rastriya Sahakari Bank Ltd.	Kupondole, Lalitpur	Baneshwor, Kathmandu

**B. Hire Purchase**

S.No.	Name	Office	Contact Office
1	Omni Hire Purchase Pvt.Ltd.	Adarshnagar, Birgunj	Adarshanagar, Birgunj
2	Hulas FinServe Hire Purchase Ltd.	Teku, Kathmandu	Teku, Kathmandu
3	Sipradi Hire Purchase Pvt. Ltd.	Gairidhara, Kathmandu	Thapathali, Kathmandu
4	M.A.W. Hire Purchase Pvt. Ltd.	Biratnagar, Morang	Teku, Kathmandu
5	Batas Hire Purchase Pvt. Ltd.	Pokhara, Kaski	Gairidhara, Kathmandu
6	Syakar Hire Purchase Pvt. Ltd.	Kantipath, Kathmandu	Kantipath, Kathmandu
7	Jagadamba Hire Purchase Pvt. Ltd.	Naxal, Kathmandu	Naxal, Kathmandu
8	Venture Hire Purchase Pvt. Ltd.	Panipokhari, Kathmandu	Panipokhari, Kathmandu
9	Manokamana Hire Purchase Pvt. Ltd.	Panipokhari, Kathmandu	Kantipath, Kathmandu
10	Agni Hire Purchase Pvt. Ltd.	Panipokhari, Kathmandu	Panipokhari, Kathmandu

**C. Representative Offices**

S.No.	Name	Office	Contact Office
1	Mashreq Bank PSC	Dubai, UAE	New Baneshwor, Kathmandu
2	Doha Bank	Doha, Qatar	Thapathali, Kathmandu
3	ICICI Bank Limited	Mumbai, India	Thapathali, Kathmandu

**D. Hydropower Investment and Development**

S.No.	Name	Office	Contact Office
1	Hydroelectricity Investment & Development Company Ltd.	Babarmahal, Kathmandu	Babarmahal, Kathmandu

## **PART – 2**

### **ACTIVITIES OF NEPAL RASTRA BANK**

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## PART – TWO

### ACTIVITIES OF NEPAL RASTRA BANK

#### Monetary Policy for Fiscal Year 2023/24

- 2.1 In accordance with the provisions of the NRB Act 2002, the Monetary Policy for 2023/24 was formulated with core objectives to maintain price stability, ensure balance of payments stability, and support sustainable economic growth. Announced on 23 July 2023, the policy was crafted considering improvements in external sector indicators and price trends, while also addressing prevailing fiscal challenges. It aimed to promote targeted economic growth in alignment with the government’s budgetary policies and programs, ensuring overall macroeconomic stability. The NRB conducted regular assessments of the policy’s implementation, issuing the first quarter review on 8 December 2023, the mid-term review on 12 February 2024, and the third quarter review on 17 May 2024.

#### Objectives and Targets.

- 2.2 The Monetary Policy prioritized revitalizing the economy while maintaining price stability and external sector balance. It focused on directing financial resources toward productive sectors and enhancing domestic production capacity to support sustained economic growth. Key initiatives included reorienting lending to productive activities, strengthening the monitoring and supervision of large-scale credit, mitigating credit over-concentration, and prioritizing financing for small and medium-scale enterprises. The policy also sought to uphold financial stability by improving access to quality credit, implementing international best practices in financial sector oversight, and advancing financial inclusion through enhanced payment systems, expanded financial services, and financial literacy programs—all aimed at preserving the overall soundness of the financial system.
- 2.3 The Nepalese Rupee’s pegged exchange rate with the Indian Rupee was maintained as the nominal anchor of the monetary policy. The weighted average interbank rate among Banks and Financial Institutions (BFIs) continued to serve as the operating target, with an emphasis on strengthening interest rates as an effective channel for monetary policy transmission. The Government of Nepal’s 2023/24 budget set a target to contain the annual average consumer price inflation at 6.5 percent. Additionally, the monetary policy aimed to maintain foreign exchange reserves sufficient to cover seven months of merchandise and services imports, while supporting the targeted economic growth without exerting additional demand-side pressure on prices.

**Table 2.1: Inflation and Balance of Payments Surplus**

Particulars	2021/22	2022/23	2023/24	
			Target	Actual
Annual Average Inflation (in percent)	6.32	7.74	6.50	5.44
Balance of Payments (Rs.billion) (+Surplus/-Deficit)	-252.4	285.8	20.00	502.5

- 2.4 According to the National Statistics Office (NSO), Nepal's GDP at basic prices and producer prices are estimated to grow by 3.5 percent and 3.9 percent, respectively, in 2023/24. Key sub-sectors such as housing and food services, electricity and gas, and transport and storage made positive contributions to economic growth during this period. Conversely, the construction and production sectors are projected to contract. Inflationary pressures were evident in the first quarter of 2023/24 but gradually eased from the second quarter onward, resulting in an annual average inflation rate of 5.44 percent—slightly below the target. Inflation in the non-food and services sectors improved more notably compared to food and beverages. Overall consumer price inflation remained subdued, supported by stable wholesale and retail inflation in India, slower growth in import prices and wage indices, and subdued domestic demand. During the review year, a contraction in aggregate demand, reduced imports driven by external sector management policies, and increased remittance inflows and tourism earnings contributed to a balance of payments (BOP) surplus of Rs.502.49 billion (Table 2.1). As of mid-July 2024, the banking sector's foreign exchange reserves were sufficient to cover 13 months of imports of goods and services.

### Intermediate and Operating Targets of Monetary Policy

- 2.5 The monetary policy for 2023/24 prioritized price stability as its primary objective, while aligning additional goals and priorities with prevailing domestic and international economic conditions. To achieve these objectives, the weighted average interbank rate among BFIs was maintained as the operating target, with continued efforts to strengthen the interest rate channel to ensure effective monetary policy transmission. The existing framework for setting the policy rate—anchored on foreign exchange reserve import coverage and the annual inflation target—remained unchanged.
- 2.6 Broad money supply (M2) expanded by 13.0 percent during 2023/24, slightly exceeding the projected growth of 12.5 percent. However, credit to the private sector from the monetary sector increased by 6.1 percent, falling short of the projected 11.5 percent growth (Table 2.2). The subdued credit growth is attributed to delays in anticipated capital expenditures, a low overall economic growth rate, limited improvements in economic activities, and the high indebtedness levels within the private sector.

**Table 2.2: Money Supply and Domestic Credit**

Particulars	2021/22	2022/23	2023/24	
			Projection	Actual
Growth rate of broad money supply (in percent)	6.8	11.2	12.5	13.0
Growth rate of narrow money supply (in percent)	-9.3	-0.3	9.0	-1.3
Growth rate of domestic credit (in percent)	14.5	8.7	13.2	6.1
Growth rate of credit to the private sector (in percent)	13.3	4.6	11.5	6.1

## Instruments of Monetary Policy

- 2.7 The operating targets and instruments of the monetary policy for 2023/24 were selected within the framework of a cautiously accommodative stance. To maintain macroeconomic stability while considering both internal and external economic conditions, the policy rate was lowered by 50 basis points to 6.5 percent. The bank rate remained unchanged at 7.5 percent, whereas the deposit collection rate was reduced from 5.5 percent to 4.5 percent. Regulatory measures focused on effective monitoring, regulation, and supervision of large-scale credit, curbing credit over-concentration, prioritizing lending to small and medium-sized productive sectors, and enhancing both the quality and accessibility of credit, thereby supporting overall financial stability.
- 2.8 Additionally, several regulatory initiatives were implemented, including measures to prevent money laundering; provisions promoting mergers and acquisitions among microfinance financial institutions; enforcement of capital fund requirements for national-level development banks as per the Capital Adequacy Framework 2015; and the mandatory use of Permanent Account Numbers (PAN) for borrowers exceeding specified credit thresholds from BFIs.
- 2.9 In 2023/24, the NRB amended and implemented the Open Market Operation Bylaws and Procedures to strengthen the effectiveness of the interest rate corridor. The Standing Deposit Facility (SDF), positioned at the lower bound of the corridor, was actively utilized as a strategic tool to ensure the corridor's functionality. During this period, BFIs deposited a total of Rs.3,522.35 billion with the NRB intermittently. This mechanism contributed to keeping the weighted average interbank interest rate within the prescribed corridor. The SDF rate was maintained at a minimum of 3.0 percent throughout the year.

**Table 2.3: CRR and SLR to be maintained by BFIs (Percent)**

Headings	2021/22	2022/23	2023/24
<b>Cash Reserve Ratio</b>			
“A” Class Institutions	3.0	4.0	4.0
“B” Class Institutions	3.0	4.0	4.0
“C” Class Institutions	3.0	4.0	4.0
<b>Statutory Liquidity Ratio</b>			
“A” Class Institutions	10.0	12.0	12.0
“B” Class Institutions	8.0	10.0	10.0
“C” Class Institutions	7.0	10.0	10.0

- 2.10 The Cash Reserve Ratio (CRR) required to be maintained by BFIs was kept steady at 4.0 percent. Likewise, the Statutory Liquidity Ratio (SLR) remained unchanged at 12.0 percent for commercial banks and 10.0 percent for both development banks and finance companies (Table 2.3).
- 2.11 In the first-quarter review of the monetary policy, the bank rate was lowered from 7.5 percent to 7.0 percent, the policy rate was reduced from 6.5 percent to 5.5 percent, and the deposit collection auction rate was cut from 4.5 percent to 3.0 percent. These adjustments were made after analyzing various factors including prevailing inflation, balance of payments status, and the credit growth rate to the private sector. The cautiously accommodative stance established

in the annual monetary policy and the first-quarter review was maintained in both the mid-term and third-quarter reviews.

- 2.12 Previously, the monetary survey was compiled based on the balance sheets of Nepal Rastra Bank, commercial banks, development banks, and finance companies. However, starting from 2023/24, its coverage was broadened with the introduction of the ‘Financial Corporations Survey,’ which now includes additional entities such as insurance companies, the Employees Provident Fund, Citizen Investment Trust, microfinance financial institutions, Hydroelectricity Investment and Development Company Limited, and Nepal Infrastructure Bank. Alongside this, the ‘Other Financial Corporation Survey’ was also introduced, incorporating the balance sheets of these institutions.
- 2.13 During the mid-term review of the monetary policy, the Standing Deposit Facility (SDF) was implemented in February 2024 to enhance the effectiveness of the interest rate corridor. Further adjustments to the SDF provisions were made in the third-quarter review to strengthen the operation of the interest rate corridor.

## Monetary Management

### Issue and Management

- 2.14 Previously, Nepal Rastra Bank managed banking sector liquidity using various monetary policy instruments while also overseeing domestic debt issuance and management on behalf of the Government of Nepal (GoN). However, with the enactment of the Public Debt Management Act, 2022, and the Public Debt Management Regulations, 2023, these responsibilities have been transferred to the Public Debt Management Office under the GoN. The office commenced primary market debt issuance on 28 March 2024, followed by the initiation of secondary market transactions, payment processing, and government securities management from 15 June 2024.

### Government Securities owned by Nepal Rastra Bank

- 2.15 The government securities owned by the Nepal Rastra Bank at the end of 2023/24 amounted to Rs.20.40 billion.

**Table 2.4: List of Government Securities owned by Nepal Rastra Bank**

S. N.	Types of Debt Instruments	Amount (Rs. In Crore)			Percentage Change	
		2021/22	2022/23	2023/24	2022/23	2023/24
1.	Treasury Bills	1512.83	4535.3	-	199.79	-
2.	Development Bond	3345.70	2494.9	1648.40	-25.43	-33.92
3.	Citizen Saving Bond	300.14	390.12	390.64	29.98	-0.13
4.	Foreign Employment Saving Bond	0.3	0.65	0.65	116.67	-
<b>Total</b>		<b>5678.7</b>	<b>5158.97</b>	<b>2039.69</b>	<b>-9.15</b>	<b>-60.46</b>

## Liquidity Management

- 2.16 In 2023/24, various open market operation instruments and the interest rate corridor framework were employed to manage liquidity fluctuations in the market. The “Nepal Rastra Bank Open Market Bylaw, 2021 (Fourth Amendment)” and the “Nepal Rastra Bank Open Market Transaction Procedure, 2021 (Fifth Amendment)” were amended and implemented to incorporate the monetary measures revised through the 2023/24 monetary policy and its periodic reviews.
- 2.17 In line with the 2023/24 monetary policy provisions, the standing deposit facility was introduced on 13 February 2024 to help maintain the weighted average interbank rate within the established interest rate corridor. Through this facility, liquidity amounting to Rs.3,522.35 billion was mopped up by mid-July 2024.
- 2.18 In 2023/24, liquidity of Rs.1,151.25 billion has been mopped up through deposit collection.

**Table 2.5: Liquidity Mopped-up**

S.N.	Instruments	Times	Amount (Rs. In Crore)
1.	Deposit Collection	50	115,125.00
2.	Standing Liquidity Facility	47	352,235.00
	<b>Total</b>		<b>467,360.00</b>

- 2.19 In 2023/24, a Standing Liquidity Facility (SLF) amounting to Rs.1.2 billion was extended once to the BFIs at the prevailing bank rate. This facility was provided against collateral comprising government securities, including treasury bills and development bonds.

## Regulation, Financial Sector Reform, and Financial Access

### Regulation and Financial Sector Reform

#### Regulatory Provisions

- 2.20 During 2023/24, the NRB issued various circulars, guidelines, and notices to Banking and Financial Institutions (BFIs) aimed at maintaining economic vibrancy and strengthening the banking sector. Key measures introduced include loan restructuring and rescheduling.

#### a) Capital-related provisions

- To address rising cyclical systemic risks and enhance BFIs’ capital flexibility, a countercyclical capital buffer was introduced, mandating commercial banks to maintain a 0.5 percent buffer by the end of 2023/24. Additionally, B-category national-level development banks are required to maintain minimum primary capital and capital funds in compliance with the Capital Adequacy Framework 2015.
- Licensed institutions with accumulated losses not exceeding five percent of their primary capital are permitted to issue debentures or other debt instruments up to 100 percent of their primary capital. Moreover, such institutions may issue Perpetual Non-Cumulative Preference Shares, subject to prescribed terms and conditions.

#### b) Review of risk-weight related provisions

The existing risk weights on margin lending, real estate loans, and hire-purchase loans were revised during the period. Additionally, a new provision was introduced to assign lower risk

weights to loans extended to institutions authorized by the Government of Nepal for land development and building construction, in contrast to other real estate loans.

**c) Amendments to Loan to Value and Debt to Income Ratio**

The debt-to-income (DTI) ratio has been capped at a maximum of 70 percent for loans granted for the purchase or construction of houses and land. Additionally, the Loan-to-Value (LTV) ratio for personal loans with unspecified purposes has been raised from 40 percent to 50 percent.

**d) Amendments to the loan limit provisions**

The loan threshold for first-time homebuyers has been increased from Rs.15 million to Rs.20 million. The single obligor limit for margin loans has been set at Rs.120 million for individuals and Rs.200 million for institutional investors. Furthermore, the loan amount requiring submission of a Permanent Account Number (PAN) has been reduced from Rs.5 million to Rs.2.5 million.

**e) Interest rate-related provisions**

BFI's are authorized to offer loans at rates below the average base rate for loans linked to Government of Nepal programs or those financed by subsidized funds received from donor agencies targeting specific sectors. To enhance transparency, BFI's are prohibited from imposing an interest rate differential exceeding two percentage points on similar loan products. Additionally, the interest rate on institutional fixed deposits must be maintained at least one percentage point lower than that for individual deposits.

**f) Amendments in the provisions to deposit mobilization and securitization**

National-level development banks are no longer subject to limits on deposit mobilization. The mandatory insurance coverage limit under the Deposit and Credit Guarantee Fund (DCGF) for personal savings and fixed deposits of licensed BFI's has been increased from Rs.300,000 to Rs.500,000.

**g) Amendment in the blacklisting-related directives**

The following amendments have been made regarding the blacklisting:

- Prior to blacklisting a borrower's guarantor, a 90-day notice must be issued to allow settlement of dues, applicable only when the borrower's collateral has been auctioned and recovery from the proceeds is insufficient.
- Firms or companies shall not be blacklisted solely due to the blacklisting of a joint venture (JV) they are associated with.
- Individuals listed on the blacklist are permitted to open accounts for receiving social security allowances, pensions, and other payments mandated by law. They are also authorized to withdraw these funds, including salaries, social security benefits, and pension disbursements.
- Firms or companies not on the blacklist shall retain full operational capacity to manage deposit accounts and conduct loan transactions, regardless of the blacklisting status of their JV partners.

**h) Additional period for implementing directives**

The minimum threshold for directed lending to specified sectors has been revised, with the implementation timeline extended to mid-July 2027. Based on feedback from BFI's, the provision in the Working Capital Guidelines, 2022, which exempted mandatory

compliance during the first year, has now been extended to a two-year period. Furthermore, the provisions concerning the productive sector within the Working Capital Guidelines, 2022, have been reviewed and reinforced to ensure effective implementation.

**i) Provisions for providing relief to natural disaster victims**

Several provisions have been revised to extend relief to borrowers affected by natural disasters. Notably, the loan-to-value (LTV) ratio for reconstruction loans has been increased by a minimum of 10 percentage points, allowing it to reach up to 100% for residential properties damaged in the November 2023 earthquake. Furthermore, BFIs are permitted to allocate up to 40 percent of their social responsibility fund toward the reconstruction of public schools, hospitals, and health posts damaged by the same earthquake.

**j) Loan restructuring and rescheduling provisions**

In recognition of the repayment challenges faced by borrowers due to the country's economic slowdown and unforeseen circumstances, provisions have been introduced to allow loan restructuring and rescheduling after recovering 10 percent of the due interest. Additionally, project loans exceeding Rs.50 million in sectors such as education, healthcare, and those impacted by natural disasters have been included as eligible for restructuring and rescheduling.

**k) Loan classification provisions**

Amendments have been made to loan loss provisioning requirements. These include the condition that principal and interest must be regularly repaid for at least six months before a bad loan can be upgraded to a pass loan. Further, if any loan account of a borrower institution is classified as bad, the entire loan portfolio must be provisioned as watchlist. Moreover, if a loan within a borrower group is classified as non-performing, loans of other directly associated borrowers within the group are also required to be classified under the watchlist category.

**l) Amendments in the loan loss Provisions**

The minimum loan loss provision for performing loans, which had been increased from 1 percent to 1.3 percent during the COVID-19 pandemic, was revised downward to 1.20 percent.

**m) Additional directives**

- A draft of the *Bank Account Blocking and Releasing Guidelines, 2024* has been prepared and published on the NRB website to solicit feedback from stakeholders. The guidelines aim to make the processes of blocking and releasing bank accounts clearer, more transparent, and systematic.
- Guidelines on Expected Credit Loss (ECL) under the Nepal Financial Reporting Standards (NFRS) 9 have been issued to the BFIs, with implementation scheduled to commence from the fiscal year 2024/25.
- A draft of the *Nepal Green Finance Taxonomy (Guidelines for Financial Sector)* has been released for public consultation. This initiative is designed to strengthen Nepal's green

finance framework by establishing a uniform and scientific classification of environmentally friendly investments, thereby promoting sustainable finance policies.

- The process of data collection from BFIs in accordance with the Large Exposure Framework has been initiated to enhance monitoring and regulatory oversight.

## Financial Stability Report and Publication of Statistics

- Nepal Rastra Bank (NRB) continues its commitment to transparency and financial sector oversight by regularly publishing the *Financial Stability Report*. The 15th edition of this report, based on data as of mid-July 2023, has been released, providing comprehensive analysis of the financial system's health and resilience.
- In accordance with the Unified Directives, NRB publishes a monthly statement on its official website. This report is prepared using daily, monthly, and quarterly data submitted by BFIs, ensuring timely dissemination of key financial sector indicators to stakeholders.

## Enhancing Financial Access

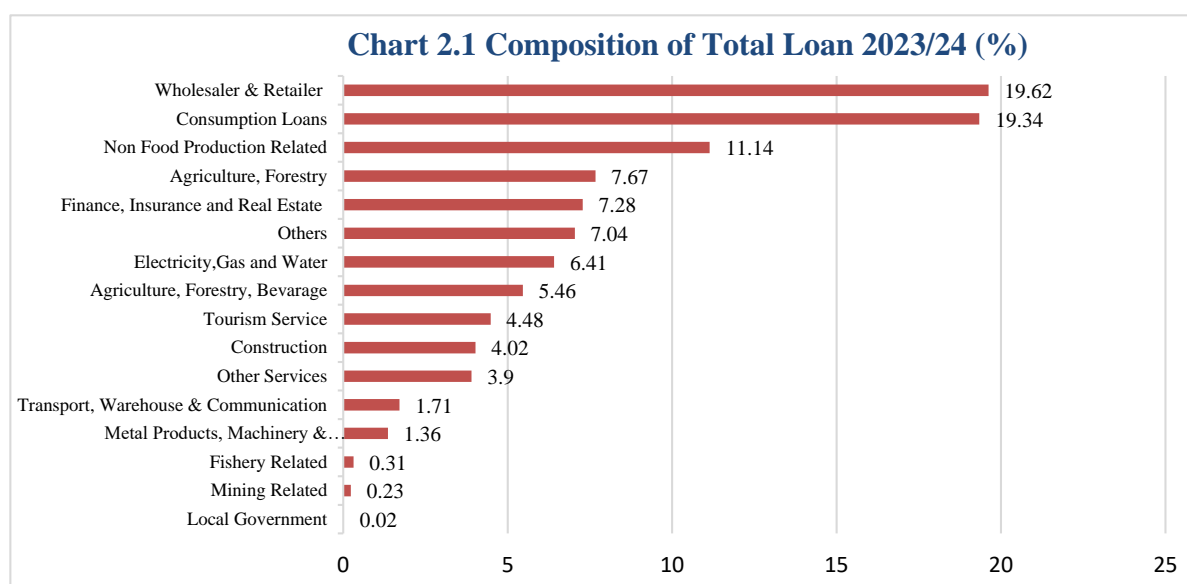
- Financial inclusion has improved significantly with the expansion of financial institutions' networks. Aligning with the Government of Nepal's objective to establish at least one commercial bank branch in every local level, branches were operational in 752 out of 753 local levels by mid-July 2024 (Table 2.6). Only Saipal Municipality in Bajhang District of Sudurpashchim Province remains without access to a commercial bank branch.

**Table 2.6: Commercial Bank Branches at Local Level**

Province	No. of Local Level	No. of Local Level with Access to Commercial Bank Branch		
		Mid-July 2022	Mid-July 2023	Mid-July 2024
Koshi	137	137	137	137
Madesh	136	136	136	136
Bagmati	119	119	119	119
Gandaki	85	85	85	85
Lumbini	109	109	109	109
Karnali	79	79	79	79
Sudurpaschim	88	87	87	87
<b>Total</b>	<b>753</b>	<b>752</b>	<b>752</b>	<b>752</b>

- By mid-July 2024, the number of BFIs decreased by five, reaching 107, including one Infrastructure Development Bank. This reduction reflects the successful financial consolidation campaign led by NRB, contributing significantly to financial stability and sector strengthening. Concurrently, the total number of BFI branches declined by 59, totaling 11,530 as of mid-July 2024. Branchless banking centers numbered 1,129 during the same period. The population served per branch slightly increased from 2,517 in mid-July 2023 to 2,529 by mid-July 2024.
- As of mid-July 2024, the total paid-up capital of operating commercial banks stood at Rs.379.2 billion, development banks at Rs.42.17 billion, and finance companies at Rs.15.21 billion. Total deposits mobilized by BFIs grew by 12.55 percent during the review year,

reaching Rs.6,495 billion. Similarly, total credit extended by BFIs increased by 5.9 percent compared to the previous year, amounting to Rs.5,161 billion.



## Mergers and Acquisitions

2.24 The policy encouraging mergers and acquisitions (M&A) among Bank and Financial Institutions (BFIs) was continued during the fiscal year 2023/24. Since the enactment of the "Bank and Financial Institution Merger and Acquisition Bylaws, 2016," the M&A process has gained significant momentum. In the review period, a total of 10 BFIs participated in M&A activities, which included 5 distinct transactions—4 mergers and 1 acquisition—reflecting ongoing consolidation efforts within the financial sector.

## Blocking, releasing, and requesting details of accounts maintained in various BFIs

2.25 During the fiscal year 2023/24, Bank and Financial Institutions (BFIs) executed numerous account-related actions—such as blocking accounts, releasing funds, and disclosing account details—in response to requests from authorized agencies. These requests were received from various investigative and regulatory bodies, including the Crime Investigation Offices of Nepal Police, the Inland Revenue Department, Taxpayer Service Offices, and the Commission for Investigation of Abuse of Authority, among others.

## Concessional Loans, and Deprived Sector Lending

2.26 Under the "Unified Procedure for Interest Subsidy on Concessional Loans, 2018," a total outstanding credit of Rs.86.89 billion was recorded as of mid-July 2024, extended to 46,356 borrowers in the agricultural and livestock business sectors. To date, the Government of Nepal has disbursed Rs.25.55 billion in interest subsidies for these concessional loans.

2.27 As per current regulations, Bank and Financial Institutions (BFIs) are mandated to allocate a minimum of 5 percent of their total outstanding loans and advances to the deprived sector. As of mid-July 2024, actual lending surpassed this requirement, with 'A', 'B', and 'C' class institutions reporting allocations of 6.03 percent, 7.74 percent, and 7.27 percent, respectively.

## Approval to issue loans for margin trading

- 2.28 Based on the recommendation submitted by Nepal Stock Exchange Limited (NEPSE), a total of 34 share broker institutions have been authorized to extend margin trading loans in accordance with Section 76 of the Nepal Rastra Bank Act, 2058.

## Provisions for anti-money laundering and combating the Financing of terrorism

- 2.29 Based on the suggestions from the mutual evaluation process, directives related to money laundering prevention have been issued as outlined in the following sections:
- a) The existing Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) Directive 1/076 has been replaced with a new, separate directive specifically tailored for the **Employees Provident Fund** and the **Citizen Investment Trust**, ensuring alignment with institutional risk profiles and regulatory requirements.
  - b) A dedicated AML/CFT directive has also been issued for licensed companies engaged in hire purchase financing, aiming to enhance compliance standards and risk mitigation frameworks within non-banking financial institutions.

## Supervision of BFIs

### Supervision of Commercial Banks

- 2.30 Full-scope on-site inspections of 19 commercial banks and targeted on-site inspections of one commercial bank and Nepal Infrastructure Bank Limited were conducted in 2023/24 using a risk-based supervision approach. Evaluations were continued based on the submitted details of the respective banks, and efforts were made to rectify deficiencies identified during the inspections.
- 2.31 In 2023/24, a total of 31 targeted inspections related to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) were carried out across the banking and financial sector. This included inspections of 7 commercial banks, 9 development banks, 13 finance companies, and 2 payment service providers (PSPs). Additionally, targeted inspections based on the provisions of Targeted Financial Sanctions were completed for 5 commercial banks.
- 2.32 As part of off-site supervision, fortnightly reports on Cash Reserve Ratio (CRR) were prepared by collecting data regularly from all commercial banks. Daily monitoring of the credit to deposit (CD) ratio was conducted, with monthly reports compiled accordingly. Reports related to Statutory Liquidity Ratio (SLR) and interest rate spread were also prepared through regular monitoring. Quarterly reports on lending to the deprived and priority sectors were compiled and monitored consistently. The capital adequacy of commercial banks was monitored monthly. Furthermore, a quarterly off-site supervision report was prepared, incorporating financial analysis of commercial banks and the Infrastructure Development Bank. This report included assessments of compliance with prevailing laws and directives, CAELS analysis, early warning indicators, and stress testing results. Key financial indicators derived from these analyses were published quarterly on NRB's website.
- 2.33 The procedure for implementing the Individual Bank Supervisor (IBS) model has been developed and put into operation. Additionally, Internal Credit Risk Grading Guidelines have

been prepared. The process of updating the Risk-Based On-site Supervision Manual is nearing completion.

- 2.34 In addition to the full-scope and targeted inspections of commercial banks, a total of 126 complaints and grievances received from various agencies and individuals during the review year were addressed through special on-site and off-site inspections.
- 2.35 A self-assessment report on compliance with the Basel Core Principles has been completed. A preliminary study has also been conducted on the potential use of data obtained from the Credit Information Centre Limited (CICL), credit ratings, and the Secured Transactions Registry in supervisory processes.
- 2.36 A large exposure framework has been prepared and implemented to assess the credit utilization patterns of large borrowers. Similarly, a monitoring and evaluation framework on corporate governance has been developed and brought into effect.
- 2.37 A Loan Portfolio Review (LPR) of 10 large commercial banks is currently underway in coordination with the International Monetary Fund (IMF). The concept note and terms of reference for the review have been finalized, and the appointment of an international consulting firm is in its final stages.
- 2.38 A Macro Stress Testing (MST) Framework, which incorporates macroeconomic variables, has been developed in collaboration with the Economic Research Department and is currently in the final phase of approval. A preliminary study has also been completed to assess the necessary preparations for implementing the advanced approaches under Basel II, and the resulting report is under discussion.
- 2.39 The Supervisory Review and Evaluation Process (SREP) has been conducted based on the Internal Capital Adequacy Assessment Process (ICAAP) reports submitted by banks.
- 2.40 Data and details received from commercial banks through the Supervisory Information System (SIS) are regularly monitored. The Onsite Inspection Module of SIS has also been implemented, with instructions issued to submit inspection reports both to the Bank and via the SIS system in parallel.
- 2.41 In 2023/24, 20 commercial banks and Nepal Infrastructure Bank Limited were given approval to publish their financial statements in accordance with Nepal Financial Reporting Standards (NFRS). While providing this approval, banks were instructed to address and rectify observations made by external auditors as well as those noted during on-site inspections and off-site supervision. Banks were also directed to ensure that such issues are not repeated.
- 2.42 Based on full-scope, targeted, and special on-site inspections, as well as ongoing off-site supervision, the compliance with or deviation from instructions and observations noted in inspection and supervision reports has been regularly monitored. Semi-annual inspection reports were prepared for all commercial banks as part of this oversight process.
- 2.43 The Annual Bank Supervision Report for 2022/23 was published, incorporating macro-level supervision and analysis of the financial positions of commercial banks, along with a discussion of key contemporary issues relevant to the supervisory department. Additionally,

based on quarterly data received from banks, brief reports were prepared to assess whether adequate loan loss provisioning had been carried out in line with the observations made in supervision reports.

- 2.44 In the fiscal year 2023/24, a total of three financial penalties were imposed—two on commercial banks and one on a promoter shareholder—due to non-compliance with various NRB directives. Additionally, warnings were issued to the Board of Directors and CEOs of 11 commercial banks, and further warnings were given to the CEOs of 4 commercial banks. In the same period, a development bank was fined for violating the Asset (Money) Laundering Prevention Act and NRB-issued directives. Moreover, warnings were issued to two development banks, one director of a development bank, and one director of a finance company. The CEO of one development bank and one finance company were also issued warnings.
- 2.45 The key indicators of commercial banks are as follows (Table 2.7).

**Table 2.7: Key Indicators of Commercial Banks**

S.N.	Indicators	Mid-July 2023	Mid-July 2024
1	Total number	20	20
2	Total paid up capital (in Billion)	364.43	379.02
3	Primary Capital (in Billion)	556.99	561.49
4	Total Capital fund (in Billion)	707.3	713.71
5	Total Deposit (in Billion)	5086.24	5757.77
6	Total Loans and Advances (in Billion)	4,315.38	4,569.08
7	Primary Capital Adequacy Ratio (Percentage)	10.53	10.10
8	Total Capital Adequacy Ratio (Percentage)	13.37	12.84
9	Loan utilization Ratio (Percentage)	83.01	78.65
10	Net Liquidity Ratio (Percentage)	29.10	32.21
11	Statutory Liquidity Ratio (Percentage)	24.35	28.73
13	Ratio of non-performing loan (Percentage)	2.98	3.76
13	Ratio of Deprived Sector Loan (Percentage)	6.22	6.03

### Supervision of Financial Institutions

- 2.46 In 2023/24, comprehensive full-scope and targeted on-site inspections were completed for 17 development banks and 17 finance companies. Risk-based supervision was conducted for 8 development banks during the review year. Additionally, inspections of 2 finance companies that had been declared problematic were also carried out.
- 2.47 Special inspections were conducted for 3 development banks and 4 finance companies based on grievances received from customers and through various other channels.
- 2.48 Monitoring of the enforcement actions prescribed in on-site inspection reports has been carried out to ensure compliance and timely corrective measures.
- 2.49 Approval was granted to 14 development banks and 13 finance companies to publish their financial statements for the fiscal year 2023/24 in preparation for holding their annual general meetings.

- 2.50 Quarterly off-site inspection reports are being regularly prepared by monitoring compliance with regulatory provisions such as capital adequacy, cash reserve ratio (CRR), statutory liquidity ratio (SLR), credit to deposit ratio (CD ratio), base rate, spread rate, sectoral lending, and deprived sector lending of development banks and finance companies. During the review year, 3 finance companies and 1 development bank were barred from specific operations due to non-compliance with applicable laws and regulations. Furthermore, 7 development banks and 2 finance companies were reprimanded, and cash penalties were imposed on 4 development banks. Prompt Corrective Action (PCA) measures were implemented against 2 development banks.
- 2.51 The annual inspection report of 2023/24 of the B and C class financial institutions has been published on the website.
- 2.52 Based on the unaudited financial statements as of mid-July 2024, the average non-performing assets (NPA) ratio of development banks stood at 3.62 percent, while the average capital adequacy ratio (CAR) was 13.38 percent. In comparison, these figures were 2.45 percent and 13.21 percent, respectively, in mid-July 2023. Similarly, for finance companies, the average NPA ratio increased to 7.21 percent, while the average CAR reached 14.78 percent in mid-July 2024. These ratios were recorded at 2.45 percent and 13.21 percent, respectively, in the previous year.
- 2.53 The major financial indicators of development banks and finance companies as of mid-July 2024 are as follows (Table 2.8).

**Table 2.8: Key Indicators of Development Banks and Finance Companies (Unaudited)**

S.N.	Indicators	Development Banks	Finance Companies
1.	Total Number	17	17
	A) National Level	8	15
	B) Province/District Level	9	2
2.	Total Paid Up Capital (Rs.In Billion)	42.17	14.05
3.	Core Capital (Rs.In Billion)	53.26	13.93
4.	Total Capital Fund (Rs.In Billion)	66.55	16.21
5.	Total Deposit (Rs.In Billion)	609.76	127.92
6.	Total Loan and Advances (Rs.In Billion)	498.61	96.51
7.	Core Capital Ratio (In percentage)	10.71	12.69
8.	Total Capital Ratio (In percentage)	13.35	14.68
9.	Total Credit to Deposit (CD) Ratio (In percentage)	82.52	77.63
10.	Liquidity Ratio (In percentage)	26.82	34.40
11.	Statutory Liquidity Ratio (In percentage)	24.28	27.85
12.	Non- Performing Loans Ratio (In percentage)	3.62	7.21
13.	Deprived Sector Loan Ratio (In percentage)	7.71	7.47
14.	Directed Sector Lending (In percentage)	25.60	20.92

### Supervision of Micro Finance Financial Institutions

- 2.54 The number of microfinance institutions (MFIs) licensed by Nepal Rastra Bank decreased to 52 in mid-July 2024 from 57 in mid-July 2023. Among them, 3 are licensed as wholesale credit providers and 49 as retail credit providers. The MFIs operated through a network of 5,009 branches, organized approximately 1.415 million groups, served 5.995 million

members, and had 2.663 million active borrowers. Out of the 49 retail MFIs, two institutions are permitted to collect deposits from the general public. Of the total MFIs, 39 operate at the national level, 9 at the provincial level, and 4 at the district level.

- 2.55 The Annual Inspection and Supervision Report of MFIs for the fiscal year 2022/23 has been published and at the website of Nepal Rastra Bank.
- 2.56 In 2023/24, fines were levied on two MFIs for non-compliance with the mandatory minimum cash reserve ratio requirements.
- 2.57 Based on the findings of a consultant-led evaluation on the effectiveness of refinancing, business loans, and concessional loans, Nepal Rastra Bank issued corrective instructions to two MFIs. Additionally, regulatory actions and directives were imposed on seven other MFIs for failing to comply with prevailing guidelines. Admonitions were also issued to the Chief Executive Officers of 27 MFIs.
- 2.58 Following the decision of the Bank's Board of Directors dated 31 August 2022, Super Laghubitta Bittiya Sanstha Limited, Dang, was declared problematic. In line with the decision dated 23 January 2023, management control of the institution was assumed effective from 6 February 2023. The institution has since been operated under a management group appointed by the Bank. A two-member external management committee was constituted on 3 September 2023 and the management responsibility has been formally handed over to this committee.
- 2.59 On-site and off-site supervision manual for the MFIs have been approved and implemented.
- 2.60 A dedicated Grievance Redressal Desk has been established within the Microfinance Institution Supervision Department, effective from 24 May 2023. The desk, equipped with a toll-free contact number, aims to efficiently address and resolve grievances submitted by MFI members.

### **Supervision of Non-bank Financial Institutions**

- 2.61 During the review period, Nepal Rastra Bank conducted a total of 158 on-site inspections, which included inspections of 32 banks and remittance companies. These comprised full-scope inspections of 16 remittance companies, follow-up inspections of 8 remittance companies, and on-site inspections of 8 banks.
- 2.62 On-site inspections of the Hydroelectricity Investment and Development Company Limited and the National Co-operative Bank Limited were also completed during the reporting period.
- 2.63 Within the Kathmandu Valley, on-site inspections of 102 licensed entities were carried out. These included 40 money changers, 28 travel and trekking agencies, 8 hire purchase companies, 12 hotels, 4 cargo companies, 6 airlines, and 4 other entities licensed for foreign exchange transactions.
- 2.64 Outside the Kathmandu Valley, on-site inspections were conducted for 22 licensed entities. These included 10 money changers, 11 hotels, and 1 travel and trekking agency.
- 2.65 A one-day training program on online reporting through the FXOL System was organized in Biratnagar for employees of institutions licensed to conduct foreign exchange transactions.

- 2.66 A one-day orientation program on unified circulars, directives, prevailing acts and regulations, and supervisory matters was conducted in Kathmandu. The program was targeted at employees of the relevant department and provincial offices, with the objective of enhancing the effectiveness of inspection and supervision functions.

## Foreign Exchange Management

### Foreign Exchange Regulation

- 2.67 As of mid-July 2024, a total of 2,517 institutions have been licensed by Nepal Rastra Bank to conduct foreign exchange transactions. These include 147 hotels, 628 travel agencies, 1,263 trekking agencies, 43 cargo companies, 46 airline companies, 300 money changers, 24 remittance companies, 20 commercial banks, 8 development banks, 5 finance companies, Nepal Clearing House, and 32 other institutions. Of these, 2,261 are located within the Kathmandu Valley, while 256 operate outside the valley.
- 2.68 Nepali citizens are permitted to obtain up to USD 2,500 or its equivalent in convertible foreign currency per trip under the passport facility when traveling abroad, excluding India. This facility is limited to two occasions per fiscal year.
- 2.69 Arrangements have been made for back-to-back Letter of Credit (LC) facilities for goods identified as having export potential under the Nepal Trade Integrated Strategy (NTIS), 2023.
- 2.70 Provisions have been introduced to allow imports (excluding India) of up to USD 60,000 or its equivalent in convertible currency through Documents Against Payment (DAP) and Documents Against Acceptance (DAA). For imports from India via DAA, the limit has been set at INR 30 million.
- 2.71 For imports processed through customs offices that collect revenue exclusively via electronic systems, a bail deposit requirement has been introduced—1 percent of the import value for industrial firms and 3 percent for trading companies.
- 2.72 In order to facilitate the establishment of liaison offices abroad by export-oriented industries and businesses, including those engaged in information technology services, commercial banks are permitted to provide foreign exchange facilities up to a maximum of 10 percent of the foreign exchange earnings of such entities, subject to compliance with the applicable regulatory provisions.
- 2.73 A provision has been introduced allowing aviation service operators to obtain foreign exchange facilities from commercial banks for the import of services up to USD 100,000 or its equivalent in convertible currency. For services imported from India, this facility is available in Indian Rupees equivalent to USD 100,000 or in any other convertible foreign currency.
- 2.74 Based on the recommendation of the Nepal Bankers' Association, the daily gold import limit for 'A' class commercial banks has been fixed at 20 kilograms.
- 2.75 The second amendment to the Foreign Exchange Transaction License and Inspection Bylaws, 2077 has been made during the review year. Key features of the amendment are as follows:

- a) Financial institutions operating below the national level are now required to apply for a foreign exchange transaction license through the Foreign Exchange Management Department or the nearest NRB provincial office, based on the location of their central office.
  - b) Licensed banks and financial institutions engaged in foreign exchange transactions will now receive licenses without a defined expiration period, eliminating the need for periodic renewals.
  - c) Authority has been delegated to NRB's provincial offices to issue foreign exchange licenses to casinos.
  - d) In addition to a bank guarantee, licensed entities may now submit a cash deposit as collateral to fulfill license requirements.
  - e) Firms, companies, or organizations other than BFIs may be granted foreign exchange transaction licenses for a maximum duration of five years.
  - f) Inspection and supervision of licensed institutions shall be conducted by the respective supervisory department.
  - g) In cases where a licensed institution must suspend operations for up to seven days, prior notification must be provided to the licensing department or the concerned NRB provincial office, along with the relevant supervisory department. For closures exceeding seven days, prior approval must be obtained.
  - h) Licensing processes may now be conducted via electronic platforms, enabling improved efficiency and accessibility.
  - i) Provisions have been made for service delivery within a defined timeline, along with the delegation of authority to ensure effective execution of responsibilities outlined in the bylaws.
- 2.76 A provision has been introduced to facilitate gold purchases by businesses from commercial banks, even if the purchaser does not maintain a bank account with the respective selling bank. In such cases, the commercial bank is required to develop a mechanism that allows the business to make payments through its existing bank account maintained at other licensed BFIs.
- 2.77 Nepali or foreign individuals, firms, companies, institutions, or branch offices registered in Nepal are now permitted to receive non-repatriable funds—such as proceeds from sales, commissions, fees, and remuneration—up to NPR 2 million per day (either one-time or recurring) from abroad through licensed remittance companies. Such remittances may also be received through banks and financial institutions, with no ceiling on the remitted amount when routed through these institutions.
- 2.78 Nepali citizens departing for foreign employment in Japan, South Korea, European countries, the United States of America, or Canada may now obtain a foreign exchange facility of up to USD 500 against passport endorsement.

- 2.79 Licensed BFIs are now authorized to provide foreign exchange facilities up to USD 12,000 (previously USD 10,000) or its equivalent in other convertible currencies to foreign university-affiliated educational institutions operating with the permission of the Government of Nepal, for payments related to affiliation, examinations, and other fees.
- 2.80 Nepali citizens may obtain foreign exchange facilities up to a maximum of USD 1,500 (previously USD 1,000) or equivalent convertible currency (excluding India) from licensed BFIs for various purposes.
- 2.81 The provision permitting repayment of principal and interest on loans taken in convertible foreign currencies in Nepalese Rupees, introduced in response to the COVID-19 pandemic, has been withdrawn.
- 2.82 The Revised Unified Circular-2023 has been issued, consolidating the Unified Circular-2022 along with all subsequent circulars and notifications issued up to 28 December 2023.
- 2.83 The third amendment to the Foreign Investment and Foreign Loan Management Bylaws, 2021 has been issued, with key provisions as follows:
  - a) If foreign investment cannot be brought in within the stipulated timeframe as per the Foreign Investment and Technology Transfer Regulations, approval from the foreign investment approving authority must be obtained for an extension.
  - b) NRB approval is not required for foreign investment in sick industries, companies listed on the stock market, or cases where the shareholding ratio of Nepali shareholders remains unchanged.
  - c) A deadline of mid-January 2025 has been established for the registration of foreign investments that remain unrecorded.
  - d) Amounts exceeding the approved foreign investment may be recorded as foreign investment subject to ratification by the approving authority, with all other recording provisions applicable.
  - e) Profits earned from foreign investment may be reinvested in the same or other industries, except those where foreign investment is prohibited or restricted. Such details must be disclosed, and a certificate of foreign investment recording will be issued accordingly.
  - f) Banking fees related to foreign investment inflows, up to three percent of the remitted amount, may be included as part of the foreign investment amount.
  - g) Various contingent and non-contingent expenses may be included within the prescribed interest rate limits applicable to foreign loans.
  - h) An additional two percentage points above the base rate of commercial banks may be added to the interest rate on foreign loans for commercial agriculture, manufacturing, infrastructure, tourism, and energy sectors.

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- i) A two-year exemption applies to fixed interest rates that do not exceed the benchmark rate plus a 25 basis points premium, except as specified for certain loans. For loans denominated in Nepalese Rupees (NPR), fixed interest rates may be set for a maximum of ten years at a time.
  - j) Licensed BFIs may include foreign third parties in foreign loan agreements without payment. With lender consent, borrowers may pay domestic legal practitioners for legal consultation within specified interest rate limits.
  - k) Borrowers may convert the outstanding principal or the entire foreign loan into foreign investment during or after the loan tenor, subject to compliance with applicable provisions.
  - l) Licensed 'A' class commercial banks may accept financial guarantees from foreign banks, financial institutions, foreign pension funds, hedge funds, government or inter-government-owned Development Finance Institutions (DFIs), and other regulatory-approved lenders for loans provided locally. Banks must independently assess associated risks including foreign exchange risk, and loans secured by such guarantees must be used solely for designated purposes. Prior NRB approval is required before repatriating any forfeited guarantee amounts abroad.
- 2.84 Arrangements have been established to facilitate the exchange of remuneration for Indian citizens working in Nepal through bank accounts maintained with Nepali commercial banks and national-level development banks. Under this provision, a daily limit of INR 15,000 and a monthly limit of INR 100,000 can be deposited into personal accounts held in Indian banks and financial institutions via the National Payment Switch.
- 2.85 As part of the Indo-Nepal Remittance Facility Scheme—a collaborative initiative between Nepal Rastra Bank and the Reserve Bank of India—Nepali citizens can now receive remittances directly into their personal accounts with Nepali commercial banks and national-level development banks. This facility supports seamless fund transfers from Nepali account holders in Indian financial institutions through multiple digital channels, including electronic banking, inter-bank payments, mobile banking, and QR code-based transactions, all leveraging the national payment switch.
- 2.86 Nepali businesses are now able to receive convertible foreign currency payments for goods and services exported abroad through Quick Response (QR) codes linked to their accounts at Nepali commercial banks and national-level development banks, utilizing the National Payment Switch. Furthermore, provisions have been made to facilitate passport exchange and official visit-related transactions via QR codes using the same payment infrastructure.
- 2.87 For the Nepal Army personnel deployed in various peacekeeping missions, a provision has been established allowing the opening of letters of credit to directly procure goods and services required for these missions in host countries, bypassing the importation of such goods and services into Nepal.

- 2.88 The payment system now supports merchant payments in Indian rupees via QR codes through the Retail Payment Switch (RPS). Additionally, foreign currency transactions can be conducted using electronic cards linked to QR codes within the same RPS infrastructure.
- 2.89 Nepali businesses are permitted to accept payments for the sale of goods and services through QR codes under the Retail Payment Switch framework.
- 2.90 Payment facilities for international transactions through electronic means, excluding cards and including QR code-based systems, have been implemented via the Retail Payment Switch (RPS). This interim solution will remain in place until the National Payment Switch becomes fully operational.

### Foreign Investment and Borrowings

- 2.91 During the review year, foreign currency inflows totaling Rs.81.69 billion were authorized. Of this amount, Rs.79.06 billion was approved as foreign investment based on advance intimation to NRB prior to remittance, while Rs.2.63 billion was related to foreign investments that resulted in a reduction in the shareholding ratio of Nepali shareholders due to changes in ownership structures within domestic industries. Additionally, permissions were granted to bring in foreign loans amounting to Rs.16.17 billion through licensed BFIs, and Rs.3.30 billion by other industries and companies, totaling Rs.19.47 billion in foreign loans.
- 2.92 In the review period, a total of Rs.10.29 billion was recorded as foreign investment, and Rs.58.96 billion as foreign loan inflows. Furthermore, foreign exchange facilities amounting to Rs.23.14 billion were approved for the repatriation of foreign direct investment, interest payments on foreign loans, dividends from foreign investments, technology transfer royalties, and various service fees associated with foreign investments.

### Import/Export of Goods and Services

- 2.93 During the review year, the Bank provided foreign currency exchange facilities amounting to Rs.605.11 billion against 1,499 approved applications submitted to the department. This facility was provided in addition to the foreign currency exchange extended by commercial banks for the settlement of service import payments, as per agreements entered into between firms and companies registered in Nepal and their foreign counterparts.
- 2.94 In line with export promotion efforts, commercial banks disbursed a total of Rs.1.54 billion in export cash incentives to eligible exporting entities during the review period. These disbursements were fully reimbursed thereafter in accordance with the prescribed procedures.

### Foreign Exchange Reserve and Investments

- 2.95 NRB's foreign exchange investment portfolio increased from USD 9.82 billion in mid-July 2023 to USD 13.62 billion in mid-July 2024. This notable growth was primarily driven by a significant rise in remittance inflows, a slowdown in imports, prevailing higher interest rates in international markets, and the purchase of approximately USD 5.82 billion from domestic commercial banks during 2023/24.
- 2.96 The foreign exchange investment portfolio continues to be allocated primarily in instruments such as treasury bills and notes issued by central banks, time deposits with commercial banks,

Chinese government bonds, and instruments from the Bank for International Settlements (BIS), including FIXBIS and Medium-Term Instruments (MTIs). These allocations align with the reserve management framework, which prioritizes safety, liquidity, and return. Investment in gold, however, remained below the target level due to heightened price volatility in the international gold market.

- 2.97 NRB has diversified its investment exposure across instruments denominated in major global currencies including the US Dollar (USD), Euro (EUR), Pound Sterling (GBP), Chinese Yuan (CNY), Japanese Yen (JPY), Australian Dollar (AUD), Canadian Dollar (CAD), and Indian Rupee (INR). As of mid-July 2024, USD-denominated investments accounted for 59.18 percent of the total portfolio.
- 2.98 During 2023/24, monetary policy rates in major economies remained elevated. The US Federal Reserve maintained its policy rate within the 5.25–5.50 percent range throughout the year. The European Central Bank, however, reduced its policy rate on the Euro from 4.50 percent to 4.25 percent effective June 6, 2024. Despite these global dynamics, the weighted average return on NRB’s foreign exchange reserves stood at 4.96 percent.
- 2.99 In 2023/24, NRB expanded its global banking network by onboarding new counterparties including DZ Bank AG (Singapore), Saudi National Bank (Singapore), and ICICI Bank's branch at GIFT City – the Reserve Bank of India-approved offshore financial hub in Gujarat. The onboarding processes for additional counterparties—Commerzbank (Germany), Mashreq Bank (UAE), and Banque de France (France)—are currently in progress.

## Payment Systems

- 2.100 In 2023/24, a total of six entities were granted licenses to operate as Payment Service Providers (PSPs) in accordance with the Licensing Policy, 2023. These include one development bank, four microfinance financial institutions, and one dedicated PSP. Additionally, a Letter of Intent (LoI) was issued to one organization for operating as a PSP. In the preceding fiscal year 2022/23, the licenses of one development bank, one finance company, and four PSPs were renewed.
- 2.101 The “Unified Directive on Payment Systems–2023” was issued to all licensed payment-related institutions to streamline and standardize payment operations. Furthermore, inspection guidelines specific to banks and financial institutions engaged in payment services have been approved and are currently under implementation.
- 2.102 Until the National Payment Switch becomes fully operational, cross-border Person-to-Merchant (P2M) transactions conducted through electronic channels—excluding cards—such as Quick Response (QR) codes, must be carried out in compliance with the prescribed regulatory provisions. Licensed institutions have been instructed to process such transactions exclusively through the designated channels of the Retail Payment Switch (RPS).
- 2.103 The payment system indicators have been published on the bank’s website on a monthly basis since July 2020. During the review year, the adoption of digital payment instruments increased notably compared to the previous fiscal year, reflecting broader accessibility and usage among the general public. Further details are presented in Table 2.9.

**Table 2.9: Payment Systems Indicator**

S.N	Indicators	Mid-July 2023	Mid-July 2024	Percentage Change
1	Payment Service Operator (PSO)	10	9	-10%
2	Payment Service Provider (PSP)	27	26	-3.7%
3	Authorized Agent of Payment Service Providers (PSPs)	14,123	17,563	24.4%
4	Wallet User	1,89,41,793	2,34,61,107	23.85%
5	Debit Card	1,22,45,485	1,28,93,528	5.29%
6	Credit Card	2,83,772	2,89,239	1.93%
7	Prepaid Card	1,39,777	1,81,724	30.0%
8	Mobile Banking User	2,13,63,989	2,46,48,846	15.38%
9	Internet Banking User	18,56,195	19,19,322	3.4%
10	Participating in RTGS	44	44	-
11	connectIPS User	11,08,436	12,76,886	15.2%
12	Participating in ECC	53	54	1.89%

- 2.104 In 2023/24, Nepal Rastra Bank conducted on-site inspections of 16 licensed payment institutions, along with special inspections of 6 institutions and off-site inspections of 27 institutions. Additionally, the Real Time Gross Settlement (RTGS) operations of 6 banks and financial institutions were monitored. Based on the inspection outcomes, licenses of two Payment Service Providers (PSPs) were revoked, while two others were reprimanded. Furthermore, separate on-site inspections of RTGS operations were completed for 6 banks and financial institutions.
- 2.105 Off-site oversight of licensed payment institutions was carried out through daily monitoring of e-money balances and settlement bank account activities. To ensure system transparency and efficiency, Payment System Indicators were compiled and published on a monthly basis.
- 2.106 In accordance with Section 3 of the Payments and Settlement Act, 2018, the National Payment Board convened seven meetings during the fiscal year. Additionally, a comprehensive Payment Systems Oversight Report was prepared and published on the bank's official website to promote transparency and accountability in the oversight process.
- 2.107 To facilitate the formulation of effective cross-border payment policies, the study report titled "A Study on Cross-border Payments" was submitted to the Foreign Exchange Management Department. Implementation will proceed following a review and discussion within the management committee.
- 2.108 The bank issued Cyber Resilience Guidelines aimed at assisting payment-related institutions in systematically identifying, assessing, and mitigating growing cyber risks associated with electronic transactions.
- 2.109 In collaboration with the BIS Innovation Hub – Hong Kong Centre, the Digital Currency Institute of the People's Bank of China (DCIPBC), the Central Bank of the United Arab Emirates (CBUAE), the Hong Kong Monetary Authority (HKMA), and the Bank of Thailand (BOT), the 'mBridge Project' is being jointly operated to explore the use of Central Bank Digital Currency (CBDC) in cross-border payments. Nepal Rastra Bank has signed a Non-Disclosure Agreement (NDA) with the BIS Innovation Hub – Hong Kong Centre and is

participating as an observer in the quarterly Observer Meetings (OM) of the mBridge initiative to assess the potential application of CBDC in facilitating cross-border transactions.

- 2.110 The bank is currently developing a Central Bank Digital Currency (CBDC) prototype utilizing the Project Aurum codebase. This development follows the signing of a License Agreement with the BIS Innovation Hub and the Hong Kong Monetary Authority, enabling access to the technical framework and resources necessary for prototype creation.
- 2.111 A comprehensive study report titled 'Feasibility Study on Regulatory Sandbox/Innovation Office' has been prepared and approved. The report outlines the framework for establishing an Innovation Office aimed at promoting and supporting innovation in payment systems and instruments. It also recommends the formation of a Regulatory Sandbox to provide a controlled environment for testing innovative products and services prior to commercialization, with the objective of mitigating systemic risks and enhancing regulatory oversight in the payment ecosystem.
- 2.112 Fonepay Payment Service Limited has received approval to integrate its payment system with the National Payments Corporation of India – International Payments Limited (NPCI–IPL). This integration facilitates QR code-based payment services in Nepal for Indian payment instruments, enhancing cross-border payment interoperability and user convenience.
- 2.113 As of the review period, a total of 44 licensed banks and financial institutions (BFIs) are connected to the Real Time Gross Settlement (RTGS) payment system. This includes 20 commercial banks, 11 development banks, 12 finance companies, and Nepal Infrastructure Development Bank.
- 2.114 The details of the transaction through RTGS system from 17 July, 2023 to mid-July 2024 are given in Table 2.10.

**Table 2.10: Details of Transactions through RTGS System**

Currency	Transaction Number	Transaction Amount in relevant currency (Rs.millions)
Nepali Rupees	808325	38,363,957.04
US Dollar	17708	991.80
Euro	1784	91.94
Pound Sterling	698	9.14
Japanese Yen	463	11,543.82

- 2.115 The payment service provider license of e-Net Pvt. Ltd. was revoked effective from June 14, 2024, with a complete prohibition on the operation of all payment instruments. Similarly, the license of Mohar Digital Pvt. Ltd. was revoked on September 25, 2023.
- 2.116 Himalayan Bank Limited has been granted approval to facilitate acquiring transactions through Alipay+ using its existing Alipay acquiring infrastructure.
- 2.117 Nepal Clearing House Limited (NCHL) has received approval to introduce the Nepal Payments Interface Cross-Border (NPIx) platform, enabling cross-border payment transactions and settlements via mobile banking, internet banking, and interbank payments

through QR code integration. Additionally, NCHL has also been authorized to acquire Nepal Electronic Payment Systems Limited.

## Information Technology

- 2.118 The independent attestation of the SWIFT System Customer Security Programme (CSP) has been successfully completed.
- 2.119 The Bank's Data Center, Disaster Recovery (DR) site, and the network infrastructure across provincial offices have been upgraded.
- 2.120 The Information Technology Records Policy 2024 has been developed and implemented to enhance and modernize IT record management.
- 2.121 Technical specifications have been prepared for the procurement of critical cybersecurity components, including Email Gateway, Border Gateway Protocol (BGP), and Web Application Firewall (WAF).
- 2.122 An internal network link has been established connecting the Banker's Training Center at Bode and the Eakal Bindu Kendra, Tripureshwar, to the Central Office.
- 2.123 Network configuration activities have been completed at the newly constructed Central Office building in Baluwatar, facilitating the progress of operational setup.
- 2.124 A total of 80 battery units have been replaced to ensure uninterrupted power backup at the Data Center.
- 2.125 The Firewall System has been upgraded to strengthen the Bank's network security framework.
- 2.126 Firmware upgrades have been applied to hardware devices supporting the Bank's Network, Virtualization, and Security Systems.
- 2.127 Regular backups of servers, databases, and other critical equipment have been performed, with data recovery executed as required
- 2.128 Specifications for computers, printers, network servers, and other IT equipment have been prepared; technical testing of tender specifications and supplied equipment has also been conducted.
- 2.129 Hardware installation, network setup, and troubleshooting activities were carried out effectively.
- 2.130 Development and implementation were completed for several software systems and policies, including the Software Development, Operational Support and Management Policy; Change Management Policy; Inventory Management System software; Banker's Training Center (BTC) Training Management System software; and the Mint Billing System (MBS) software.
- 2.131 The Disaster Recovery (DR) drill for the Olympic Banking System was successfully conducted. Regular full system backups, half system backups, and quarterly backups of the General Ledger (GL) system have been consistently maintained.

- 2.132 The Disaster Recovery Plan for 2024 and the Terms of Reference (TOR) for the Portfolio Analysis & Reporting System have been prepared.

## Currency Management

- 2.133 Under Clause 5 (1Ka) of the Nepal Rastra Bank Act, 2058, issuing Nepalese banknotes and coins constitutes one of NRB's core functions. To ensure both adequate supply and security of currency, Nepali banknotes are being developed to meet international quality standards. The 2023/24 Annual Plan includes establishing a prequalification list for banknote design, printing, and supply, covering denominations of Rs.5, Rs.10, Rs.50, Rs.100, Rs.500, and Rs.1000.
- 2.134 Under the contract agreement for the printing and supply of Rs.20 denomination banknotes (2023 series), a total of 200 million notes—comprising 90 million in the first lot and 110 million in the second—were received and deposited in the Bank's vault by mid-July 2024.
- 2.135 As of mid-July 2024, the total stock of banknotes and coins across various denominations stood at Rs.145.07 billion, compared to Rs.216.54 billion at the end of the previous fiscal year (Table 2.11).

**Table 2.11: Note Stock details**

(Amount in Millions)

Denomination	Mid-July 2022	Mid- July 2023	Mid-July 2024	Increment %	
				Mid- July 2023	Mid-July 2024
1	0.05	0.05	0.05	0.00	0.00
2	6.3	6.3	6.3	0.00	0.00
5	545.50	457.50	171.25	-16.13	-62.57
10	991.90	1,362.90	724.399	37.4	-46.85
20	2,048.00	670.00	2021	-67.29	201.64
50	5,445.00	1,352.50	287.5	-75.16	-78.74
100	21,100.00	11,925.00	5010	-43.48	-57.99
500	61,450.00	82,075.00	62250	33.56	-24.15
1000	135,500.00	118,700.00	74600	-12.4	-37.15
<b>Total Amount*</b>	<b>227,086.75</b>	<b>216,549.25</b>	<b>145,070.5</b>	<b>-4.64</b>	<b>-33.01</b>

\* Note: Sum of stock at the Currency Management Department and Provincial offices

- 2.136 As of mid-July 2024, the Bank has issued 7,075 boxes of fresh banknotes of different denominations as mentioned hereunder (Table 2.12).

**Table 2.12: Details of Issued Notes from Stock in 2023/24**

Denomination	Total stock out in box (50,000 banknotes per box)	Amount (in Rs Ten Million)
5	1,145	28.6
10	1,277	63.9
20	1,169	116.9
50	426	106.5
100	1,383	691.5
500	793	1,982.5
1000	882	4,410.0
<b>Total</b>	<b>7,075</b>	<b>7,399.9</b>

- 2.137 As of mid-July 2024, the total value of banknotes in circulation reached Rs.690.15 billion, marking a 7.82 percent increase compared to Rs.640.08 billion in the same period of the previous fiscal year (Table 2.13).

**Table 2.13: Details of Banknotes in Circulation (as of Mid July 2024)**

Denomination	Banknotes in circulation (in pieces)	Amount (in Rs. Ten Million)
1	160,986,603	16.10
2	92,559,026	18.51
5	748,225,037	374.11
10	603,123,974	603.12
20	401,230,951	802.46
25	2,281,296	5.70
50	281,643,899	1408.22
100	325,311,868	3253.12
250	349,691	8.74
500	273,798,839	13689.94
1000	488,349,655	48834.97
<b>Total</b>	<b>3,377,860,839</b>	<b>69015.00</b>

\*The total includes currency with the Banking Department and the Banking Unit of the Province Offices.

- 2.138 During 2023/24, banknotes worth Rs.37.78 billion were destroyed after being received from banks, financial institutions, and the general public for deposit or exchange. These notes were deemed unfit for circulation due to being torn, soiled, or otherwise damaged (Table 2.14)

**Table 2.14: Details on Total Unfit Banknotes Destroyed (as of msid-July 2024)**

Denomination (Rs.)	Up to 2021/22	Up to 2022/23	Total Destruction in 2022/23	Total Destruction in 2023/24 (Rs.)
5	1031527723	1,069,321,931	37,794,208	188,971,040
10	994411556	1,030,984,490	36,572,934	365,729,340
20	683792600	712,846,551	29,053,951	581,079,020
50	617098802	644,611,041	27,512,239	1,375,611,950
100	719309894	747,923,672	28,613,778	2,861,377,800
500	321846784	343,759,388	21,912,604	10,956,302,000
1000	395861494	417,316,520	21,455,026	21,455,026,000
<b>Total</b>				<b>37,784,097,150</b>

- 2.139 To facilitate real-time posting and reporting of daily currency-related records, the department has operated the Note Chest Transaction System (NCTS) in parallel. This system is implemented across the Currency Management Department, provincial offices, and 72 note chests located at Rastriya Banijya Bank Limited and Nepal Bank Limited.
- 2.140 In line with the Clean Note Policy, the department has conducted workshops and interactive programs with active participation from cashiers of banks and financial institutions, employees of provincial offices, and traders who frequently handle cash. These initiatives aim to promote the longevity of banknotes by ensuring cleanliness and security, while also raising awareness about the identification of counterfeit notes.
- 2.141 As part of the departmental work plan and following the completion of contractual banknote deliveries, the department has supervised the destruction of printing waste materials—such as engravings, ink, and dye—generated during the note printing process. These activities were carried out in the presence of designated representatives from the bank.
- 2.142 For the purpose of minting coins, the department, in coordination with provincial offices, has conducted on-site studies and prepared reports for Bagmati and Karnali provinces. These studies focused on identifying elements of archaeological, social, cultural, and historical significance relevant to coin design and issuance.

- 2.143 In line with the approved Annual Plan for 2023/24, interaction programs were organized in Kathmandu with relevant stakeholders. These programs focused on raising awareness about banknote security features, promoting the Clean Note Policy, and discussing note chest transaction procedures.

## Human Resource Management

- 2.144 As of mid-July 2024, a total of 1,138 employees are working at the bank, comprising 1,076 administrative staff and 62 technical service staff. Based on position, there are 631 officer-level, 438 assistant-level, and 69 non-graded employees. The ratio of officer-level to assistant and non-graded staff stands at 1.24:1, compared to 1.19:1 at the end of the previous fiscal year. Additionally, 260 individuals are serving in various support roles under contractual appointments.
- 2.145 Although the Public Service Commission conducted recruitment examinations to meet staffing needs for the fiscal year 2023/24, results had not been published by the end of the year; hence, no new appointments were made during the review period. During this time, 20 employees separated from service—18 retired mandatorily, one was dismissed, and one passed away.
- 2.146 In accordance with the Human Resources Plan (2023/24–2027/28), the Nepali name of the department has been changed to align with its English equivalent—Human Resource Management Department—instead of the previous name, Personnel Management Department.
- 2.147 The Human Resource Plan (2023/24–2027/28) has been prepared and implemented to ensure the supply, management, and development of capable and skilled human resources. It aims to support the bank in achieving its objectives as outlined in the Nepal Rastra Bank Act, 2002, and the goals of its Fourth Strategic Plan (2022–2026), while addressing emerging internal and external challenges.
- 2.148 During the fiscal year, several internal regulatory documents of Nepal Rastra Bank were amended to enhance institutional efficiency and operational clarity. These include the NRB Internship Procedure, 2077; Procedure for Study, Teaching, and Acting as a Resource Person, 2077; Integrated Procedure for Employee Loan Facilities, 2078; Procedure for Contracting Support Services, 2077; and the Internal Working Procedure, 2079.
- 2.149 The Guidance on Physical Fitness Test of Security Personnel – 2080 has been issued to standardize the assessment process for contract-based security personnel employed at the bank.
- 2.150 A study report has been prepared, which includes a comprehensive review of the employee performance evaluation and promotion systems, as well as the recruitment policies for permanent staff. Additionally, detailed profiles of retired employees up to the Deputy Director level have been compiled.
- 2.151 On the occasion of the 69th anniversary of Nepal Rastra Bank, service awards were distributed in line with Clause 172 of the Nepal Rastra Bank Employees Bylaw, 2068 (Third Amendment, 2074). The Nepal Rastra Bank Supremely Excellent Service Prize was awarded

to Director Mr. Kiran Pandit, while the Nepal Rastra Bank Excellent Service Prize was conferred on Deputy Director Mr. Suman Acharya, Assistant Director Ms. Priyanka Thakur, Assistant Director (Mechanical) Mr. Shyam Kumar Shrestha, and Chief Driver Mr. Suwarati Pathan.

- 2.152 During 2023/24, 30 permanent vacancies across various levels were filled through performance evaluation-based promotions. Recruitment is underway for an additional 18 positions through internal competition and 67 positions through open competition.
- 2.153 During the fiscal year 2023/24, Nepal Rastra Bank recruited personnel on a contractual basis for various technical and operational roles. These included 12 security personnel, one mechanical engineer at officer level, two mechanical overseers, one junior assayer, one sculpture and painting supervisor, one electrical and electronics overseer, six mechanics, one laboratory assistant, one forklift/heavy equipment operator, and nine vehicle drivers.
- 2.154 In 2023/24, the bank participated in a total of 659 in-person international programs, including training sessions, seminars, and workshops. Additionally, 317 employees took part in domestic training programs, and 152 employees attended online international training sessions.

## Miscellaneous

### Budget Management, Corporate Risk Mitigation and Strategic Plan

#### Budget Management

- 2.155 As per the provisions outlined in the Nepal Rastra Bank, Budget Formulation, Implementation and Monitoring Guidelines, 2079, the bank's annual budget for the fiscal year 2023/24 was approved by the Board of Directors in its meeting held on 10 July 2023.
- 2.156 Following the same guidelines, a quarterly budget review report was prepared based on submissions from various budget centers. This report was evaluated by the Budget Review Committee, and after incorporating necessary revisions, it was submitted to the Board of Directors.

#### Risk Management

- 2.157 In 2023/24, the bank formulated and implemented several key policies and procedures, including the Risk Management Policy 2023, Risk Management Procedure 2023, Risk Management Directives 2023, Business Continuity Policy 2024, and Waste Management and Physical Intake Policy 2024..
- 2.158 During the year, the fourth quarter Risk Management Review Report for 2022/23, as well as the first, second, and third quarter Risk Management Review Reports for 2023/24, were prepared. Additionally, risk management inspections were conducted across various departments, offices, divisions, and units, and the recommendations from these inspections have been implemented.

## Implementation of Strategic Plan

- 2.159 The Nepal Rastra Bank Plan Formulation and Evaluation Guidelines, 2023, have been replaced with a new guideline issued in 2024.
- 2.160 To ensure systematic execution of the bank's activities, the Nepal Rastra Bank Fourth Strategic Plan (2022–26) is currently being implemented. The plan comprises 174 actions, including 34 ongoing ones, to be completed within the strategic period. Quarterly reviews are conducted to monitor progress. As of mid-July 2024, 68 actions have been completed, and 95 remain in progress.

## Implementation of Annual Plan

- 2.161 The bank's annual work plan for the fiscal year has been formulated to include both regular and special tasks assigned to each department and office. This work plan is evaluated quarterly to track progress. Out of the total 455 tasks approved for 2023/24, 323 have been fully completed, while 101 have been partially completed.
- 2.162 From the 169 'other tasks' approved in the annual work plan for 2023/24, which include seminars, interactions, trainings, and various miscellaneous activities, 160 tasks have been successfully completed.

## Anti-Money Laundering Act

- 2.163 The Financial Intelligence Unit, Nepal (FIU-Nepal) served as the primary focal point for Nepal's mutual evaluation on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) by the Asia/Pacific Group on Money Laundering (APG) during 2022/23. The FIU has also actively coordinated and collaborated as required throughout the mutual evaluation processes.
- 2.164 In 2023/24, several meetings were held in Kathmandu to discuss Nepal's mutual evaluation and the subsequent actions that need to be undertaken.

**Table 2.15: The meetings conducted by the mutual evaluation team in Kathmandu**

S.N	Visit	Date	Organizer	Explanation
1.	Financial Action Task Force (FATF) International Cooperation Review Group (ICRG) Process Training/Meeting	13 <sup>th</sup> & 14 <sup>th</sup> February 2024	FATF-ICRG	The meetings also had participation of a representative from the International Monetary Fund.
2.	APG Strategic Implementation Planning (SIP) Visit	15 <sup>th</sup> & 16 <sup>th</sup> February 2024	APG	

- 2.165 FIU-Nepal has played a facilitating role during the mutual evaluation process by exchanging necessary documents, information, and clarifications with the APG secretariat. Additionally, FIU-Nepal receives Threshold Transaction Reports (TTR) and Suspicious Transaction/Activity Reports (STR/SAR) from reporting entities in accordance with the Assets and Money Laundering Prevention Act, 2008. The FIU has integrated various financial institutions—including BFIs, insurance companies, remittance companies, payment service providers, payment system operators, money changers, security-related companies, cooperatives, and hire purchase loan providers—as well as non-financial businesses and

professions such as casinos, dealers in precious metals and stones, and real estate agents into the goAML system, through which reports are received accordingly.

- 2.166 In 2023/24, FIU-Nepal received a total of 1,697,712 Threshold Transaction Reports (TTR). These reports, along with Suspicious Activity Reports (SAR) and Suspicious Transaction Reports (STR), are received through the goAML system and thoroughly analyzed. Based on their findings, FIU-Nepal disseminates conclusions to relevant investigative agencies for further investigation or retains the reports for future re-analysis should additional information emerge.

**Table 2.16: Details of Suspicious Transaction/Activity Reports (STR/SAR) in 2023/24**

STR/SAR Received*	7,338
STR/SAR Analyzed*	1,635
SAR/STR Postponed*	889
SAR/STR Disseminated for further investigation*	746

\*provisional Data

- 2.167 FIU-Nepal has signed Memorandums of Understanding (MOUs) with 19 foreign Financial Intelligence Units (FIUs) to facilitate the exchange of information. Additionally, the process of signing MOUs with several other foreign FIUs is currently underway.
- 2.168 FIU-Nepal has continued to request and exchange necessary information with foreign FIUs through the Egmont Secure Web (ESW) platform of the Egmont Group. In 2023/24, information exchange was conducted with 46 foreign FIUs using this secure channel.

## Law and Justice/Advocacy

- 2.169 Draft amendments to the Nepal Rastra Bank Act, 2058, the Bank and Financial Institutions Act, 2073, and the draft law on Financial Consumer Protection have already been submitted to the Ministry of Finance (MOF), GoN. Additionally, the draft amendments to review the Banking Offence and Punishment Act, 2064, and the Corporate Social Responsibility Law have also been forwarded to the Ministry of Finance.
- 2.170 Draft amendments to the Bank and Financial Institutions Act, 2073, and the Nepal Rastra Bank Act, 2058, incorporating issues such as consolidated supervision, have been forwarded to the MoF, GoN. Similarly, the drafting of a law related to Lease Finance is in process, and the review of the Foreign Exchange (Regulation) Act, 2019, has been initiated.
- 2.171 The drafting of the law relating to the Reconstruction of Financial Assets and Securitization is underway. Additionally, the review of the provisions of the Negotiable Instruments Act, 2034, is ongoing, and the amendment is being drafted.
- 2.172 Table 2.17 presents the details, as of 2023/24, of cases, including appeals, filed against regulatory sanctions imposed on Banks and Financial Institutions and their officials for non-compliance with directives issued by the Bank, as well as other cases filed against the Bank in various courts.

**Table 2.17: Details of the Cases**

S.N.	Details of Cases	Number
1.	<i>Sub Judice</i> Cases (including the cases related to offices outside Kathmandu valley)	206
2.	Cases decided in the year 2023/24	93
3.	Liquidation related cases	3

- 2.173 The liquidation process of Samjhana Finance Limited, Himalaya Finance Limited, and Crystal Finance Limited is *sub judice* at the High Court, Patan.
- 2.174 As per the court order, expert motion services have been provided in Banking Offence-related cases. As part of the digitization process, case-related documents have been uploaded using the Litigation Management Software (LMS), with documents for 197 cases already uploaded.

### Internal Audit

- 2.175 The annual report of the Audit Committee for 2021/22 has been prepared and submitted to the Board of Directors. Additionally, necessary instructions have been issued to departments and offices to implement improvements and suggestions based on the audit findings.
- 2.176 A three-year risk-based audit plan has been developed, encompassing the identification of the audit universe across the bank's departments, offices, divisions, and units, along with a risk ranking assessment. Under special internal audit, inspections of the Economic Research Department and Currency Management Department have been conducted.
- 2.177 Compliance-based on-site internal audits for the second half of 2022/23 were completed for the Currency Management Department, Banking Department, and the provincial offices in Biratnagar, Janakpur, Birgunj, Pokhara, Siddharthanagar, Nepalgunj, Dhangadhi, and Surkhet. Additionally, on-site internal audits for the first half of fiscal year 2023/24 were conducted at all provincial offices. Furthermore, risk-based on-site internal audits of the Financial Management Department were conducted quarterly.
- 2.178 An Internal Control Operational Framework has been prepared. Additionally, Vulnerability Assessment and Penetration Testing (VAPT) and Information System Audit of the bank were completed by the Information System Auditor, SAR Advisors Private Limited..
- 2.179 Risk-based audits for 2023/24 were completed for the following departments: Foreign Exchange Management Department, Payment Systems Department, Economic Research Department, Bank and Financial Institutions Regulation Department, Bank Supervision Department, Financial Institution Supervision Department, Assets and Service Management Department, Microfinance Institution Supervision Department, and the Monetary Management Department. Additionally, risk-based audits for the first half of 2023/24 were completed for the Currency Management Department and the Banking Department.
- 2.180 The implementation status of improvement measures based on audit observations for all eight provincial offices, the Currency Management Department, and the Banking Department has been completed for the second half of fiscal year 2022/23 and the first half of fiscal year 2023/24. A report on this has been submitted to the Audit Committee.

## Assets and Service Management

- 2.181 As per the contract agreement with contractor CICO-Samanantar JV, Old Baneshwor, the construction of the bank's central office building at Baluwatar was completed and handed over on 12 July 2024. Similarly, the Bank's Thapathali building was constructed and handed over on 21 September 2024, following the agreement with contractor BILIL-Contech JV, Naxal, Kathmandu.
- 2.182 Procurement of the vault and related security systems at the newly constructed Baluwatar and Thapathali buildings has been initiated in four different lots. Among these, Lot 2 (Supply, Delivery, Installation, Testing, Commissioning & Training of Vault Safe and Storage Cabinets) and Lot 3 (Supply, Delivery, Installation, Testing, Commissioning & Training of Security System at Nepal Rastra Bank, NRB/ASMD/IDD/Goods/NCB/2.3/079/80) items have already been supplied by successful bidders. Additionally, the bid for the Heavy Duty Racking System was published on 15 March 2024, and the contract signing with the successful bidder is underway.
- 2.183 A contract agreement has been signed with contractors to provide consulting services for preparing detailed interior designs, furniture and fixture specifications, design/drawings, cost estimates, bills of quantities, and bid documents for the newly constructed Nepal Rastra Bank buildings at Baluwatar and Thapathali offices. The final report submitted on 19 March 2024 is currently under approval..
- 2.184 The construction and handover of the Guest House and Director's Residence at the Siddharthanagar Office have been completed.
- 2.185 On 7 May 2024, an agreement was signed with FIDA-FBC JV, Shankhamul, Kathmandu, for consulting services to prepare a detailed master plan—including drawings, designs, and cost estimates—for constructing an office building, guest house, residential building, and other infrastructure at the Surkhet Office. The consultancy includes 18 months of supervision post-contract, with the master plan scheduled for completion within five months.
- 2.186 An agreement was signed with consultant A. Not-VSA-AKA JV on 8 November 2023 for preparing a detailed master plan, including drawings, design, and cost estimates, for the construction of the guest house and other physical infrastructure at the Pokhara Office.

## Banking Transaction

- 2.187 In 2023/24, out of a total of 24 bank branches and central offices of various commercial banks authorized to carry out government transactions, 20 branches located outside Kathmandu Valley and 4 within the valley were inspected.
- 2.188 Approval has been granted to 30 commercial bank branches for government transactions, including 18 branches authorized for 'Ka' accounts (Government of Nepal), 2 for 'Kha' accounts (provincial governments), and 10 for 'Ga' accounts (local levels). Additionally, 10 branches from 5 banks and 21 extension counters from 9 banks have also been authorized for government transactions.

- 2.189 During the review period, onsite inspections on the execution status of the Electronic Cheque Clearing (ECC) and Interbank Payment System (IPS) have been completed at 8 provincial offices of the bank.
- 2.190 In the review period, Rs.47.819 billion and Rs.18.757 billion were settled through ECC via 13,920 inward and 1,615 outward transactions, respectively. Similarly, USD 790,000 was settled through ECC outward via 311 transactions. Additionally, Rs.49.843 billion and USD 501,543 were settled via IPS inward through 4,977 and 20 transactions, respectively. IPS outward settled 438,092 transactions amounting to Rs.77.297 billion.
- 2.191 In 2023/24, a total of 54 Letters of Credit (LCs) and 4 Authorizations to Pay (A/Ps) were issued. Of the LCs, 41 were in USD amounting to USD 58,843,046.30; 5 in EUR totaling EUR 1,381,555.82; 7 in INR amounting to INR 384,500,572.21; and 1 in AUD amounting to AUD 110,020.65. The total value of Authorizations to Pay was JPY 4,922,323,000.00.
- 2.192 Physical foreign currencies received at the Banking Department exceeding the amounts required for payment and exchange were deposited into foreign nostro accounts. During 2023/24, 13 cargo consignments of various foreign currencies amounting to Rs.19,653,605,200.00 were sent to CIMB Bank Berhad, Singapore, as per the Banknotes Purchase Agreement between Nepal Rastra Bank and CIMB Bank Berhad.
- 2.193 Studies on the preparation of the Cash Treasury Position at the local level have been conducted, resulting in the development of a standardized format made available to commercial banks for implementation. Similarly, formats and guidelines have been prepared to ensure uniformity in the Cash Treasury Position of the provincial governments.
- 2.194 During the fiscal year 2023/24, INR 86,670,400,000.00 (Eighty-six billion six hundred seventy million four hundred thousand only) was purchased from various commercial banks, while INR 365,751,900,000.00 (Three hundred sixty-five billion seven hundred fifty-one million nine hundred thousand only) was sold to them.
- 2.195 Table 2.18 presents the approved and insured limits as well as the current balances of INR Chests under the Banking Department.

**Table 2.18: INR Chests limit and Insured Amount**

S.N.	Name of the Bank	Branch	Approved Limit and Insured Amount	Balance as on 2023/24
1	Rastriya Banijya Bank Limited	Rajbiraj	6,000,000.00	-
2	Rastriya Banijya Bank Limited	Siraha	6,000,000.00	-
3	Rastriya Banijya Bank Limited	Inarwa	6,000,000.00	-
4	Rastriya Banijya Bank Limited	Kalaiya	2,500,000.00	-
5	Rastriya Banijya Bank Limited	Bhadrapur	5,000,000.00	-
6	Rastriya Banijya Bank Limited	Banking Office	20,000,000.00	-
7	Nepal Bank Limited	Banking Office	20,000,000.00	-
8	Rastriya Banijya Bank Limited	Parasi	500,000.00	100,000.00
9	Rastriya Banijya Bank Limited	Baitadi	1,500,000.00	1,000,000.00
10	Rastriya Banijya Bank Limited	Darchula	1,000,000.00	400,000.00
11	Rastriya Banijya Bank Limited	Bardaghat	1,000,000.00	100,000.00
12	Nepal Bank Limited	Kakarvitta	6,000,000.00	500,000.00
<b>Total</b>			<b>75,500,000.00</b>	<b>2,100,000.00</b>

## Mint Related Activities

- 2.196 A study report has been prepared on “Minting commemorative coins and medallions depicting subjects of archaeological, social, cultural, and historical significance” in coordination with the bank’s provincial-level offices, as outlined in the 2023/24 action plan.
- 2.197 The Mint Billing System, developed with support from the Information Technology Department to issue electronic bills for the sales of gold coins, commemorative coins, and medallions, has been fully operational since 16 July 2024 following successful user acceptance testing.
- 2.198 A report detailing the necessary machines and equipment for the Mint Division has been submitted to the Management Committee. Additionally, a proposal has been made to establish a modern currency printing facility on a turnkey basis on land located in Sano Thimi, and the Asset and Service Management Department has been tasked with taking necessary steps for its implementation.
- 2.199 The Mint Division continues to produce medals upon requests from various government and public entities.

## Meeting of the Board of Directors

- 2.200 In the fiscal year 2023/24, a total of 37 Board of Directors meetings and 47 Management Committee meetings were held. In comparison, the previous fiscal year recorded 46 Board meetings and 47 Management Committee meetings.

## Foreign Aid Coordination

- 2.201 The Third and Fourth Review Missions under the IMF's Extended Credit Facility (ECF) were conducted in Kathmandu from September 21 to October 5, 2023, and from May 22 to June 5, 2024, respectively. To date, the Government of Nepal has received SDR 188.3 million under the ECF.
- 2.202 The 6th Joint Technical Coordination Committee (JTCC) Meeting between Nepal Rastra Bank and the Reserve Bank of India was held in Kathmandu on November 28, 2023, followed by the 7th JTCC Meeting conducted virtually on April 23, 2024.
- 2.203 Nepal Rastra Bank and the Reserve Bank of India have signed a Terms of Engagement on HR cooperation concerning employee training and secondment.
- 2.204 Nepal Rastra Bank has committed to the Women Entrepreneurs Finance Code (WE Code) by formally accepting the WE Code pledge from the World Bank.
- 2.205 Nepal Rastra Bank was authorized to sign the Terms of Reference of the Joint Steering Committee (JSC), tasked with regulatory facilitation, monitoring, and implementing payment systems integration between India’s Unified Payment Interface (UPI) and Nepal’s National Payments Interface (NPI).
- 2.206 On July 25, 2023, a bilateral agreement was signed between Nepal Rastra Bank and the Bank of Korea under the Bank of Korea-Knowledge Partnership Program (BOK-KPP) 2023 to develop a Macro Stress-testing Framework for Financial Stability Assessment. The final

report was received following the concluding seminar held in Kathmandu on January 4, 2024. Additionally, a bilateral agreement on the "Regulation and Oversight Framework of Payment System" under BOK-KPP 2024 was signed on July 9, 2025.

- 2.207 In 2023/24, Nepal Rastra Bank received technical assistance from the South Asia Regional Training and Technical Assistance Center (SARTTAC) on topics including improving foreign exchange reserves management, bank regulation and supervision, monetary operations and development, and external sector statistics.
- 2.208 The Cooperation Agreement with the International Finance Corporation (IFC) was signed to obtain technical assistance for a study on the prospects of establishing a Regulatory Sandbox/Innovation Center, undertaken by the Payment Systems Department.
- 2.209 Nepal Rastra Bank assumed the Chairmanship of the South Asian Regional Forum on Financial Inclusion and Infrastructure (SARFII) from September 2024 to September 2026, as decided on July 10, 2024.

### **Training, Symposium, Seminar, Visit and Interaction Program**

- 2.210 In 2023/24, a total of 38 training programs were successfully completed as part of the approved training agenda. These programs engaged 1,280 participants—338 women and 942 men—from both within and outside Nepal Rastra Bank. Across these programs, 415 sessions were conducted, with 330 resource persons delivering lectures. Of these resource persons, 236 were from Nepal Rastra Bank and 94 represented various external offices and organizations.
- 2.211 Four interaction programs were held in Kathmandu during the year: one each for Class "A" financial institutions, Class "B" and "C" financial institutions, Class "D" financial institutions, and for Payment Service Providers (PSPs), Payment System Operators (PSOs), and Remittance Companies. These sessions focused on compliance with the Customer Protection Guidelines.
- 2.212 An international training program titled "SEACEN-BOJ-Banque de France Course on Financial Stability and Macroprudential Supervision" was organized in Kathmandu in 2024, in collaboration with the SEACEN Centre.

### **Financial Inclusion**

- 2.213 The Financial Inclusion Policy has been published. The draft of the National Financial Inclusion Strategy has been approved by the Board of Directors and forwarded to the Ministry of Finance (MoF), Government of Nepal (GoN). It has also been decided to initiate activities within this bank's scope as per the established plan.
- 2.214 The settlement of principal and interest due to the GoN for phased-out projects—including the Phased-out Agriculture Production and Water Technology (PAPWT), Terai Livelihood Development Project (TLDP), and the Groundwater Irrigation Sector Project (CGISP)—has been completed.

- 2.215 The Fund Channeling Agreement for the SEDRA III Project Phase III, aimed at promoting financial inclusion, has been finalized with the MoF, GoN, and the On-lending Agreement has been signed with commercial banks.
- 2.216 The manual prepared by the consultant for operating the Revolving Fund under the SEDRA Project has been discussed on multiple occasions, and the final draft has been received incorporating feedback. Monitoring of SEDRA I, II, and III projects has been conducted in Dhangadhi, Kaski, and Baglung districts.
- 2.217 Facilitation has been provided for the pledge under the World Bank's Entrepreneurs Finance Initiative (We-Fi) Nepal Program, designed to promote women entrepreneurs and enhance financial inclusion. Support has also been extended for implementing the Sex Disaggregated Data Diagnostic under the program.
- 2.218 A report on the Financial Inclusion Index (FII), used to measure progress in financial inclusion and for annual inclusion level assessment, has been prepared.

### Financial Literacy

- 2.219 The bank has been broadcasting financial literacy messages on social media every Tuesday to enhance digital and financial literacy.
- 2.220 To mitigate risks associated with digital transactions, a financial awareness campaign was successfully implemented through Ring Back Tone (RBT) messages distributed via Nepal Telecom and Ncell networks.
- 2.221 The bank has produced thirteen short financial literacy videos, which are currently being broadcast on its official social media platforms. Additionally, a documentary series titled *Garikhane Katha*, featuring entrepreneurs sharing their experiences with formal financial services, has been created, with three episodes already aired.
- 2.222 Financial literacy-related radio jingles are being broadcast through Ujyalo Network (covering 77 districts), Colors FM Janakpur (Madhesh Pradesh), and Radio Bheri Karnali (Karnali Pradesh).
- 2.223 To ensure consistency in financial literacy activities, the Financial Literacy Program Operation Standards 2080 have been implemented.
- 2.224 To improve the effectiveness of financial literacy training, a Training of Trainers (TOT) program was conducted in collaboration with the Bankers Training Center. As a result, 25 financial literacy trainers have been trained, and their roster has been published on the bank's website.
- 2.225 As part of its financial literacy initiatives, the bank has produced and released six educational podcasts via its official YouTube channel. Additionally, a documentary chronicling the historical development of Nepal's banking sector is currently being aired.
- 2.226 Financial literacy programs, coordinated with other organizations, have been conducted in Bhaktapur and Hetauda, Makwanpur, in accordance with the Financial Literacy Framework, 2079.

- 2.227 Digital Financial Literacy programs were conducted in Haripur, Sarlahi, with a total of 95 participants, targeting women, students, business people, and representatives of banks and financial institutions. Financial Literacy Programs were held in Dudhauri Municipality, Sindhuli, with 91 participants, focusing on women and students, and in Khadwari, Shuwasabha, with 103 participants, including women, students, farmers, and medium and small businessmen. Additionally, Digital Financial Literacy programs took place in Chainpur, Bajhang, with 77 participants (students and local businessmen), and in Birendranagar, Surkhet, with 69 participants, targeting women and students.

### **Market Conduct Supervision/Financial Consumer Protection/ Grievance Management**

- 2.228 The Nepal Rastra Bank Inspection and Supervisory Bylaw, 2074, has been amended to enable the implementation of Market Conduct Supervision..
- 2.229 The Financial Market Conduct Supervision Procedure, 2024, has been officially approved..
- 2.230 The division has provided its recommendations for the draft of the Financial Consumer Interest Protection Act, 2080, which is being prepared to safeguard the interests of financial consumers.
- 2.231 Out of 3,977 grievances received by the division through online portals, email, written applications, telephone, and Hello Sarkar, a total of 3,430 grievances have been resolved, while 547 remain in the process of resolution.
- 2.232 Table 2.19 presents the detailed breakdown of grievances reported through various channels in 2023/24.

**Table 2.19: Details of Complaints received in 2023/24**

<b>FY 2023/24</b>	<b>Online Portal</b>	<b>Written Application</b>	<b>Others (Telephone, Email, Hello Sarkar)</b>	<b>Total</b>
Received	3,075	404	498	3,977
Resolved	2,785	234	411	3,430
In Process	290	170	87	547

### **Study, Research, and Publication Related Activities**

- 2.233 A study on the status of Foreign Employment Savings Bonds and measures for their promotion has been completed and the report published.
- 2.234 A survey has been conducted on the Preferred Digital Modes of Payment of Indian tourists, considering the large number of Indian visitors to Nepal, the extensive use of digital payments in India, and the non-acceptance of Indian currency notes above INR 100 in Nepal.
- 2.235 A study on the implementation of Unstructured Supplementary Service Data (USSD) has been completed.
- 2.236 A comprehensive study titled "Exploring the Global CBDC Landscape: Comparative Study of Selected National Initiatives" has been finalized, presenting frameworks, objectives, and insights from 49 nations with notable progress in CBDCs.

- 2.237 A draft report titled "Establishing Digital Bank in Nepal: A Study Report" has been prepared, analyzing international practices for the establishment of fully digital banks.
- 2.238 A study report titled "Payment Innovation and Risk in South Asia" has been prepared under the bank's leadership and in collaboration with SARFII member countries, published on the bank's website.
- 2.239 Reports have been published following studies on the development of a unified mechanism for inter-bank transactions (Market-Based Mechanisms for Centralized Inter Bank Transactions), Peer-to-Peer Lending and Crowdfunding, preliminary research on Big Data Analytics, and a Foreign Direct Investment Survey.
- 2.240 The annual provincial economic activity reports for all provinces for fiscal year 2022/23 and the semi-annual reports for 2023/24 have been published. Similarly, integrated annual and semi-annual economic activity reports for 2022/23 and 2023/24 are available on the bank's website.
- 2.241 The pre-budget study for fiscal year 2024/25 has been completed, and the report with recommendations submitted to the Ministry of Finance, Government of Nepal.
- 2.242 Four quarterly Inflation Expectation Surveys were completed during the review year, alongside quarterly Business Confidence Surveys.
- 2.243 The Inflation Report for fiscal year 2022/23 was published in the review year.
- 2.244 Reports have been prepared and published on various topics including: the contribution, potential, and challenges of organic orthodox tea production in Koshi Province; the status and challenges of religious tourism in Madhesh Province; the impact of financial literacy in Tharu communities of Banke, Bardiya, and Dang; the impact of the Sikta Irrigation Project on agricultural and socio-economic sectors in Banke; the stay and expenditure patterns of foreign tourists visiting Gandaki Province; and a study on household expenditure patterns in Gandaki Province based on panel data.

## Major Activities of Provincial Offices

- 2.245 On the occasion of Global Money Week, provincial offices conducted financial literacy programs targeted at students to enhance awareness and understanding of financial matters.
- 2.246 One-day stress management programs were organized for employees working in provincial offices to support mental well-being and improve workplace productivity.
- 2.247 A one-day knowledge exchange program focusing on the current status, potential, and challenges of commercial kiwi farming in Koshi Province was successfully conducted.
- 2.248 Provincial offices hosted one-day seminars on the topic "The Importance, Usefulness, and Challenges of Economic Data Collection," aiming to strengthen data collection practices.
- 2.249 In coordination with the Banking Department and the Currency Management Department, one-day training programs were conducted involving employees from banks and financial institutions under provincial jurisdiction, provincial office staff, and Nepal Police personnel.

The training covered areas such as identifying suspicious foreign currency, banking transaction protocols, note sorting, and counterfeit note detection.

- 2.250 A one-day interaction program titled "Existing Legal and Policy Provisions for Transactions in Indian and Other Foreign Currencies" was organized by the Biratnagar office in coordination with the Foreign Exchange Management Department at Pashupatinagar, Ilam district.
- 2.251 One-day training programs on the Foreign Exchange Licensing & Reporting System (FXOL), money changer operations, and relevant policy provisions were held in Dhangadhi and Pokhara. These programs were conducted jointly with the Foreign Exchange Management Department and the Non-Bank Financial Institution Supervision Department, and included participation from licensed money changers, trekking agencies, hotel operators, and other related business owners and staff.
- 2.252 Provincial offices have completed inspections of currency note chests under their jurisdiction, as well as inspections of licensed money changers and travel and tour agencies authorized to transact in Indian and convertible foreign currencies.
- 2.253 Interaction programs addressing contemporary financial and economic issues were conducted by provincial offices with representatives from banks and financial institutions and other stakeholders.
- 2.254 Coordination with relevant authorities was carried out by provincial offices to resolve customer complaints related to banking services.
- 2.255 One-day seminars were organized by provincial offices to highlight the importance, usefulness, and challenges of economic data collection, targeting key stakeholders responsible for providing data for economic activity reports.
- 2.256 In the fourth quarter, a Focus Group Discussion was conducted by the Birgunj office to review preliminary findings of a special study on "The Status and Challenges of Loan Repayment in Microfinance Institutions in Madhesh Province."
- 2.257 The Pokhara office conducted field inspections of banks implementing the "Province Life Support Loan" program under the interest subsidy scheme of the Gandaki Province Government and prepared a comprehensive report on its findings.
- 2.258 Additionally, the Pokhara office has initiated the preparation of quarterly reports on the economic and financial indicators of the province to support evidence-based policymaking.
- 2.259 The Nepalgunj office organized a one-day training program on "Payment and Settlement Transactions: Existing Systems, Issues, and Challenges," aimed at enhancing understanding of payment infrastructure among stakeholders.
- 2.260 A discussion session was held with the participation of the Executive Director of the Department of Banks and Financial Institutions Regulation of Nepal Rastra Bank, along with the Chief District Officer of Rupandehi District, Home Secretary of Lumbini Province, heads of security agencies, CEOs of banks and financial institutions, provincial officials,

entrepreneurs, borrowers, and journalists, focusing on the quality and accessibility of financial services provided by financial institutions.

- 2.261 A coordination interaction program was also conducted in Karnali Province with the participation of commercial banks handling government transactions, the Provincial Controller, representatives from the Provincial Account Controller's Office, and other relevant stakeholders.
- 2.262 Furthermore, in collaboration with the Governor's Office, a financial literacy enhancement program was implemented in Narayani Municipality of Dailekh District, Karnali Province.

**Table 1: Denomination-wise Currency Notes in Circulation**

(Rs.In Ten Million)

Denomination	Mid-July					
	2022		2023		2024	
	Amount	Percent	Amount	Percent	Amount	Percent
1	16.10	0.03	16.10	0.03	16.10	0.03
2	18.52	0.03	18.52	0.03	18.51	0.03
5	3,37.87	0.53	364.05	0.57	374.11	0.54
10	5,37.51	0.85	586.77	0.92	603.12	0.87
20	6,82.56	1.08	752.43	1.18	802.46	1.16
25	5.71	0.01	5.70	0.01	5.70	0.01
50	13,24.72	2.09	1,468.60	2.29	1408.22	2.04
100	27,00.22	4.27	3,039.46	4.75	3253.12	4.71
250	8.74	0.01	8.74	0.07	8.74	0.01
500	1,32,81.18	21.00	13,067.09	20.41	13689.94	19.84
1000	4,43,33.87	70.10	44,680.56	69.80	48834.97	70.76
<b>Total</b>	<b>63,247.00</b>	<b>100.00</b>	<b>64,008.00</b>	<b>100.00</b>	<b>69014.99</b>	<b>100.00</b>

**Table 2: Security against Currency Notes in Circulation**

(Rs.in Ten Million)

Mid-July	Gold	Silver	Foreign Currency and Securities	Total	Government Securities	Security against Note Issued	Share of Foreign Currency, Gold and Silver in Total Security (%)
				(1+2+3)			(4÷6)*100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006	70.3	-	7975.6	8045.9	417.2	8463.1	95.1
2007	-	-	8713.8	8713.8	417.2	9131.0	95.4
2008	-	-	10877.8	10877.8	417.2	11295.0	96.3
2009	-	-	13703.8	13703.8	417.2	14121.0	97.0
2010	-	-	15712.8	15712.8	417.2	16130.0	97.4
2011	-	-	16344.8	16344.8	417.2	16762.0	97.5
2012	-	-	19707.8	19707.8	417.2	20125.0	97.9
2013	-	-	23346.0	23346.0	-	23346.0	100.0
2014	-	-	27325.0	27325.0	-	27325.0	100.0
2015	-	-	31908.0	31908.0	-	31908.0	100.0
2016	-	-	38616.0	38616.0	-	38616.0	100.0
2017	-	-	43099.0	43099.0	-	43099.0	100.0
2018	-	-	49438.95	49438.95	-	49438.95	100.0
2019	-	-	225.77	225.77	-	225.77	100.0
2020	-	-	58806.00	58806.00	-	58806.00	100.0
2021	-	-	68350.00	68350.00	-	68350.00	100.0
2022	-	-	63247.00	63247.00	-	63247.00	100.0
2023	-	-	64008.00	64008.00	-	64008.00	100.0
2024	-	-	69015.00	69015.00	-	69015.00	100.0

**Table 3: Training Programs Conducted by Bankers Training Centre****A. Regular Trainings**

S.N.	Training	Venue	Date	Days
1	NFRS Training	Inside valley	2080 Shrawan 18	1
2	Risk Based Internal Audit	Inside valley	2080 Shrawan 28- 32	5
3	AML CFT Regime in Nepal	Inside valley	2080 Bhadra 3-7	5
4	Ethics and Behavior in Organization	Inside valley	2080 Bhadra 10-11	2
5	SIS Operation and Technical Matters	Inside valley	2080 Bhadra 17-19	3
6	Macroeconomic Management in Nepal	Inside valley	2080 Bhadra 24-29	6
7	Central Banking Training	Outside Valley	2080 Asoj 7-12	6
8	Risk Based Supervision	Inside valley	2080 Asoj 14-19	6
9	TOT Program for Financial Literacy Trainer	Inside valley	2080 Asoj 21-26	6
10	GL Software	Outside Valley	2080 Kartik 19-21	3
11	Research Methodology and Report Writing	Inside valley	2080 Mangsir 10-15	6
12	Central Banking Training	Inside valley	2080 Mangsir 24-29	6
13	Macroeconomic Modeling & Forecasting	Inside valley	2080 Poush 1-6	6
14	Central Bank's Law & Application in Department Level Decision Making	Inside valley	2080 Poush 16-18	3
15	Coin Design and Engraving	Inside valley	2080 Magh 2-3	2
16	Management Development Program	Inside valley	2081 Baishakh 30 2081 Jestha 4	6
17	Banking Operation	Inside valley	2080 Magh 14-17	4
18	Risk Based Supervision	Inside valley	2080 Magh 21-26	6
19	Ethics and Behavior in organization	Inside valley	2080 Magh 28-29	2
20	Central Banking Training	Outside Valley	2080 Falgun 13-18	6
21	Planning, Budgeting and Risk Management	Inside valley	2080 Falgun 20-22	3
22	GL Software	Outside Valley	2080 Chaitra 4-6	3
23	Currency Management in Nepal	Inside valley	2081 Baisakh 16-18	3
24	Organizational Behavior	Inside valley	2081 Asar 09-12	4
25	Foreign Exchange Management in Nepal	Inside valley	2081 Jestha 6-8	3
26	Secretariat Training	Outside Valley	2081 Jestha 20-22	3
27	Cyber Security Issues in Payment and Settlement System in Nepal	Inside valley	2081 Jestha 27-29	3
28	Protocol Management	Inside valley	2081 Asar 3-4	2

**B. Additional Training Programs****Workshop**

29	Procurement Management in NRB	Inside Valley	2080 Mangsir 18-22	5
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**Residential Program**

30	Protocol Management and Leadership Development (Last Year )	Residential	2081 Bhadra 15-16	2
31	Behavioral Science for Middle Level Officers	Residential	2080 Mangsir 15-16	2
32	Stress Management Program for Executives	Residential	2080 Poush 26-27	2
33	Orientation Program on Current Economic and Banking Affairs for Economic Journalists	Residential	2080 Falgun 29-30	2
34	Orientation Program on Current Economic and Banking Affairs for Economic Journalists	Residential	2080 Chaitra 15-16	2

**C. Additional Trainings**

35	Digital Financial Services Supervision for Financial Inclusion	Inside Valley	2080 Bhadra 25-29	5
36	Economic Activities Study	Inside Valley	2080 Asoj 10	1
37	Training for Office Subordinates	Outside Valley	2080 Falgun 23-24	2
38	Financial Stability and Macro-prudential Supervision	Inside Valley	2081 Baishakh 31 2081 Jestha 03	4

**D. Position-wise Participation in Local Training and Programs**

S.N.	Designation	Frequency
1	Executive Director	14
2	Director	41
3	Director (I.T.)	2
4	Acting Director	4
5	Deputy Director	127
6	Deputy Director (I.T.)	6
7	Assistant Director	106
8	Assistant Director(I.T.)	2
9	Head Assistant	6
10	Assistant	7
11	Office Subordinate-III	1
12	Sub Head Driver	1
<b>Total</b>		<b>317</b>

**E. Number of Employees Physically Participating in Local Training and Programs in 2023/24**

S.N.	Host Institution	No. of Participants
1	International Finance Corporation (IFC)	48
2	Bank of Korea	35
3	Toronto Centre	30
4	SEACEN Centre	19
5	National Banking Institute	18
6	Nepal Yoga institute and Retreat P. Ltd	12
7	Financial Action Task Force and APG	10
8	Inform Solution Pvt.Ltd	10
9	Nepal Administrative Staff College	10
10	Nepal Bank Limited	9
11	The Institute of Chartered Accountants of Nepal	9
12	Management Association of Nepal	8
13	Shristi Sadhana Kendra	8
14	Asian Development Bank	7
15	Rastriya Baniija Bank Limited	7
16	Nepal Police	6
17	The Association of Chartered Accountants of Nepal (ACAN)	6
18	Central Department of Economics	5
19	Government of Nepal	5
20	Jeevan Vigyan	4
21	Monetary Management Department	4
22	Public Procurement Monitoring Office	4
23	Agriculture Development Bank Limited	3
24	Ministry of Finance	3
25	National Judicial Academy, Nepal	3
26	United Nations Office on Drugs and Crime (UNODC)	3
27	Alliance for Financial Inclusion (AFI)	2

**Activities of Nepal Rastra Bank Annual**

<b>S.N.</b>	<b>Host Institution</b>	<b>No. of Participants</b>
28	International Monetary Fund	2
29	KUSOM	2
30	Nepal Insurance Authority	2
31	Nepal Prasasanik Prasichhyand Pratisthan	2
32	Nepal Stock Exchange Ltd	2
33	World Bank	2
34	Ministry of Agriculture and Livestock Development	1
35	Ministry of Defence (MOD)	1
36	Ministry of Foreign Affairs	1
37	Ministry of Land Management, Cooperatives and Poverty Alleviation	1
38	National Planning Commission	1
39	Nepal Academy	1
40	Nepal Army	1
41	Nimble Infosys	1
42	PHDCCI India-Nepal Center	1
43	PUBLIC FINANCE MANAGEMENT TRAINING CENTER	1
44	Pulchowk Campus	1
45	SAARCFINANCE International Department	1
46	Shaskeya Sudhar Tatha Manav Sanshadan bikash shakhaa	1
47	SNG Solution Pvt. Ltd.	1
48	State Bank of Pakistan (SBP)	1
49	UNFPA	1
50	United Nation Population Fund	1
<b>Total</b>		<b>317</b>

**Table 4: Participation in International training, Seminar, Meeting, and Workshops****A. Participation in Physically Conducted International Training**

S.N.	Host Institution	Frequency
1	The South East Asian Central Banks (SEACEN) Research and Training Centre	124
2	Central Bank of Sri Lanka	60
3	Reserve Bank of India	56
4	IMF South Asia Regional Training and Technical Assistance Center (SARTTAC)	44
5	Centre for International Cooperation & Training in Agricultural Banking (CICTAB)	35
6	National Institute of Banking Studies & Corporate Management (NIBSCOM)	30
7	Standard Chartered Bank	27
8	Bangko Sentral ng Pilipinas	25
9	Alliance for Financial Inclusion	23
10	Bank of Korea	20
11	IMF – Singapore Regional Training Institute (STI)	18
12	Centre for Risk Management & Sustainability	15
13	Deutsche Bundesbank	13
14	International Monetary Fund (IMF)	13
15	Commerce International Merchant Bankers (CIMB) Bank	12
16	Bank for International Settlement (BIS)	11
17	Bank Indonesia	10
18	IRIS Business Services Ltd.	10
19	China Banknote Printing and Minting Corporation	8
20	China IMF Capacity Development Center	7
21	Asian-Pacific Rural and Agricultural Credit Association (APRACA)	5
22	Bangladesh Bank	4
23	Monetary Authority of Singapore (MAS)	4
24	United Nations office on Drugs and Crime	4
25	AFI and Central Bank of Eswatini	3
26	Asia Pacific Group	3
27	Asian Development Bank	3
28	Banque De France	3
29	Cloudfest	3
30	National Payments Corporation of India (NPCI) International	3
31	AFI & Comision Nacional de Bancos y Seguros de Honduras	2
32	Asian Clearing Union (ASU)	2
33	Banco Bilbao Vizcaya Argentaria (BBVA) Spain	2
34	Bank for Agricultural and Agricultural Co-operation	2
35	Bank for International Settlement (BIS) and SEACEN	2
36	Bank of Thailand	2
37	Central Bank Research Centre Asia School of Bussiness	2
38	Crane Currency	2
39	Egmont Group Secretariat	2
40	Federal Reserve Bank	2
41	Kusters Engineering	2
42	Mint and Print	2
43	National Bank of Cambodia	2
44	NRNA Australia	2
45	NRNA, World Bank and European Card Payment Association	2
46	Oberthur Fiduciaire SAS	2
47	Reconnaissance International	2
48	Reserve Bank of India (RBI) and Asian Clearing Union (ACU)	2
49	State Bank of Pakistan	2
50	World Bank	2
51	Yunus Centre & Centre for Self Help Development	2
52	Zurcher Kantonbank	2
53	Asian Development Institute	1
54	Australian Awards	1
55	Bank of Italy	1
56	Civilian Research and Development Foundation (CRDF) Global	1
57	De La Rue International Limited, UK	1
58	Egmont	1
59	Embassy of United States of America	1

**Activities of Nepal Rastra Bank Annual**

<b>S.N.</b>	<b>Host Institution</b>	<b>Frequency</b>
60	European Central Bank	1
61	Franklin Templeton	1
62	IMF and Hawkamah Conference	1
63	IMF and Hawkamah, Institute of Governance	1
64	INTERPOL	1
65	Koeing and Bauer	1
66	Study Center Gerzensee	1
67	United Nation Development Programme (UNDP)	1
68	United Nations	1
69	United Nations Economic and Social Commission for Asia and The Pacific	1
70	Nepal Rastra Bank	1
71	Federal Reserve System (FED)	1
<b>Total</b>		<b>659</b>

**B. Position-wise Physical Participation in International Conferences, Meetings and Programs**

<b>S.N.</b>	<b>Designation</b>	<b>Frequency</b>
1	Governor	8
2	Deputy Governor	9
3	Board of Director	2
4	Executive Director	40
5	Director	89
6	Director (IT)	6
7	Acting Director	4
8	Deputy Director	198
9	Deputy Director (IT)	4
10	Assistant Director	254
11	Assistant Director (Mechanical)	1
12	Assistant Director (IT)	1
13	Head Assistant	38
14	Assistant	3
15	Assistant (IT)	2
<b>Total</b>		<b>659</b>

**C. Online Participation in International Training**

<b>S.N.</b>	<b>Host Institution</b>	<b>Frequency</b>
1	Alliance for Financial Inclusion (AFI)	10
2	APRACA	2
3	Asian Productivity Organization (APO)	1
4	BIMSTEC	1
5	BIS	12
6	BIS-IMF	5
7	BOK-KPP	19
8	Bundesbank	3
9	Central Bank of SriLanka	3
10	Embassy of Nepal, London, U.K	3
11	IMF Asia and Pacific Department(APD)	3
12	IMF STI	8
13	IMF-SARTTAC	6
14	International Monetary Fund(IMF)	5
15	IRIS Business Services	18
16	National Banking Institute (NBI)	2
17	Reserve Bank of India (RBI)	33
18	SAARCFINANCE	2
19	State Bank of Pakistan	8
20	The SEACEN Center	8
<b>Total</b>		<b>152</b>

**D. Position-wise Online Participation in International Trainings and Programs**

S.N.	Designation	Frequency
1	Governor	1
2	Deputy Governor	2
3	Executive Director	8
4	Director	18
5	Director (IT)	1
6	Acting Director	1
7	Deputy Director	53
8	Deputy Director (IT)	5
9	Assistant Director	54
10	Assistant Director (IT)	7
11	Head Assistant	1
12	Head Assistant (IT)	1
<b>Total</b>		<b>152</b>

**Table 5: Details of Fund Transfers and Transactions of Foreign Currency through Offices Located Outside Kathmandu Valley in 2023/24**

S. N.	Office	Fund Transfers and Deposits									Purchase and Sale of Foreign Currencies				
		Amount (NRs.Million)					IC (NRs.Million)				Other Foreign Currencies		IC		
		Fund Transfer			Fund In <sup>2</sup>		Fund Transfer		Fund In <sup>3</sup>		NRs.Million		NRs.Million		
		No. of Currency Chests <sup>1</sup>	Frequency	Amount Rs	Frequency	Amount	Frequency	Amount	Frequency	Amount	Purchase	Balance <sup>4</sup>	Purchase	Sale <sup>5</sup>	Balance <sup>4</sup>
1.	Biratnagar	12.00	53.00	2422.31	9.00	17.73	1.00	16.00	0.00	0.00	9.29	3.28	17.43	3.10	84.39
2.	Janakpur	6.00	31.00	1221.90	5.00	8.90	0.00	0.00	0.00	0.00	35.74	4.94	45.51	39.18	17.54
3.	Birgunj	4.00	9.00	293.40	10.00	577.99	0.00	0.00	1.00	10.00	2.20	4.13	1.37	1.71	83.79
4.	Pokhara	9.00	40.00	1600.00	7.00	201.00	0.00	0.00	0.00	0.00	146.47	6.67	6.46	4.06	16.45
5.	Siddharthanagar	9.00	59.00	2064.17	9.00	21.30	0.00	0.00	0.00	0.00	3.91	2.44	6.28	3.92	77.22
6.	Nepalgunj	13.00	31.00	1082.26	15.00	391.64	0.00	0.00	0.00	0.00	2.74	0.48	3.95	6.11	54.14
7.	Dhangadhi	9.00	32.00	987.25	10.00	218.21	0.00	0.00	0.00	0.00	5.30	1.25	4.83	2.88	8.41
	<b>Total</b>	<b>62.00</b>	<b>255.00</b>	<b>9671.29</b>	<b>65.00</b>	<b>1436.79</b>	<b>1.00</b>	<b>16.00</b>	<b>1.00</b>	<b>10.00</b>	<b>205.65</b>	<b>23.19</b>	<b>85.83</b>	<b>60.96</b>	<b>341.94</b>

1 Number of Currency Chests under the Office

2 Only deposits made out of currency chests by bank branches having currency chests

3 IC deposit means IC collected on different dates from NRB Banking Offices

4 Outstanding as of mid-July 2024 after transfers to other offices

5 Only amount sold to clients by Office

**Table 6: Description of Gold and Silver Commemorative Coins, Medallions and Medals Sold and Distributed in 2023/24**

**a) Gold Commemorative Coins:**

S.N	Name	Wt.(gms)
1	30 gm 900 Touch SAARC Coin	30
2	15 gm 900 Touch SAARC Coin	15

**b) Silver Commemorative coins and Medallions:**

S.N	Name	WT. (gms)
1	Laxmi Medallion	10
2	Ganesh Medallion	10
3	Gaja Laxmi Medallion	10
4	Taksar Yantrikaran	15
5	Rajyanrohan 1 oz	31/103
6	SAARC proof coins	25
7	Gai Medallion 25gm	25
8	Gai Medallion 10 gm	10
9	Shree 5 Gyanendra Rajyaarohan	31/1
10	Niryaat Barsha	23
11	Byawasthaapan	23
12	Maarwaadi sewa samiti	18
13	Samyukta Rastra Sangh 50 Barsha	20
14	Rastra Bank Swarna Barsha	35
15	Rotary 100 barsha	35
16	Gurunanak 1000	10
17	Gurunanak 2500	25
18	Satyamohan joshi 1000	10
19	Satyamohan joshi 2500	25
20	Dhito Patra Board (SEBON) 2500	25

## Appendix 2.1: Comprehensive Inspection of Commercial Banks

### (A) Comprehensive On-Site Inspection (Risk-based)

S.N	Name of commercial Bank	S.N	Name of commercial Bank
1	Nepal Bank Ltd.	11	Laxmi Sunrise Bank Nepal Ltd.
2	Rastriya Banijya Bank Ltd.	12	Siddhartha Bank Ltd.
3	Nabil Bank Ltd.	13	Agriculture Development Bank Ltd.
4	Nepal Investment Mega Bank Ltd.	14	Global IME Bank Ltd.
5	Himalayan Bank Ltd.	15	Citizens Bank International Bank Ltd.
6	Nepal SBI Bank Ltd.	16	Prime Commercial Bank Ltd.
7	Everest Bank Ltd.	17	NMB Bank Ltd.
8	NIC Asia Bank Ltd.	18	Prabhu Bank Ltd.
9	Machhapuchchhre bankLtd.	19	Sanima Bank Ltd.
10	Kumari Bank Ltd.		

### (B) Targeted On-Site Inspection (Risk-based)

S.N	Name of commercial Bank
1	Standard Chartered Bank Nepal Ltd.
2	Nepal Infrastructure Bank Ltd.

### (C) Special Inspection

S.N	Name of commercial Bank	Number of Inspection
1	Nepal Investment Mega Bank Limited	1
2	Nabil Bank Limited	1
3	Prabhu Bank Limited	3
4	Laxmi Sunrise Bank Limited	1

### (D) Special Inspection based on AML/CFT

S.N	Name of Commercial Bank	S.N	Name of Commercial Bank
1	Nepal Bank Ltd.	17	Sindhu Bikas bank ltd.
2	Nabil Bank Ltd.	18	Guheswori Merchant Finance Ltd
3	Himalayan Bank Ltd.	19	ICFC Finance Ltd.
4	Global IME Bank Ltd.	20	Gurkhas Finance Ltd.
5	Kumari Bank Ltd.	21	Reliance Finance Ltd.
6	Laxmi Sunrise Bank Nepal Ltd.	22	Central Finance Ltd.
7	Prabhu Bank Ltd.	23	Best Finance Ltd.
8	Garima Bikas Bank Ltd.	24	Manjushree Finance Ltd.
9	Sangri- La Development Bank Ltd.	25	Janaki Finance Ltd.
10	Kamana Sewa Bikas Bank Ltd	26	Progressive Finance Ltd.
11	Lumbini Bikas Bank Lrd.	27	Nepal Finance Ltd.
12	Excel Development Bank Ltd.	28	Shree Investment and Finance Ltd.
13	Saptakoshi Bikas Bank Ltd.	29	Samriddhi Finance Ltd.
14	Corporate Development Bank Ltd.	30	Cellcom Pvt. Ltd.
15	Miteri Bikas Bank Ltd.	31	Khalti Pvt. Ltd.
16	Salapa Bikas Bank Ltd.		

**(E) Targeted Inspection based on Targeted Financial Sanctions**

S.N	Name of Commercial Bank
1	Standard Chartered Bank Nepal Ltd.
2	Nabil Bank Ltd.
3	Rastriya Banijya Bank Ltd.
4	Nepal SBI Bank Ltd.
5	Sanima Bank Ltd.

## Appendix 2.2

### Comprehensive Inspection of Financial Institutions

**Development Banks****(A) Comprehensive On-Site Inspection**

1.	Saptakoshi Development Bank Limited	10.	Excel Development Bank Limited
2.	Corporate Development Bank Limited	11.	Miteri Development Bank Limited
3.	Shangrila Development Bank Limited	12.	Garima Bikas Bank Limited
4.	Kamana Sewa Bikash Bank Limited	13.	Muktinath Bikas Bank Limited
5.	Salapa Bikas Bank Limited	14.	Shine Resunga Development Bank Limited
6.	Green Development Bank Limited	15.	Lumbini Bikas Bank Limited
7.	Jyoti Bikas Bank Limited	16.	Sindhu Bikas Bank Limited
8.	Karnali Development Bank Limited	17.	Mahalaxmi Bikas Bank Limited
9.	Narayani Development Bank Limited		

**Finance Companies****(A) Comprehensive On-Site Inspection**

1.	Progressive Finance Limited	10.	Reliance Finance Limited
2.	Goodwill Finance Limited	11.	Pokhara Finance Limited
3.	Gurkhas Finance Limited	12.	ICFC Finance Limited
4.	Nepal Finance Limited	13.	Samriddhi Finance Company Limited
5.	Shree Investment & Finance Co. Limited	14.	Guheshwori Merchant Banking & Finance Limited
6.	Multipurpose Finance Limited	15.	Central Finance Limited
7.	Janaki Finance Co. Limited	16.	Manjushree Financial Institution Limited
8.	Best Finance Limited	17.	Nepal Share Markets and Finance Limited
9.	Capital Merchant Banking & Finance Co. Limited		

**(B) Special Inspection (Development Bank and Finance Companies)**

1.	Janaki Finance Co. Limited	5.	Salapa Bikas Bank Limited
2.	Gurkhas Finance Limited	6.	Jyoti Bikas Bank Limited
3.	Goodwill Finance Limited	7.	Mahalaxmi Bikas Bank Limited
4.	Sindhu Bikas Bank Limited		

## Appendix 2.3

### Comprehensive Inspection of Micro Finance Institutions

#### (A) On-Site Inspection

S.N.	Name of Organization
1	Samaj Laghubitta Bittiya Sanstha Ltd., Malangwa, Sarlahi
2	RSDC Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi
3	Janutthan Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi
4	Deproc Laghubitta Bittiya Sanstha Ltd., Ratnanagar, Chitwan
5	Mahuli Laghubitta Bittiya Sanstha Ltd., Bagdhuwa-9, Saptari
6	Shrijanshil Laghubitta Bittiya Sanstha Ltd., Golbazar, Siraha
7	Asha Laghubitta Bittiya Sanstha Ltd., Sanga, Banepa
8	National Laghubitta Bittiya Sanstha Ltd., Nilkantha, Dhading
9	Mero Microfinance Laghubitta Bittiya Sanstha Ltd., Battar, Nuwakot
10	NESDO Sambridha Laghubitta Bittiya Sanstha Ltd., Kusma Parvat
11	Dhaulagiri Laghubitta Bittiya Sanstha Ltd., Baglung-2, Baglung
12	Jalpa Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski
13	Sadhana Laghubitta Bittiya Sanstha Ltd., Gorkha
14	CYC Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski
15	Manakamana Smart Laghubitta Bittiya Sanstha Ltd., Siddharth Nagar, Rupandehi
16	Suryodaya Laghubitta Bittiya Sanstha Ltd., Imadol, Lalitpur
17	NMB Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski
18	Global IME Laghubitta Bittiya Sanstha Ltd., Vijaypur, Kaski
19	Wean Nepal Laghubitta Bittiya Sanstha Ltd., Sanga, Kavrepalanchok
20	NIC Asia Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
21	Mahila Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
22	Chhimek Laghubitta Bittiya Sanstha Ltd., Baneshwar, Kathmandu
23	Swastik Laghubitta Bittiya Sanstha Ltd., Lahan, Siraha
24	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd., New Baneshwar, Kathmandu
25	Vijay Laghubitta Bittiya Sanstha Ltd., Dhulikhel, Kavrepalanchok
26	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd., Naxal, Kathmandu
27	Swabalamban Laghubitta Bittiya Sanstha Ltd., Kamalpokhri, Kathmandu
28	First Micro Finance Laghubitta Bittiya Sanstha Ltd., Dnyaneshwar, Kathmandu
29	Laxmi Laghubitta Bittiya Sanstha Ltd., Maharajganj, Kathmandu
30	Grameen Vikas Laghubitta Bittiya Sanstha Ltd., Butwal, Ruppandehi
31	Kalika Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski
32	Jeevan Vikas Laghubitta Bittiya Sanstha Ltd., Katahari, Morang
33	Forward Microfinance Laghubitta Bittiya Sanstha Ltd., Duhabi, Sunsari
34	Himalayan Laghubitta Bittiya Sanstha Ltd., Chuchhepati, Kathmandu
35	Support Microfinance Laghubitta Bittiya Sanstha Ltd., Hansposa, Sunsari
36	Swarojgar Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
37	Manushi Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
38	Samudayik Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
39	Aarambha Chautari Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
40	Abhiyan Laghubitta Bittiya Sanstha Ltd., Panauti, Kavrepalanchok

**(B) Special On-site Inspection of Micro Finance Institutions**

S.N.	Name of Organization
1	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd., Naxal, Kathmandu
2	Super Laghubitta Bittiya Sanstha Ltd., Tulsipur, Dang (2 times)
3	Kalika Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski

### Appendix 2.4

#### BFIs Licensed as Market Makers

S.N	Name of BFIs	S.N	Name of BFIs
1	Nepal Investment Mega Bank Ltd.	19	Guheshwori Merchant Banking and Finance Ltd.
2	Laxmi Sunrise Bank Ltd.	20	ICFC Finance Ltd.
3	Himalayan Bank Ltd.	21	Goodwill Finance Ltd.
4	Nabil Bank Ltd.	22	Citizen Investment Trust
5	Citizens Bank International Ltd.	23	Excel Development Bank Ltd.
6	Siddhartha Bank Ltd.	24	Central Finance Ltd.
7	Global IME Bank Ltd.	25	Shree Investment and Finance Co. Ltd.
8	Prabhu Bank Ltd.	26	Muktinath Bikas Bank Ltd.
9	NMB Bank Ltd.	27	Reliance Finance Ltd.
10	Sanima Bank Ltd.	28	Pokhara Finance Ltd.
11	Agricultural Development Bank Ltd.	29	Kamana Sewa Bikas Bank Ltd.
12	Machhapuchchhre Bank Ltd.	30	Shine Resunga Development Bank Ltd.
13	NIC Asia Bank Ltd.	31	Gurkhas Finance Ltd.
14	Prime Commercial Bank Ltd.	32	Progressive Finance Ltd.
15	Rastriya Banijya Bank Ltd.	33	Sambriddhi Finance Company Ltd.
16	Kumari Bank Ltd.	34	Nepal Bank Ltd.
17	Shangrila Development Bank Ltd.	35	Manjushree Finance Ltd.
18	Mahalaxmi Development Bank Ltd.	36	Standard Chartered Bank Nepal Ltd.

### Appendix 2.5

#### Licensed institutions for Sales Agents for Foreign Employment Saving Bonds

S.N.	Banks and Remittance Companies	Address
1	Citizens Bank International Ltd.	Kamaladi, Kathmandu
2	Nabil Bank Ltd.	Durbarmarga, Kathmandu
3	Machhapuchchhre Bank Ltd.	Lazimpat, Kathmandu
4	Prabhu Bank Ltd.	Babarmahal, Kathmandu
5	Laxmi Sunrise Bank Ltd.	Gairidhara Kathmandu
6	Siddhartha Bank Ltd.	Hattisar Kathmandu
7	Sanima Bank Ltd.	Naxal Kathmandu
8	City Express Money Transfer Pvt. Ltd.	Kamaladi Kathmandu
9	IME Ltd.	Panipokhari Kathmandu
10	NMB Bank Ltd.	Babarmahal Kathmandu
11	Global IME bank Ltd.	Kamaladi, Kathmandu
12	Nepal Bank Ltd.	Dharmapath, Kathmandu
13	Esewa Money Transfer Pvt. Ltd.	Pulchowk Kathmandu
14	Nepal Remit International Pvt. Ptd.	Kamaladi Kathmandu

### Appendix 2.6 New Issued Treasury bills (2023/24)

(Rs.In Ten Million)

S.N.	Treasury bills	S.N.	Issued Amount (Rs.Crore)	Discount Rate
1	28 Days	371	500.00	2.5034
2	91 Days	1700	300.00	3.9115
3	91 Days	1707	500.00	3.3807
4	91 Days	1711	500.00	2.8940
5	182 Days	418 ka	400.00	3.7697
6	182 Days	421 ka	300.00	4.0373
7	364 Days	1685 ka	200.00	6.3747
8	364 Days	1691 ka	300.00	6.2218
<b>Total Amount</b>			<b>3000.00</b>	

### Appendix 2.7 Issuance of Development Bonds (2023/24)

(Rs.in ten Million)

S.N.	Development Bonds	Time Period	Issued Amount (Rs.)	Interest Rate
1	2086 chha	6	416.00	6.50
2	2088 kha	8	690.00	7.00
3	2086 ja	6	680.00	7.00
4	2086 jha	6	1,000.00	7.00
5	2086 ta	6	880.00	7.00
6	2086 nga	6	560.00	7.00
7	2086 tha	6	695.00	7.00
8	2085 yan	5	1,000.00	7.00
9	2088 ga	8	1,310.00	7.00
10	2088 nga	8	1,000.00	7.00
11	2088 gha	8	1,000.00	7.00
12	2088 cha	8	700.00	6.00
13	2085 ta	5	700.00	5.56
14	2088 chha	8	700.00	5.96
15	2085 tha	5	1,000.00	5.84
16	2088 ja	8	700.00	5.92
17	2088 jha	8	800.00	5.74
18	2086 da	6	769.00	5.48
<b>Total Amount</b>			<b>14,600.00</b>	

## Appendix 2.8

### Five Yearly details of Human Resources and employed Human Resources

S.N .	Level	Mid-July 2020			Mid-July 2021			Mid-July 2022			Mid-July 2023			Mid-July 2024		
		Administration	Technical	Total	Administration	Technical	Total	Administration	Technical	Total	Administration	Technical	Total	Administration	Technical	Total
1	Officer Special	17	0	17	17	0	17	18	0	18	18	0	18	18	0	18
2	Officer First	44	1	45	49	1	50	51	4	55	50	5	55	51	5	56
3	Officer Second	157	12	169	162	10	172	186	12	198	200	9	209	203	9	212
4	Officer Third	243	20	263	269	14	283	287	3	290	340	9	349	336	9	345
	<b>Officer Total</b>	<b>461</b>	<b>33</b>	<b>494</b>	<b>497</b>	<b>25</b>	<b>522</b>	<b>542</b>	<b>19</b>	<b>561</b>	<b>608</b>	<b>23</b>	<b>631</b>	<b>608</b>	<b>23</b>	<b>631</b>
5	Assistant First	120	17	137	117	15	132	147	17	164	158	16	174	166	14	180
6	Assistant Second	243	39	282	263	34	297	232	30	262	239	26	265	222	25	247
7	Assistant Third	18	3	21	17	1	18	12	0	12	11	0	11	11	0	11
	<b>Assistant Total</b>	<b>381</b>	<b>59</b>	<b>440</b>	<b>397</b>	<b>50</b>	<b>447</b>	<b>393</b>	<b>47</b>	<b>438</b>	<b>408</b>	<b>42</b>	<b>450</b>	<b>399</b>	<b>39</b>	<b>438</b>
8	Office Subordinate First	27	0	27	12	0	12	25	0	25	24	0	24	22	0	22
9	Office Subordinate Second	24	0	24	24	0	24	7	0	7	6	0	6	6	0	6
10	Office Subordinate Third	1	0	1	0	0	0	43	0	42	40	0	40	41	0	41
11	Office Subordinate Fourth	57	0	57	56	0	56	9	0	9	6	0	6	0	0	0
	<b>Office Subordinate Total</b>	<b>109</b>	<b>0</b>	<b>109</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>84</b>	<b>0</b>	<b>83</b>	<b>76</b>	<b>0</b>	<b>76</b>	<b>69</b>	<b>0</b>	<b>69</b>
	<b>Total</b>	<b>951</b>	<b>92</b>	<b>1043</b>	<b>986</b>	<b>75</b>	<b>1061</b>	<b>1019</b>	<b>66</b>	<b>1082</b>	<b>1092</b>	<b>65</b>	<b>1157</b>	<b>1076</b>	<b>62</b>	<b>1138</b>

### Appendix 2.9

#### Details of Vacancies Fulfilled in 2023/24

SN	Position	Service	Open Competition	Performance Evaluation	Internal Competition
1	Director	Administration		2	1*
2	Deputy Director	Administration		8	3*
3	Assistant Director	Administration	26*	5	5*
4	Assistant Director	Technical	6*	2#	
5	Head Assistant	Administration		15	9*
6	Assistant	Administration	24*		
7	Assistant	Technical	11*		
<b>Total</b>			<b>67</b>	<b>32</b>	<b>18</b>

\* The final result of written examination is yet to be published

# There is no eligible candidate

### Appendix 2.10

#### Details of Vacancies Fulfilled in Last Five Years

Position	Medium of Recruitment	2019/20	2020/21	2021/22	2022/23	2023/24
Executive Director	Performance Evaluation	5		4		
Director	Performance Evaluation	9	5	5		2
	Internal Competition	4	2	1	1	1*
	Technical			3	2	
Deputy Director	Performance Evaluation	27	15	15	14	8
	Internal Competition	11	7	6	6	3*
	Technical		3	4		
Assistant Director	Performance Evaluation		7	11	6	5
	Internal Competition				3	5*
	Open Competition	35	38	58**	18	32*
Head Assistant	Performance Evaluation	21	7	24	14	15
	Internal Competition	15	3	15	10	9*
	Technical	13		5		
Assistant	Performance Evaluation	4	1	3		
	Internal Competition					
	Open Competition	31	11	25**	24	24*
	Technical	2		1		11*
Office Subordinate	Auto Promotion		2	58		
<b>Total</b>		<b>177</b>	<b>101</b>	<b>238</b>	<b>98</b>	<b>115</b>

1 Based on Vacancy Announcement year

\* The final result of written examination is yet to be published

\*\* The advertisement for the recruitment of 58 Assistant Directors and 25 Assistant II positions in the year 2021/22 was done on 2022/23

## Appendix 2.11 Board of Directors

(mid- July 2024)

Mr. Maha Prasad Adhikari	Chairman
Mr. Madhu Kumar Marasini, Ministry of Finance	Member
Dr. Neelam Dhungana (Timsina)	Member
Mr. Bam Bahadur Mishra	Member
Mr. Chintamani Siwakoti	Member
Dr. Shankar Prasad Acharya	Member
Dr. Rabindra Prasad Pandey	Member

## Appendix 2.12 List of Special Class and First Class Officers

(In mid-July 2024)

Special Class Officers		
1	Dr. Nephil Matangi Maskay	Executive Director, Office of the Governor
2	Mr. Dev Kumar Dhakal	Executive Director, Financial Management Department
3	Mr. Mukunda Kumar Chhetri	Executive Director, Information Technology Department
4	Mr. Pitambar Bhandari	Executive Director, Monetary Management Department
5	Mr. Rishikesh Bhatta	Executive Director, Corporate Planning and Risk Management Department
6	Mr. Pradeep Raj Poudyal	Executive Director, Currency Management Department
7	Dr. Gunakar Bhatta	Executive Director, Payment Service Department
8	Mr. Naresh Shakya	Executive Director, Human Resources Management Department
9	Mr. Suman Kumar Adhikari	Executive Director, Assets and Service Management Department
10	Dr. Prakash Kumar Shrestha	Executive Director, Economic Research Department
11	Mr. Revati Prasad Nepal	Executive Director, Internal Audit Department
12	Mr. Ramu Paudel	Executive Director, Bank Supervision Department
13	Mr. Vishrut Thapa	Executive Director, Banking Department
14	Mr. Ram Bahadur Manandhar	Executive Director, Non-Bank Financial Institutions Supervision Department
15	Mr. Daya Ram Sharma	Executive Director, Financial Institutions Supervision Department
16	Mr. Tulashi Prasad Ghimire	Executive Director, Foreign Exchange Management Department
17	Mr. Guru Prasad Poudel	Executive Director, Banks and Financial Institutions Regulation Department
18	Mr. Bimal Raj Khanal	Executive Director, Micro-Finance Institutions Supervision Department
First Class Officers		
1	Mr. Binod Raj Acharya	Director, Corporate Planning and Risk Management Department
2	Mr. Ram Prasad Gautam	Director, Bank Supervision Department
3	Mr. Kiran Pandit	Director, Financial Inclusion and Customer Protection Division
4	Dr. Satyendra Timilsina	Director, Banks and Financial Institutions Regulation Department
5	Mr. Chet Prasad Uprety	Director, Microfinance Institutions Supervision Department
6	Mr. Roshan Kumar Shigdel	Director, Assets and Service Management Department
7	Dr. Ram Sharan Kharel	Director, Monetary Management Department
8	Dr. Dilliram Pokhrel	Director, Office of the Governor
9	Mr. Dirgha Bahadur Rawal	Director, Financial Intelligence Unit
10	Mr. Nishchal Adhikari	Director, Foreign Exchange Management Department
11	Mr. Anuj Dahal	Director, Financial Institutions Supervision Department
12	Mr. Dipak Raj Lamichhane	Director, Legal Division
13	Mr. Rajan Bikram Thapa	Director, Assets and Service Management Department
14	Mr. Rajendra Bhattarai	Director, Banks and Financial Institutions Regulation Department
15	Mr. Hem Prasad Neupane	Director, Corporate Planning and Risk Management Department

**Activities of Nepal Rastra Bank Annual**

16	Mr. Mukti Nath Sapkota	Director, Office of the Governor
17	Mr. Govinda Prasad Nagila	Director, Banking Department
18	MRs.Meena Pandey	Director, Financial Management Department
19	Mr. Shubhash Chandra Ghimire	Director, Bank Supervision Department
20	MRs.Srijana Bastola	Director, Foreign Exchange Management Department
21	Mr. Buddha Raj Sharma	Director, Nepal Rastra Bank, Biratnagar Office
22	Mr. Sudip Phuyal	Director, Bank Supervision Department
23	MRs.Niva Shrestha	Director, Payment Systems Department
24	Mr. Dila Ram Subedi	Director, Micro-Finance Institutions Supervision Department
25	Mr. Keshab Bahadur K.C.	Director, Assets and Service Management Department
26	Mr. Shailendra Regmi	Director, Bankers' Training Center
27	Mr. Birendra Datta Awasthi	Director, Human Resource Management Department
28	Mr. Devendra Gautam	Director, Nepal Rastra Bank, Nepalgunj Office
29	Mr. Ishwari Prasad Bhattarai	Director, Human Resource Management Department
30	Mr. Rajan Dev Bhattarai	Director, Banks and Financial Institutions Regulation Department
31	Mr. Laxmi Prasad Prasai	Director, Payment Systems Department
32	Mr. Ramesh Acharya	Director, Currency Management Department
33	Dr. Rajan Krishna Pant	Director, Economic Research Department
34	Mr. Durgesh Gopal Shrestha	Director, Foreign Currency Management Department
35	MRs.Indra Chamlagai (Mainali)	Director, Financial Management Department
36	MRs.Ranjana Poudel Pandit	Director, Financial Institutions Supervision Department
37	Ms. Neera Talchabhadel	Director, Banking Department
38	Mr. Bigyan Raj Subedi	Director, Nepal Rastra Bank, Siddharthanagar Office
39	Mr. Narayan Prasad Pokhrel	Director, Economic Research Department
40	Mr. Madhav Dangal	Director, Nepal Rastra Bank, Janakpur Office
41	Mr. Satyendra Raj Subedi	Director, Economic Research Department
42	MRs.Arya Joshi	Director, Banking Department
43	Mr. Bashu Dev Bhattarai	Director, Currency Management Department
44	Mr. Ashok Ghimire	Director, Internal Audit Department
45	Mr. Binod Raj Lekhak	Director, Human Resources Management Department
46	Mr. Sharan Kumar Adhikari	Director, Nepal Rastra Bank, Birgunj Office
47	Mr. Girija Prasad Koirala	Director, Non-Bank Financial Institutions Supervision Department
48	Mr. Ajit Regmi	Director, Internal Audit Department
49	MRs.Bina Dhakal Paudel	Director, Nepal Rastra Bank, Pokhara Office
50	Mr. Subash Acharya	Director, Nepal Rastra Bank, Dhangadi Office
51	Mr. Hari Kumar Nepal	Director, Human Resource Management Department
52	Er. Saurabh Dass Manandhar	Director (I.T.), Information Technology Department
53	Er. Krishna Ram Dhunju	Director (I.T.), Payment Systems Department
54	Er. Tarun Kumar Jha	Director (I.T.), Information Technology Department
55	Er. Sahdev Chand	Director (I.T.), Non-Bank Financial Institutions Supervision Department
56	Dr. Tej Narayan Thakur	Director (I.T.), Information Technology Department
57	Dr. Birendra Bahadur Budha	Acting Director, Economic Research Department

**PART – 3**

**ANNUAL FINANCIAL STATEMENT OF  
NEPAL RASTRA BANK**

<b>Assets and Liabilities</b>	<b>117</b>
<b>Income Statement</b>	<b>118</b>
<b>Annual Financial Statements of Nepal Rastra Bank</b>	<b>120</b>

## PART – THREE

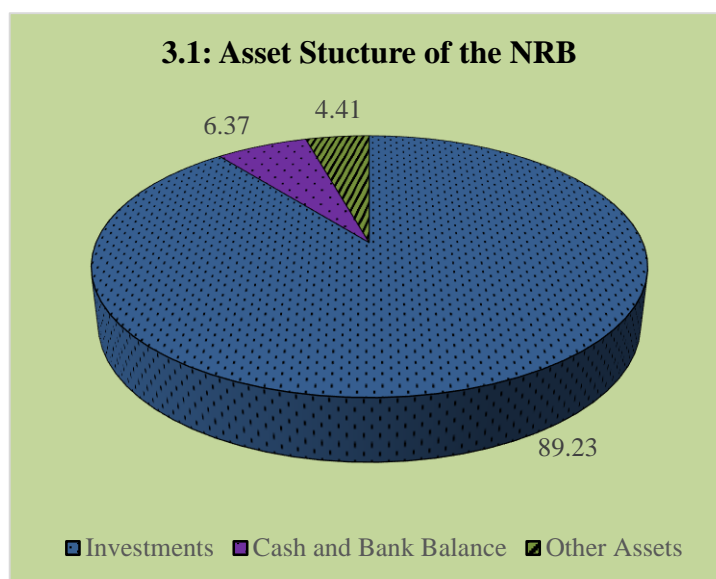
# ANNUAL FINANCIAL STATEMENT OF NEPAL RASTRA BANK

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### Assets and Liabilities

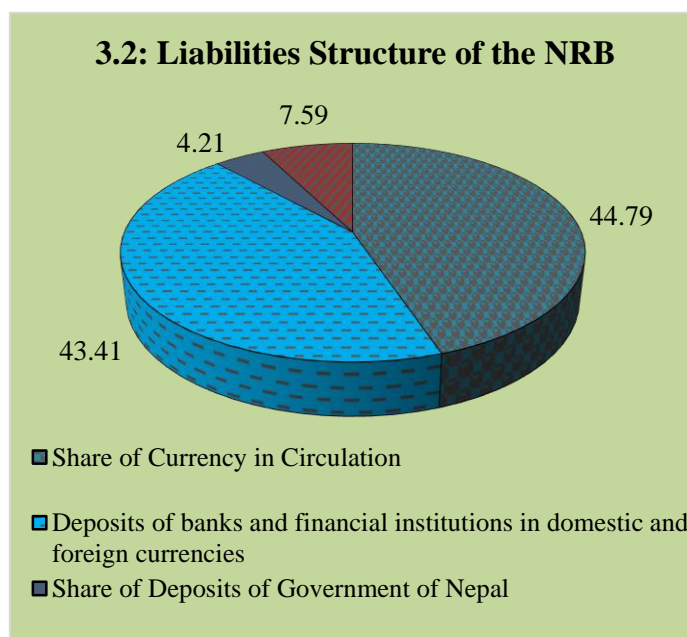
3.1 As of mid-July 2024, the total assets and liabilities of Nepal Rastra Bank increased by 30.15 percent, reaching Rs. 2 trillion 67 billion 24 million 378 thousand, compared to the corresponding period of the previous year.

3.2 In the asset composition of mid-July 2024, investments (including Gold Certificates) accounted for 89.23 percent of total assets, cash and bank balances for 6.37 percent, and other assets for 4.41 percent. In comparison, as of mid-July 2023, the respective shares were 84.28 percent, 10.64 percent, and 5.08 percent.



3.3 As of mid-July 2024, Nepal Rastra Bank's investment in various instruments, including Gold Certificates, increased by 37.80 percent compared to mid-July 2023, reaching a total of Rs. 1 trillion 844 billion 303 million 835 thousand. In the corresponding period of the previous year, such investments stood at Rs. 1 trillion 338 billion 426 million 911 thousand.

3.4 Compared to mid-July 2023, the cash and bank balance assets of the bank decreased by 22.08 percent, amounting to Rs. 131 billion 664 million 522 thousand in mid-July 2024. These assets had stood at Rs. 168 billion 984 million 200 thousand in mid-July 2023.

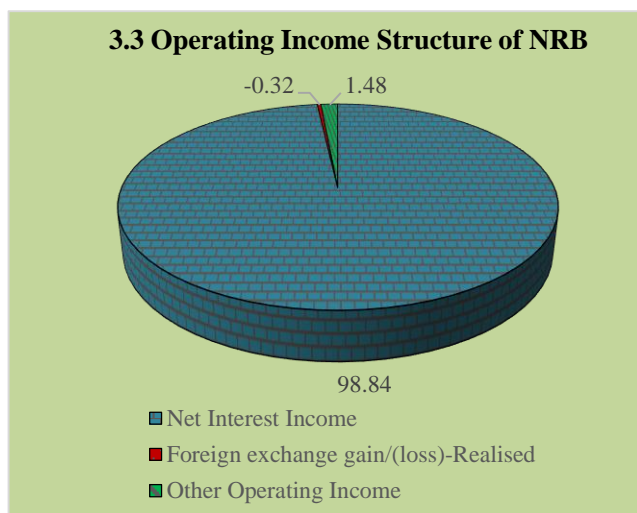


3.5 As of mid-July 2024, liabilities accounted for 73.45 percent and equity for 26.55 percent of the total liabilities and equity. In mid-July 2023, these shares were 70.41 percent and 29.59 percent, respectively.

- 3.6 As of mid-July 2024, the composition of total liabilities of Nepal Rastra Bank was as follows: notes in circulation accounted for 44.79 percent, deposit liabilities of banks and financial institutions (including the Standing Deposit Facility and deposits in both Nepalese and foreign currencies) represented 43.41 percent, deposit liabilities of the Government of Nepal made up 4.21 percent, and other liabilities constituted 7.59 percent. In comparison, as of mid-July 2023, the respective shares were 55.97 percent for notes in circulation, 31.04 percent for BFI deposits, 4.03 percent for GoN deposits, and 8.96 percent for other liabilities.
- 3.7 Notes in circulation rose by 8.67 percent, reaching Rs. 680 billion 48 million 803 thousand in mid-July 2024 from Rs. 625 billion 787 million 873 thousand in mid-July 2023.
- 3.8 Deposits of BFIs in both domestic and foreign currencies (including SDF and Deposit Collection) surged by 89.87 percent to Rs. 659 billion 37 million 124 thousand in mid-July 2024, up from Rs. 347 billion 105 million 503 thousand a year earlier.
- 3.9 Deposits of the Government of Nepal (GoN) at the bank increased by 41.87 percent, reaching Rs. 63 billion 953 million 391 thousand in mid-July 2024, compared to Rs. 45 billion 89 million 448 thousand in mid-July 2023.
- 3.10 Total equity grew by 16.78 percent in mid-July 2024 compared to the same period in 2023. Within this, reserve funds rose by 16.96 percent to Rs. 543 billion 818 million 138 thousand, up from Rs. 464 billion 951 million 142 thousand..
- 3.11 The bank's share capital remained unchanged at Rs. 5 billion between mid-July 2023 and mid-July 2024.

### Income Statement

- 3.12 As per the income statement for the period from mid-July 2023 to mid-July 2024, Nepal Rastra Bank's net operating income increased by 19.90 percent, reaching Rs. 80 billion 244 million 709 thousand. Within the total net operating income for 2023/24, net interest income contributed 98.84 percent, the foreign exchange valuation accounted for a negative share of 0.32 percent, and other operating income represented 1.48 percent.



- 3.13 Net interest income rose by 26.76 percent in 2023/24, totaling Rs. 79 billion 316 million 532 thousand compared to the previous year. Conversely, income from foreign exchange transactions declined by 110.58 percent, amounting to Rs. 257 million 261 thousand. Other operating income stood at Rs. one billion 185 million 438 thousand during the review year.
- 3.14 The net income from foreign exchange and other asset revaluation before adjustment of gain or loss increased by 21.96 percent in 2023/24, reaching Rs. 73 billion 762 million 321 thousand. This compares to Rs. 60 billion 482 million 402 thousand recorded in 2022/23.

- 3.15 The statutory audit of Nepal Rastra Bank for the fiscal year 2022/23 was completed within the scheduled timeframe. Similarly, the audit for the review year was also completed on time, and the audit report was presented, discussed, and approved by the Board of Directors in its meeting held on 15 November 2024. Following the approval, the Board resolved to allocate the net profit to various designated reserve and statutory funds, in accordance with prevailing regulations. The remaining surplus amounting to Rs. 37 billion 223 million 821 thousand was transferred to the Government of Nepal (GoN).

## Nepal Rastra Bank

### Statement of Financial Position

As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

ASSETS	Note	31 Asar 2081	31 Asar 2080
<b>Foreign currency financial assets</b>			
Cash and balances with banks	4.1	131,658,377,029	168,977,007,897
Derivative financial assets		-	-
IMF related assets	4.2	23,991,803,148	25,857,875,413
Term deposit with foreign banks	4.3	598,508,477,426	522,462,011,410
Investments in foreign securities	4.4	1,127,741,874,366	660,349,505,571
Other receivables	4.5	-	-
<b>Total foreign currency financial assets</b>		<b>1,881,900,531,969</b>	<b>1,377,646,400,291</b>
<b>Foreign currency non-financial assets</b>			
Investment in Gold Certificates	4.6	83,322,433,218	66,343,243,740
<b>Total foreign currency non-financial assets</b>		<b>83,322,433,218</b>	<b>66,343,243,740</b>
<b>Total foreign currency assets</b>		<b>1,965,222,965,187</b>	<b>1,443,989,644,031</b>
<b>Local currency financial assets</b>			
Balances with banks		6,144,630	7,192,517
Investment in Government securities	4.7	23,047,152,978	77,286,432,125
Investment in bonds & term deposit	4.8	7,381,089,826	6,474,219,438
Advances and receivable from Government	4.9	1,946,658,278	1,606,000,000
Loan and advances to bank and financial institutions	4.10	118,433,601	1,668,021,778
Other loan and advances	4.11	9,399,741,857	7,925,776,904
Equity investment	4.12	4,302,806,764	5,511,498,272
Other receivables	4.13	1,745,467	34,176,375
<b>Total local currency financial assets</b>		<b>46,203,773,401</b>	<b>100,513,317,409</b>
<b>Local currency non-financial assets</b>			
Gold and silver assets	4.14	44,003,521,309	34,026,061,572
Inventories	4.15	1,449,807,211	1,587,137,333
Property, plant and equipment	4.16	6,437,994,139	5,624,429,738
Intangible assets	4.17	43,330,321	47,244,050
Other assets	4.18	3,662,986,225	2,337,858,811
<b>Total local currency non-financial assets</b>		<b>55,597,639,205</b>	<b>43,622,731,504</b>
<b>Total local currency assets</b>		<b>101,801,412,606</b>	<b>144,136,048,913</b>
<b>Total assets</b>		<b>2,067,024,377,793</b>	<b>1,588,125,692,944</b>

*The significant accounting policies and notes form an integral part of the financial statements*

Mr. Ram Prasad Gautam  
Acting Executive Director  
Financial Management Department

Dr. Ravindra Prasad Pandey  
Board Member

Dr. Shankar Prasad Acharya  
Board Member

Mr. Chintamani Sivakoti  
Board Member

As per our report of even date

Mr. Bam Bahadur Mishra  
Deputy Governor

Dr. Neelam Dhungana Timsina  
Deputy Governor

CA Satish Subedi  
S Subedi & Associates

CA Sudarshan Raj Pandey  
S.R Pandey & Co.

Dr. Ram Prasad Ghimire  
Secretary MOF/Board Member

Mr. Maha Prasad Adhikari  
Governor

CA Bijay Kumar Agrawal  
B.K Agrawal & Co.

Bamdev Sharma Adhikari  
Deputy Auditor General  
Office of Auditor General

Date: 29/07/2081

Place: Kathmandu

# Nepal Rastra Bank

## Statement of Financial Position

As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

Liabilities & Equity	Note	31 Asar 2081	31 Asar 2080
<b>Foreign currency financial liabilities</b>			
Derivative financial liabilities		-	-
Deposit of bank and financial institutions	4.19	12,868,855,095	6,329,971,790
IMF related liabilities	4.20	38,953,389,315	39,133,451,704
<b>Total foreign currency financial liabilities</b>		<b>51,822,244,410</b>	<b>45,463,423,494</b>
<b>Local currency financial liabilities</b>			
Bills Payable		111,732,583	115,247,041
Deposit of bank and financial institutions	4.19	290,718,269,398	280,775,531,424
Deposit of Government	4.21	63,953,391,009	45,089,447,616
Deposit of other institutions	4.22	20,063,196,070	17,951,793,496
Currency in circulation	4.23	680,048,802,701	625,787,872,530
Due to bank and financial institutions	4.24	355,450,000,000	60,000,000,000
IMF related liabilities	4.20	11,859,006,209	11,882,924,189
Surplus payable to Government		37,223,820,561	25,000,000,000
Other liabilities	4.25	1,592,587,319	1,398,701,261
<b>Total local currency financial liabilities</b>		<b>1,461,020,805,850</b>	<b>1,068,001,517,557</b>
<b>Other liabilities</b>			
Pension and other employment benefits payable	4.26	5,363,189,943	4,709,609,905
<b>Total local currency liabilities</b>		<b>1,466,383,995,793</b>	<b>1,072,711,127,462</b>
<b>Total liabilities</b>		<b>1,518,206,240,203</b>	<b>1,118,174,550,956</b>
<b>EQUITY</b>			
Capital		5,000,000,000	5,000,000,000
Reserves	4.27	543,818,137,590	464,951,141,988
<b>Total equity</b>		<b>548,818,137,590</b>	<b>469,951,141,988</b>
<b>Total liabilities and equity</b>		<b>2,067,024,377,793</b>	<b>1,588,125,692,944</b>

*The significant accounting policies and notes form an integral part of the financial statements*

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Financial Management Department

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Board Member

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Board Member

As per our report of even date

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Deputy Governor

Dr. Neelam Dhungana Timsina  
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S Subedi & Associates

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S.R Pandey & Co.

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B.K Agrawal & Co.

Bamdev Sharma Adhikari  
Deputy Auditor General  
Office of Auditor General

Date: 29/07/2081

Place: Kathmandu

## Nepal Rastra Bank

### Statement of Net Income and Other Comprehensive Income

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

	Note	31 Asar 2081	31 Asar 2080
<b>OPERATING INCOME</b>			
<b>Foreign currency income and expenses</b>			
Interest income on foreign currency financial assets	4.28	79,785,220,115	48,366,052,864
Interest expense on foreign currency financial liabilities	4.29	(1,618,999,680)	(1,142,224,926)
<b>Net foreign currency income</b>		<b>78,166,220,435</b>	<b>47,223,827,938</b>
<b>Local currency income and expenses</b>			
Interest income on local currency financial assets	4.30	3,336,345,665	15,430,732,700
Interest expense on local currency financial liabilities	4.31	(2,186,034,052)	(82,011,817)
<b>Net local currency income</b>		<b>1,150,311,613</b>	<b>15,348,720,883</b>
<b>Net interest income</b>		<b>79,316,532,048</b>	<b>62,572,548,821</b>
<b>Other income</b>			
Fee and commission income	4.32	120,714,523	126,366,094
Income on Gold Certificates	4.33	422,354,601	589,346,875
Gain or loss on sale of securities			
Realized gain/loss on foreign exchange transaction		(257,261,092)	2,432,600,882
Other income	4.34	920,665,908	1,416,838,335
Less: Fee and commission expense	4.35	(92,444,169)	(78,545,173)
<b>Net other income</b>		<b>1,114,029,771</b>	<b>4,486,607,013</b>
Allowance for ECL (loss)/gain on financial assets	4.36	(185,852,877)	(132,022,331)
<b>Total net operating income</b>		<b>80,244,708,942</b>	<b>66,927,133,503</b>
<b>OPERATING EXPENSES</b>			
Personnel expenses	4.37	3,873,034,981	3,922,522,977
Note printing expense		410,882,145	689,353,941
Administrative expenses	4.38	1,815,754,984	1,477,315,745
Depreciation, amortisation and impairment	4.39	382,716,123	355,539,259
<b>Total operating expenses</b>		<b>6,482,388,233</b>	<b>6,444,731,922</b>
<b>Net profit/(loss) before revaluation gain/loss</b>		<b>73,762,320,709</b>	<b>60,482,401,581</b>
Revaluation gain/(loss)			
Gold and silver revaluation gain/loss		26,596,033,683	17,112,315,089
Net foreign exchange revaluation gain/(loss)		14,995,429,467	10,009,028,778
<b>Net profit/(loss) for the year</b>		<b>115,353,783,859</b>	<b>87,603,745,448</b>

*The significant accounting policies and notes form an integral part of the financial statements*

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Date: 29/07/2081

Place: Kathmandu

**Nepal Rastra Bank**  
**Statement of Net Income and Other Comprehensive Income**  
**For the year ended 31 Asar 81**  
*(all amounts in Nepalese Rupees unless otherwise stated)*

	Note	31 Asar 2081	31 Asar 2080
<b>Net profit/(loss) for the year</b>		115,353,783,859	87,603,745,448
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Net unrealised gain from Equity Investment at FVOCI		635,186,270	346,463,285
<b>Subtotal</b>		<b>635,186,270</b>	<b>346,463,285</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Property revaluation gain/loss			
Re-measurement gain from defined benefit plan		101,846,034	(388,295,476)
<b>Subtotal</b>		<b>101,846,034</b>	<b>(388,295,476)</b>
<b>Total other comprehensive income</b>		<b>737,032,304</b>	<b>(41,832,191)</b>
<b>Total comprehensive income</b>		<b>116,090,816,163</b>	<b>87,561,913,257</b>

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Date: 29/07/2081

Place: Kathmandu

2023/24 Annual Financial Statement of Nepal Rastra Bank

**Nepal Rastra Bank**  
**Statement of Changes in Equity**  
**For the year ended 31 Asar 81**  
*(all amounts in Nepalese Rupees unless otherwise stated)*

Note	Capital	General reserve	Monetary Liability Reserve	Financial Stability Fund	Exchange Equalisation Fund	Gold and Silver Equalisation Reserve	Fair Value Reserve	Actuarial Gain Reserve	Open Market Operation Stabilization Fund	Other reserve	Retained Earning	Total
Balance as at 1 Sawan 2079	5,000,000,000	63,649,012,516	12,170,535,702	8,973,021,704	196,809,068,623	48,654,180,864	3,118,109,820	2,920,541,212	-	66,094,957,475	-	407,389,427,916
Net profit/(loss) for the year											87,603,745,448	87,603,745,448
Other comprehensive income for the year							346,463,285	(388,295,476)				(41,832,191)
<b>Appropriation of profit :</b>												-
General reserve		12,471,113,431					(439,432,861)			(300,387,474)	(11,731,293,096)	-
Monetary liability reserve			3,024,120,079								(3,024,120,079)	-
Financial stability fund				3,024,120,079							(3,024,120,079)	-
Open Market Operation Stabilization Fund									2,196,772,113		(2,196,772,113)	-
Exchange equalisation fund					10,009,028,778						(10,009,028,778)	-
Gold and silver equalisation reserve						17,112,315,089					(17,112,315,089)	-
Other reserve										14,851,014,924	(14,851,014,924)	-
Net cumulative surplus fund										655,081,290	(655,081,290)	-
<b>Inter fund transfer</b>											-	-
Administrative expense reimbursement of RSRF										(199,185)	-	(199,185)
<b>Surplus transfer to Government</b>											(25,000,000,000)	(25,000,000,000)
Balance as at 31 Asar 2080	5,000,000,000	76,120,125,947	15,194,655,781	11,997,141,783	206,818,097,401	65,766,495,953	3,025,140,244	2,532,245,736	2,196,772,113	81,300,467,030	-	469,951,141,988
Balance as at 1 Sawan 2080	5,000,000,000	76,120,125,947	15,194,655,781	11,997,141,783	206,818,097,401	65,766,495,953	3,025,140,244	2,532,245,736	2,196,772,113	81,300,467,030	-	469,951,141,988
Net profit/(loss) for the year											115,353,783,859	115,353,783,859
Other comprehensive income for the year							635,186,270					635,186,270
<b>Appropriation of profit :</b>												-
General reserve		11,274,655,157									(11,274,655,157)	-
Monetary liability reserve			3,688,116,035								(3,688,116,035)	-
Financial stability fund				3,688,116,035							(3,688,116,035)	-
Exchange equalisation fund					14,995,429,467						(14,995,429,467)	-
Gold and silver equalisation reserve						26,596,033,683					(26,596,033,683)	-
Open Market Operation Stabilization Fund									12,755,571,674		(12,755,571,674)	-
Transfer from OMO									(2,088,750,238)		2,088,750,238	-
Other reserve								101,846,034		7,091,153,478	(7,091,153,478)	101,846,034
Net cumulative surplus fund										129,638,007	(129,638,007)	-
<b>Inter fund transfer</b>											-	-
Administrative expense reimbursement of RSRF											-	-
<b>Surplus transfer to Government</b>											(37,223,820,561)	(37,223,820,561)
Balance as at 31 Asar 2081	5,000,000,000	87,394,781,104	18,882,771,816	15,685,257,818	221,813,526,868	92,362,529,636	3,660,326,514	2,634,091,770	12,863,593,549	88,521,258,515	-	548,818,137,590

The significant accounting policies and notes form an integral part of the financial statements

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Office of Auditor General

Date: 29/07/2081

Place: Kathmandu

## Nepal Rastra Bank

### Statement of Cash Flows

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

	31 Asar 2081	31 Asar 2080
<b>Cash flows from operating activities</b>		
Interest income received	83,121,565,780	59,476,794,402
Fees, commission and other income received	1,381,653,043	3,736,373,471
Interest expense paid	(3,805,033,732)	(102,524,970)
Personnel expense paid	(3,117,608,908)	(3,200,794,961)
Fees and commission Expense paid	(92,444,169)	(78,545,173)
Note printing expense paid	(410,882,145)	(689,353,941)
Administrative expense paid	(1,815,754,984)	(1,528,652,005)
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>	<b>75,261,494,885</b>	<b>57,613,296,823</b>
<b>Net (increase)/decrease in operating assets</b>		
Loan and advances to BFIs	1,549,797,399	268,566,128,978
Other loan and advances	(1,473,964,953)	(150,305,897)
Advances and receivable from Government	(340,658,278)	-
Inventories	137,330,122	631,747,343
Other receivables	33,594,466	(30,143,991)
Other assets	(1,325,127,414)	(632,682)
<b>Net increase/(decrease) in operating liabilities</b>		
Deposit of bank and financial institutions	16,481,621,279	87,678,703,908
Deposit of Government	18,863,943,393	(180,417,407,088)
Deposit of other institutions	2,111,402,574	(965,739,688)
Due to Bank and Other Financial Institutions	295,450,000,000	60,000,000,000
Other liabilities	200,978,422	126,961,517
<b>Cash flow from changes in operating assets and opeating</b>	<b>331,688,917,010</b>	<b>235,439,312,400</b>
<b>Net cash flow from operating activities</b>	<b>406,950,411,895</b>	<b>293,052,609,223</b>
<b>Cash flows from investing activities</b>		
Net purchase of property and equipment	(1,196,280,524)	(803,692,879)
Purchase of intangible assets	3,913,729	(23,823,185)
Sale of property and equipment	8,014,435	-
Net Sale/(purchase) of securities	(298,843,488,875)	(64,329,485,015)
Receipt from/(Investment) in term deposit	(104,620,791,992)	(103,949,015,400)
Net purchase of gold and silver	(360,615,532)	5,728,833,908
Net purchase of equity instruments	1,843,877,778	(1,289,862,814)
Dividend income received	70,973,442	150,774,282
<b>Net cash flow from investing activities</b>	<b>(403,094,397,539)</b>	<b>(164,516,271,103)</b>

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## Nepal Rastra Bank

## Statement of Cash Flows

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

	31 Asar 2081	31 Asar 2080
<b>Cash flows from financing activities</b>		
Net increase/(decrease) in currency in circulation	54,260,930,171	13,760,268,560
Lease payments	(10,606,821)	(40,240,724)
Net increase/(decrease) in liabilities with IMF	(213,996,617)	2,677,492,493
Interest paid on IMF related liabilities	10,016,248	(856,130,578)
Surplus paid to Government	(25,000,000,000)	(11,070,000,000)
<b>Net cash flow from financing activities</b>	<b>29,046,342,981</b>	<b>4,471,389,751</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32,902,357,337</b>	<b>133,007,727,871</b>
Exchange rate effect on cash and cash equivalents	14,738,168,375	10,009,028,778
ECL effect on cash and cash equivalents	-	-
Cash and cash equivalents as at the beginning of the year	625,163,666,070	482,146,909,421
<b>Cash and cash equivalents as at the end of the year</b>	<b>672,804,191,782</b>	<b>625,163,666,070</b>

The significant accounting policies and notes form an integral part of the financial statements

Cash and cash equivalent includes following assets:

<b>Assets</b>	31 Asar 2081	31 Asar 2080
Foreign currency cash in hand	25,243,089,889	30,961,825,026
Balances with other central banks	51,280,897,155	64,245,660,926
Balances with banks	55,129,173,069	73,772,790,010
SDR Holdings	23,791,069,016	25,649,141,930
Term deposit with maturity upto 3 months	43,819,360,000	71,583,174,285
Treasury bills with maturity upto 3 months	473,540,602,653	358,951,073,893
<b>Total</b>	<b>672,804,191,782</b>	<b>625,163,666,070</b>

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Date: 29/07/2081

Place: Kathmandu

# NEPAL RASTRA BANK

## Notes Forming part of Financial Statements

### Fiscal Year 2080-81 (2023-24 AD)

#### 1 General Information

Nepal Rastra Bank (hereinafter referred to as 'NRB' or 'the Bank'), the Central Bank of Nepal, was incorporated under Nepal Rastra Bank Act, 2012 as superseded by Nepal Rastra Bank Act, 2058 (amended on 2073). The Bank is domiciled in Nepal and its central office is located at Baluwatar, Kathmandu. The Bank's jurisdiction is spread throughout the country. The primary objectives of the Bank are to maintain economic stability; price stability as well as external sector stability, promote financial access and develop secured, healthy and stable payment systems. In order to attain these objectives, the Bank's principal functions include:

- a. Formulating necessary monetary and foreign exchange policies
- b. Issuing Nepalese currency notes and coins and maintaining record of Nepalese currency in circulation
- c. Foreign reserve management
- d. Promoting stability and liquidity required in banking and financial sector
- e. Developing a secure, healthy and efficient system of payment
- f. Regulating, inspecting, supervising and monitoring the banking and financial system
- g. Promoting entire banking and financial system of Nepal

#### 2 Basis of Preparation

##### 2.1 Statement of Compliance

The Bank's financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board, Nepal which are generally in compliance with the International Financial Reporting Standards as issued and applicable, except mentioned hereinafter. NFRS also include interpretations (IFRIC and SIC) as issued by International Accounting Standards Board.

The Bank's financial statements include Statement of Financial Position, Statement of Net Income and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to Accounts. The Bank's assets and liabilities are presented in the Statement of Financial Position in the order of their liquidity, and expenses are classified as per their nature.

##### 2.2 Basis of Measurement

The Bank's financial statements are prepared on a historical cost basis except for following material items.

Items	Measurement Basis
Financial Instruments at Fair value through profit or Loss	Fair value
Debt Instruments and other similar financial Instruments	Fair value as well as Amortized Cost
Equity investments	Fair value
Monetary Gold	Fair value
Inventories (Including gold & silver kept for further processing)	Cost or Net realizable value whichever is lower
Net defined benefit liability/(assets)-gratuity & pension fund and staff security fund	Fair value of plan assets less the present value of the defined benefit obligation

**2.3 Responsibility of Financial Statements**

The Management of the Bank is responsible for preparation and presentation of the Bank's financial statements and for the estimates and judgments used in them. The Bank's financial statements are approved by the Board Meeting held on 29<sup>th</sup> Kartik 2081.

**2.4 Presentation of Financial Statements**

The Bank has presented its assets and liabilities broadly in order of liquidity in the statement of financial position. Income and expenses are presented in the statement of net income based on nature of income/expenses. The Bank's financial assets and financial liabilities, and their associated income and expenses are further distinguished between foreign currency and local currency.

The Bank's Cash Flow Statement has been prepared by using the "Direct Method" in accordance with the NAS 7- Statement of Cash Flow. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined in point No. 3.2 of the NAS 7- Statement of Cash Flow.

**2.5 Functional and Presentation Currency**

The Bank's functional and presentation currency is Nepalese Rupee (NRs). All financial information are presented in Nepalese Rupee except otherwise indicated. The figures have been rounded up to the nearest rupee.

**2.6 Materiality and Aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

**2.7 Offsetting**

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when and only when, the Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Bank has offset the cash at vault with the currency in circulation and presented the net amount of currency in circulation as liabilities in the Statement of Financial Position.

**2.8 Comparative Information**

The comparative information is reclassified whenever necessary to conform with the current year's presentation. The narrative and descriptive information has been given in notes to the financial statements, where relevant, for the understanding of the current year's financial statements.

**2.9 Fiscal Year**

The financial statements relate to the fiscal year 2080/81 i.e. 1<sup>st</sup> Shrawan 2080 to 31<sup>st</sup> Asar 2081 corresponding to Gregorian calendar 17<sup>th</sup> July 2023 to 15<sup>th</sup> July 2024. The previous year was 1<sup>st</sup> Shrawan 2079 to 31<sup>st</sup> Asar 2080 (17<sup>th</sup> July 2022 to 16<sup>th</sup> July 2023).

**2.10 Use of Estimates, Assumptions or Judgments**

The preparation of the financial statements in conformity with NFRS requires management to make judgment, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

The financial statements have been prepared on going concern basis. Estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about significant areas of estimates, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

- Key assumptions used in discounted cash flow projections
- Measurement of defined benefit obligations
- Provisions and contingencies
- Determination of net realizable value
- Determination of useful life of the property, plants and equipment
- Determination of capitalization value and useful life of the intangible assets

**2.11 Controlling Body**

The controlling body of the Bank is the Government of Nepal (GoN) holding 100 percent of its share capital. In the normal course of its operations, the Bank enters into following transactions with GoN and state controlled enterprises/entities:

- The Bank shall be the banker and financial advisor of Government of Nepal and a financial agent of the Government of Nepal.
- Government of Nepal shall consult the Bank on any matters that are within the jurisdiction of its competence. It shall be the duty of the Bank to advice on matter consulted by the Government of Nepal.
- Government of Nepal shall, while preparing annual budget, consult the Bank on the domestic debt including overdrafts.
- The Bank shall submit a pre-budget review report to Government of Nepal each year on the economic and financial matters.

The Bank does not generally collect any commission, fees or other charges for services, which it renders to the Government of Nepal or related entities except where agreement states otherwise.

## 2.12 Basis of Consolidation

As per NFRS 10- Consolidated Financial Statements, “an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.” The Bank's investment in Rastriya Beema Sansthan and Agriculture Project Service Center is in excess of 50% of the paid up capital of those entities. These investments were made under the specific directives or policies of the Government of Nepal and other relevant statutes. Accordingly, the Bank did not exercise control or significant influence on the entities except for regulatory purposes. As the requirement of NFRS 10- Consolidated Financial Statements does not meet for consolidation, the consolidation of the financial statements of the subsidiaries is not done. These investments are accounted at fair value through other comprehensive income as per NFRS 9.

## 2.13 Basis of Accounting for Investment in Associates

NAS 28 mentions that an entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the equity method. Further, the standard clarifies that significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Bank's investment in National Productivity and Economic Development Ltd. is in excess of 20% of the paid up capital of the entity. These investments were made under the specific directives or policies of the Government of Nepal and other relevant statutes. Accordingly, the Bank did not exercise significant influence on the entities except for regulatory purposes. As the requirement of NAS 28- Investments in Associates for being the associates of the Bank does not meet, the equity accounting for such investment has not been done. These investments are accounted at fair value through other comprehensive income as per NFRS 9.

## 2.14 Changes in Accounting Policies

The bank has applied its accounting policies consistently and there is no any change in any accounting policy followed by the Bank during this fiscal year.

## 3 Significant Accounting Policies

### 3.1 Financial Assets and Financial Liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A. Financial Assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

##### (i) Recognition

The Bank initially recognizes loans and advances, deposit with other bank, investment in securities on the date of which the Bank becomes a party to the instruments. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date which is the date on which the Bank becomes a party to the contractual provisions of the instruments.

##### (ii) Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

The Bank classifies its financial assets into one of the following categories:

#### - Financial assets measured at amortized cost:

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments for which the business model of the Bank is to collect contractual cash flows and the contractual cash flows include solely payment of principal and interest only. Financial assets measured at amortized cost

are initially recognized at fair value plus any transaction costs. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

Following financial instruments are measured at amortized cost:

**a) Cash in hand and balance with banks**

Cash in hand and balance with banks include notes and unrestricted balances held with banks domiciled domestically and at abroad. This also includes balances at current account of foreign central banks and Bank for International Settlement. These balances are measured at amortized cost and the transaction amount is the initial fair value of the asset. There is no any transaction cost on these balances and interest income if any on bank balances is recognized at effective interest rate. The Bank has recognized allowances for impairment on these assets using expected credit loss method.

**b) IMF related assets**

International Monetary Fund (IMF) related assets include Special Drawing Rights (SDR) holding of the Bank at IMF and interest receivable from IMF. These assets are measured at amortized cost. Initial measurement is made at fair value which is the transaction value and there is no any transaction cost. Interest income is recognized at effective interest rate. Due to the nature of the transaction with IMF, the allowance for impairment loss on this asset determined at zero.

**c) Term deposit with banks**

The term deposit with banks includes term deposit with foreign banks as well as domestic banks and financial institutions. These are the interest bearing deposit with banks for specific period of time. These assets are measured at amortized cost. Initial measurement is made at fair value which is the transaction value and there is no any transaction cost. Interest income is recognized at effective interest rate. The Bank has recognized allowances for impairment on these assets using expected credit loss method.

**d) Investments in Government securities**

Investment in Government securities includes investment in coupon bonds, treasury bills and treasury notes of foreign Government. This account also includes investment in development bonds, citizen saving bonds, foreign employment bonds and treasury bills issued by Nepal Government. These assets are measured at amortized cost. Initial measurement is made at fair value which is the transaction value. Transaction cost is recognized in this account. Any premium or discount paid/received on transaction or at the maturity of the investment is amortized over the tenure of specific instrument using effective interest rate. Interest income is recognized at effective interest rate. The Bank has recognized allowances for impairment on foreign Government securities using expected credit loss method. Allowance for impairment loss on Nepal Government's securities is determined at zero due to nature of relation with Nepal Government.

**e) Loan and advances to bank and financial institutions**

Loan and advances to bank and financial institutions stand for loan and advances made as per monetary policy instrument. This includes standing liquidity facilities, repo transactions, lender of last resort and refinance facilities. These assets are measured at amortized cost. Initial measurement is made at fair value which is the transaction value. Interest income is recognized at effective interest rate. The Bank has recognized allowances for impairment using expected credit loss method. Allowance for impairment loss on standing liquidity facility and repo transactions are determined at zero due to nature of transaction. These transactions are fully secured by collateral of Nepal Government securities.

**f) Other Loan and Advances**

Loan and advances to others include loans to employees, pension advance, construction advance, travelling advance, other advances etc. These assets are measured at amortized cost. Initial measurement is made at fair value. Since, the loan to employees is subsidized or interest free loan, its fair value is measured by adopting valuation technique of projected cash flow method. Fair value of other assets is taken as transaction value. Interest income on loan to staff is recognized at effective interest rate. The Bank has recognized allowances for impairment using expected credit loss method.

**- Financial assets measured at fair value through other comprehensive income:**

Financial assets measured at fair value through other comprehensive income include investment in equity instruments of other entities. The Bank has made irrevocable election at initial recognition to recognize the changes in fair value through other comprehensive income. All investments in equity instrument of other entities are classified under this heading. These investments are initially measured at fair value. The initial fair value is the transaction value. Transaction cost, if any is recognized in the investment amount. The subsequent measurement of these assets is done at fair value. The fair value is market value of particular instrument. If market value is not available for any instruments, its fair value is determined by adopting valuation method. The change in fair value is recognized in other comprehensive income.

- **Financial assets measured at fair value through profit or loss:**

All financial assets other than measured at amortized cost and at fair value through other comprehensive income are measured at financial assets measured at fair value through profit or loss. Assets classified under this class are measured at fair value. Transaction cost is recognized in statement of net income. The change in fair value is recognized to statement of net income. There is no asset classified under this heading during the year.

(iii) **De-recognition**

The Bank derecognizes financial assets when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Bank neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On de-recognition of financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the consideration received (including any new assets obtained less any new liability assumed) is recognized in income or expenditure. Any interest in transferred financial assets that does not qualify for de-recognition that is created or retained by the Bank is recognized as a separate assets or liability.

**B. Financial liabilities**

A financial liability is any liability that is a contractual obligation to deliver cash or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, a contract that will or may be settled in the entity's own equity instrument.

**i) Recognition and Measurement**

All financial liabilities are recognized initially on the trade date, which is the date that the bank becomes a party to the contractual provisions of the instrument except for Debt Securities which are initially recognized on the date that they are issued. Such financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

**ii) De-recognition**

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired.

**C. Offsetting**

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Please refer to Note 2.7 for further details.

**D. Amortized cost measurement**

The 'amortized cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

**E. Fair value measurement**

The Bank measures financial instruments, such as, investment in equity instrument, at fair value at each reporting date. The fair values of financial instruments measured at amortized costs are disclosed in Note 5.6.4.

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction. The fair value measurement is based on the presumption that the transaction to sell the assets or transfer the liability takes place in the principal market. Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques such as discounted cash flows. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Details related to fair value hierarchy is presented in Note 5.6.5.

**F. Impairment of financial assets**

The Bank recognizes loss allowances for expected credit loss (ECL) on the financial instruments that are measured at amortized cost. Loss allowance on financial assets measured at fair value through other comprehensive income is not recognized as this class of assets includes investment in equity instrument only which are measured at fair value. The loss allowance is recognized in profit or loss.

The Bank measures loss allowances at an amount equal to 12 months ECL for Stage 1 financial instruments. Stage 1 financial instruments include financial assets which are not due or due for up to 30 days as well as assets which are in investment grade i.e. sovereign and other investment grade rated assets. Life time loss allowance is measured on financial instrument which are classified as "Stage 2 financial instruments". Stage 2 financial instruments includes asset which are past due for more than 30 days but up to 90 days. Stage 2 financial instruments also include assets which are referred to non investment grade investment. Life time ECL is also measured for credit impaired assets which is referred to as "Stage 3 financial instruments" A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the assets is past due for more than 90 days or a breach of contract such as a default;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization

**Measurement of allowances for expected credit loss**

The Bank uses "internal default experience" method for measurement of allowances for expected credit loss. For the financial assets on which there is no any default history, allowance for expected credit loss is measuring by adopting "mapping to external data" method. The mechanism of the ECL calculations is outlined below with the key elements.

- **Exposure at Default**

The Exposure at Default is an estimate of the exposure at a future default date. The exposure at default includes principal amount and interest receivable. The committed amount of investment is also included in exposure at default.

- **Probability of Default (PD)**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period. The Bank considers a particular obligor has defaulted in any of following two events:

- The obligor is past due for more than 90 days, or
- The Bank considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse by the Bank to actions such as realizing security if any held.

The Bank uses credit rating specific PD's of issuers/counterparties from S&P for all its foreign investments amortized cost. Sovereign credit rating is used for central bank, foreign government and bank for international settlement. PD's for local currency is calculated based on default history. In the absence of default history, a floor rate for PD is used as backstop.

- **Loss Given Default (LGD)**

The Loss Given Default is an estimate of the loss arising in the case where a default due and those that the lender would expect to receive, including from the realization of any collateral. The Bank determines LGD for local assets based on historical recovery rates. Floor rate, for financial assets without default experience, is used as backstop.

**Write off**

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in "impairment losses on financial instruments" in the Statement of Income and OCI.

**G. Designation at fair value through Profit or Loss**

The Bank has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**3.2 Cash and Cash Equivalents**

Cash and Cash Equivalents include notes, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. The Bank holds Cash and Cash Equivalents for management of its short-term commitments and it is carried at amortized cost in the Statement of Financial Position. Allowance for expected credit loss is recognized on Cash and Cash Equivalents.

**3.3 Trading Assets and Liabilities**

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. These assets are accounted for on trade date.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position with transactions cost recognized in statement of income. All changes in the fair value are recognized as part of the net trading income in statement of income. Further, the difference in the book value of the trading assets and the disposal proceeds is recognized in statement of net income.

**3.4 Gold and Silver**

Gold and silver assets include paper gold deposit, trading gold; and physical gold and silver held at reserve. Gold and silver is measured at fair value. Fair value of paper gold deposit and trading gold at initial recognition is measured at transaction price. Subsequently, the fair value is taken as fixing rate from London Bullion and Metal Association. The fair value of gold and silver held at reserve is measured as market rate offered by Federation of Nepal Gold and Silver Dealers Association. Transaction cost is recognized in statement of net income. The change in fair value is recognized in statement of net income. Revaluation gain/loss arises on gold and silver is appropriated to "Gold and Silver Equalization Reserve" at the time appropriation of profit.

**3.5 Foreign Currency Transaction**

Income and expenditure denominated in foreign currency are translated into Nepalese Rupees on the basis of exchange rate prevailing on the value date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year/origination date, adjusted for effective interest and payment during the year and the amortized cost in the foreign currency translated at the rate of exchange at the reporting date.

Non-monetary assets and liabilities are measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions.

An amount equivalent to the net exchange gain/loss during the year is transferred to/from 'Exchange Equalization Fund' through Statement of Appropriation.

**3.6 Income tax**

Income of the Bank is exempted from taxes under section 8 of the Nepal Rastra Bank Act, 2058 as well as Section 10 of Income Tax Act, 2058.

**3.7 Property, Plant and Equipment**

Property, plant and equipments are tangible items that:

- a. are held for use in production or supply of goods or services or for administrative purposes; and
- b. are expected to be used during more than one period.

**i. Recognition**

The cost of an item of property, plant and equipments is recognized as an asset if, and only if:

- a. it is probable that future economic benefits associated with the item will flow to the Bank; and
- b. cost of the item can be measured reliably.

However, any asset having value below Rs.25,000 other than land is directly expensed to statement of net income in the year of purchase.

The cost of construction or acquisition of the item of property, plant and equipments is capitalized under the respective head of Property, Plant and Equipments only on completion of the construction work.

**ii. Measurement****a. Initial Measurement**

The cost of an item of property, plant and equipments comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. However, administration and other general overhead costs are not be capitalized.

**b. Subsequent Measurement**

Property, Plant and Equipments are measured using cost model. Hence, the value of the assets is recognized as cost less accumulated depreciation and any accumulated impairment losses.

**iii. De-recognition**

The carrying amount of an item of property, plant and equipments is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipments (calculated as the difference between the net proceeds from disposal and carrying amount of the items) is recognized within other income in Statement of Net Income.

**iv. Depreciation**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Land is not depreciated. All other property, plant and equipments are depreciated from immediate next month of the date they are available for use or in respect of self-constructed assets, from the date that the construction is completed and ready for use. Similarly, while disposing any depreciable assets, the depreciation is charged till the immediate preceding month from the date of disposal.

Depreciation is charged on straight line method over the estimated useful life of current and comparative years of significant items of property, plant and equipments. The Bank estimates the useful life and residual value of the depreciable assets. Since the Bank does not have any intention to sell or dispose the items of Property, Plant and Equipments before the expiry of their useful life, the residual value of all such assets has been considered to be Re 1. Useful lives are reviewed on each reporting date and adjusted if required.

The estimated useful lives of the significant items of Property, Plant and Equipments are as follows:

Class of assets	Estimated useful life
Building	Above 33 years
Building- Temporary Structure	5 years
Office Equipment	5 years
Computer & Accessories	4 years
Fixtures and fittings	10 years
Machinery Equipments	5 years
Vehicles	4-5 years
Others	5 years

**v. Impairment**

At each reporting date, the Bank reviews the carrying amounts of its assets under Property, Plant and Equipments to determine where there is an indication of impairment. If such indication exists (i.e. if Book Value > Recoverable Amount), then the asset's recoverable amount is estimated.

Impairment losses are recognized in Statement of Net Income. Any reimbursements received from Insurance Companies related to the claims of the impaired assets are recognized separately as "Other Income" in the Statement of Net Income.

**vi. Assets received in grant**

Grant at fair value is not recognized until there is reasonable assurance that the bank will comply with the conditions attaching to them and the grant will be received. The Bank follows the alternative approach to account for the assets received in grant i.e. it records both the assets and the grant amount in nominal value.

Accordingly, equipments acquired under grant are recognized as "Grant Assets" at nominal value and included under respective head of property, plant and equipments.

### 3.8 Intangible Assets

An Intangible Asset is an identifiable non-monetary asset without physical substance. Intangible assets include software purchased by the Bank.

#### i. Recognition

An intangible asset shall be recognized if, and only if:

- a. The asset is identifiable
- b. It is probable that the economic benefits that are attributable with the item will flow to the Bank; and
- c. Cost of the asset can be measured reliably.

#### ii. Measurement

Intangible assets are measured initially at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use. Subsequently, the intangible assets are measured at cost less accumulated amortization and any impairment losses. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred. Subsequent cost on software is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

#### iii. Amortization

Software, useful life of which have been defined by terms of contract or conditions for use are amortized on straight line basis over the useful life of asset. Software, useful life of which have not been clearly defined by terms of contract or condition of use as well have a definite useful lives due to technological obsolescence are amortized on straight line basis over estimated useful life of ten years and five years for business application software and other software respectively.

#### iv. Impairment

When there is an indication of impairment (i.e. if Book Value > Recoverable Amount), then the impairment of such intangible asset is recognized. Impairment losses are recognized in Statement of Net Income.

#### v. De-recognition

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising formed-recognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognized in Statement of Net Income on disposal.

### 3.9 Leases

Payments made under operating leases are accounted as per NFRS 16. At the inception of the lease, the Bank recognizes right of use assets and lease liabilities. Right of use assets is measured at cost which comprises the amount of initial measurement of lease liabilities, any lease payments made at or before the commencement of the lease less any incentives received, any initial direct cost incurred by the Bank and an estimated cost of dismantling and removing the underlying asset. The right of use assets is subsequently depreciated using straight line method from the commencement date to the end of the lease term. In addition, the right of use assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is measured at present value of lease payments that are not paid at the commencement of the lease. The lease payments are discounted by incremental borrowing rate to determine the present value. The Bank does not have any borrowing during the year, so general refinance rate is taken as proxy of incremental borrowing rate of the Bank. Subsequently, the carrying amount of lease liability is increased to reflect the interest on lease liability, decreased by the amount of lease payments and adjusted for re-measurement of carrying amount to reflect any reassessment or lease modification.

The lease liability is re-measured when there is changes in future lease payments than the agreed amount or the Bank opts for the extension of lease term. When the lease liability is re-measured, corresponding adjustment is made to the carrying amount of the right of use assets, or is recorded in income statement if the carrying amount of the right of use assets has been reduced to zero.

Interest on lease liability is recognized in statement of net income. Interest amount is determined in each period during the lease term at the amount that produce constant periodic rate of interest on outstanding lease liabilities. Variable payments if any that is not included in the measurement of lease liabilities are recognized in statement of net income in the period in which the event or condition that triggers those payments occurs.

**3.10 Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

**3.11 Impairment of Non-Financial Assets**

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine where there is an indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. The Bank assesses whether events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Bank makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Impairment losses are recognized in Statement of Net Income. Impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

**3.12 Inventories**

Inventories of the Bank include gold and silver stock physically held for minting and processing purpose, coin stock, metal and numismatic stock and dispensary stock. Inventories are initially measured at cost and it is carried at cost or net realizable value whichever is lower. Cost for gold and silver is determined on the basis of specific identification method where as cost for other inventories is determined under the weighted average method. Other stores items are charged directly to Statement of Net Income.

Allowance is made for slow moving inventories. Numismatic and Medallion coins and Non-moving metals are written down to zero as there is no any net realizable value of those assets in the normal course of the business. The loss is recognized in Statement of Net Income. Carrying amount of inventories are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the net realizable value below the cost are recognized as income/expenses in the Statement of Net Income.

**3.13 Deposits and Borrowings**

Deposits and borrowings (debt securities issued) are the source of funds of the Bank in addition to its reserves. The Bank accepts interest free deposits from Government of Nepal (GON) since it acts as a banker of GON as per Nepal Rastra Bank Act, 2058. Similarly, being the banker of all banks, the Bank accepts deposits from the banks and financial institutions as well. Further, deposits from other institutions such as Public Entity, Foreign Central Banks, International Banks and other International Organizations are also accepted by the Bank during the course of its operation. These deposits are accounted for as Financial Liabilities.

Further, deposits and borrowings (including debts securities issued) are initially measured at fair value minus incremental direct transaction cost and subsequently measured at their amortized cost using the effective interest method, except where the Bank designates liabilities at fair value through profit or loss.

**3.14 IMF Related Liabilities**

IMF Related Liabilities include Special Drawing Rights (SDR) Allocation and Interest bearing loan under Rapid Credit Facility (RCF) and Extended Credit facility (ECF). Interest needs to be paid on amount of loan provided by IMF where as no any interest needs to be paid on deposit amount placed by IMF in NRB. Such liability is accounted at amortized cost. Contractual interest rate is considered to be the effective interest rate for accounting purpose since there is no any other directly attributable cost incurred for this purpose.

The liability is derecognized when such liability is paid off or when IMF waives the right to receive the amount of liability. Any difference in the book value and amount paid to settle the liability is recognized in Statement of Net Income.

**3.15 Currency in Circulation**

Currency in circulation represents notes issued by the Bank as a sole currency issuing authority in Nepal. Currency notes issued by the Bank are legal tender under the Nepal Rastra Bank Act, 2058. This represents the liability of the Bank towards the holder of the currency note. The liability for notes in circulation is recorded at face value in the balance sheet. These liabilities are secured by assets including foreign currency and foreign securities etc. as permitted by Nepal Rastra Bank Act, 2058.

The Bank also issues coins of various denominations for circulation. Currency in circulation liability does not include the liability on account of coins in circulation, as allowed by the Act.

The Bank offsets the cash at vault with the currency in circulation and presented the net amount of currency in circulation as liabilities in Statement of Financial Position.

All costs incurred during circulation of the currency are expensed in statement of net income. Any amount that has been removed from the economy is accounted for as disposal of Financial Liabilities.

### 3.16 Transactions on Repurchase Obligations (Repo) and Reverse Repo

*Repurchase Arrangements (Repo) and Reverse Repo of securities are recorded as follows:*

- a. Securities purchased under Repurchase Agreement (Repo) are recognized as loans and advances to BFIs under the heading of refinance and loan to banks. Interest income on Repo facility is recognized as per effective interest rate method. The difference between the purchase price and sale price is recognized as interest income over the tenure of the facility using effective interest rate.
- b. Securities sold under Reverse Repurchase Agreement ('Reverse Repo') are recognized as short term borrowings. Interest expense on Reverse Repo is recognized as per effective interest rate method. The difference between the sale price and purchase price is recognized as interest expenses over the tenure of the facility using effective interest rate.

Securities lent to counterparties are also retained in the statement of financial position.

### 3.17 Bills Payable and Bills Receivable

The Bank carries out the function of repayment of Government securities and interest thereon on behalf of the Government of Nepal (GON). Bills Payable primarily represents the year end undisbursed or unadjusted amount of payments received from GON in respect of interest/repayment liabilities of such securities. The year-end balance of Bills Purchased represents the amounts paid by the Bank to the security holders but the corresponding claim adjustment with Bills Payable is pending.

### 3.18 Provisions

A provision is recognized if as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Where the Bank expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable to be received.

### 3.19 Employee Benefits

- **Short term employee benefits**

Short term employee benefits are the benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and obligation can be estimated reliably. These includes salary, overtime, various allowance, staff Welfare etc.

- **Post Employment Benefits**

Post employment benefits are employee benefits that are payable after the completion of employment.

#### **A. Defined Contribution Plan**

A defined contribution plan is a post employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as employee benefit expenses in the Statement of Net Income in the periods during which the related services are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employees render the service are discounted at their present value. Following are the defined contribution plan provided by the Bank to its employees:

#### **i. Contributory Retirement Fund**

All permanent employees are entitled for participation in employee's Provident Fund (Retirement Fund) wherein the employees contribute at various rates of their current drawn salaries. The Bank contributes 10% of basic salary (with grade) to this fund, which is separately administered as a defined contribution plan as per Nepal Rastra Bank Staff By-Law, 2068: Rule 78, Sub-rule 1(a) & 1(c). The Bank's obligations for contributions to the above Fund are recognized as an expense in Statement of Net Income as the related services are rendered.

**ii. Welfare Provident Fund**

Certain amounts as prescribed by the Board of the Bank are annually transferred to this fund, which is meant to be a defined contribution scheme for the welfare of the employees, as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(b) and 1(c). Contributions by the Bank are expensed in Statement of Net Income as the related services are accounted.

**B. Defined Benefits Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on corporate bonds, that have maturity dates approximating the terms of the Bank's obligation and that are denominated in the currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The Bank recognizes all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.

Re-measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest) and the effect of the assets ceiling (if any excluding interest) are recognized immediately in other comprehensive income. The Bank determines the net interest expenses (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefits liability (assets), taking into account any changes in the net defined benefits liability (asset) during the period as a result of contribution and benefits payments. Net interest expenses and other expenses related to defined benefit plans are recognized in personnel expenses in Statement of Net Income.

Following are the defined benefit plans provided by the Bank to its employees:

**i. Gratuity and Pension Scheme**

Gratuity and Pension Scheme is a defined benefit obligation under which employees having service period of five years or more but less than twenty years are eligible for gratuity, which is based on last pay scale of staff's existing designation and completed years of service. Similarly, employees having service period of twenty years or more are eligible for pension, which is based on last pay scale of staff's existing designation and completed years of service. The Bank measures the obligation of this plan as valued by a qualified actuary using projected unit credit method. All expenses related to defined benefit plans in employee benefit are expensed in Statement of Net Income.

**ii. Staff Security Fund**

Staff Security Fund is defined benefit plan under which all the permanent employees are entitled to staff security fund at the time of retirement, death or termination from the service by any other circumstances at the predetermined factor prescribed by the Bank, which is based on last drawn salary and completed years of service as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(e). Employees having service period of thirty years are eligible for maximum sixty three months salary. The Bank measures the obligation of this plan as valued by a qualified actuary using projected unit credit method. All expenses related to defined benefit plans in employee benefit are expensed in Statement of Net Income.

- Other long term employee benefits**

Other long-term employee benefits are all employee benefits other than short term employee benefits, post-employment benefits and termination benefits. The Bank's net obligation in respect of long term employee benefits is the amount of future benefits that employees earned in return for their service in the current and prior period. That benefit is discounted to determine its present value. The present obligation on these liabilities is determined by actuary adopting projected unit credit method. Re-measurement gains/losses are recognized in Statement of Net Income in the period in which they arise.

**i. Leave Encashment**

As per Nepal Rastra Bank Staff By-Law, 2068: Rule 86, 87 and 91, the employees are entitled to en-cash their un-utilized accumulated leave at the time of retirement or any other prescribed time as decided by the management of the Bank. Home leave, Sick leave and Special Leave are defined benefit plans which are recognized when the leave remains un-availed at the time of closing date. Provision is created for liability on employees' leave based on obligation dischargeable to employees at balance sheet date.

**ii. Staff Medical Fund**

Employees are eligible for medical benefits based on the specified slabs as per medical rules, last drawn salary and completed years of service, as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(d). Incremental liability is provided for and transferred to this Fund.

- **Termination Benefits**

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The termination benefits are expensed at the earlier of which the Bank can no longer withdrawn the offer of those benefits and when the Bank recognizes costs for restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

**3.20 Interest Income and Expenses**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Bank and the amount of revenue can be measured reliably. Expenses are accounted on accrual basis.

Interest income/expenses is recognized in Statement of Net Income using the effective interest method when it is probable that the economic benefits associated with the transaction will flow to the Bank and the amount of revenue can be measured reliably.

The effective interest rate is the rate that exactly discount estimated future cash receipt or payment through expected life of the financial instrument or where appropriate a shorter period, to the net carrying amount of the financial asset and liability. While calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instruments but excluding future credit losses. The calculation includes all amount paid or received by the Bank that are an integral part of the effective interest rate of the financial instrument, including the transaction costs and other premium or discounts.

Interest income on stage 1 and stage 2 financial assets measured at amortized cost is recognized on gross carrying amount. Interest income on stage 3 financial assets is recognized on net carrying amount.

Interest income on investments from certain banks and financial institutions which are declared as problematic and receipt of interest from which is not forthcoming are not recognized.

**3.21 Non Interest Income****i. Fees and Commission income**

Fees and commission income is earned for currency exchange and government transactions and other services. These are measured on accrual basis.

**ii. Net trading income**

Net trading income comprises gains less losses relating to trading assets and liabilities and includes all realized and unrealized fair value changes.

**iii. Net income from financial instruments designated at fair value**

All gains and losses from the changes in the fair value of financial assets and liabilities designated at fair value are recognized through Net Income. Interest income and expenses and dividend income arising on these financial instruments are also included, except for interest arising from debt securities issued by the Bank, and derivatives managed in conjunction with those debt securities which is recognized in Interest expense.

Net income from other financial instruments at fair value through profit and loss related to non-trading derivatives held for risk management purposes that do not form part of the qualifying hedge relationships are recognized through statement of net income. It includes realized and unrealized fair value changes, interest, dividend and foreign exchange differences.

**iv. Other Income and Expenses**

Other income and expenses are recognized on an accrual basis. The following incomes are recognized based on the recognition criteria explained here under.

- Balances unclaimed and outstanding for more than three clear consecutive accounting years in unclaimed account is written back to income.
- Dividend income is recognized when the right to receive income is established.
- Penal income is accounted on cash basis.
- Profit/loss from sale of precious metal and coins are recognized when the sale is made.

- Grant income is not recognized until there is reasonable certainty that the entity will comply with the conditions attaching to it, and that the grant will be received. Grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs is recognized in statement of net income of the period in which it becomes receivable.

Gains and losses arising from incidental activities to the main revenue generating activities and those arising from a group of similar transactions which are not material are aggregated, reported and presented on a net basis.

### **3.22 Note Printing Expenses**

The Bank procures note printing service from note printing service providers outside from the country. Note printing expenses include cost of printing notes and cost incurred to bring note to our premises. These costs include transportation cost, transit insurance and loading/unloading expenses. Note printing expenses is recognized in statement of net income at the time of receipt of the notes by the Bank.

### **3.23 Unclaimed Account**

Unclaimed account under Sundry Liabilities represents amount that remained unclaimed and outstanding for more than two years. Amount outstanding for more than three years in unclaimed account is transferred to miscellaneous income in Statement of Net Income.

### **3.24 Contingent Liabilities and Commitments**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. All outstanding letter of credit issued, capital commitments, litigation amount and unclaimed amount recognized as income, which are not recognized as liabilities in Statement of Financial Position, are shown under respective headings disclosed as Contingent Liabilities and Capital Commitments items. Where applicable, such amounts are measured at best estimates.

### **3.25 Consolidation of Project Accounts**

The Bank manages and implements various projects, which are helpful in attaining its objectives, on its own by entering into project agreement with the funding agencies or subsidiary loan agreements with Government of Nepal or on behalf of Government of Nepal (GON).

The projects for which the Bank has entered into separate subsidiary loan agreements with Government of Nepal or has entered into separate project agreements with other funding agencies are consolidated with the Bank's account. For projects which are implemented by the Bank on behalf of the GON, the accounts of these projects are not consolidated with the Bank's financial statements as the Bank has no obligation towards such projects or any other counter party and there is no right of the Bank in assets, liabilities, equity, income and expenses of such projects. Disclosure of such projects is given in the notes.

### **3.26 Events Occurring after the Reporting Date**

All material subsequent events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

# Nepal Rastra Bank

## Notes to the financial statements

### As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.1	Cash and balances with banks	31 Asar 2081	31 Asar 2080
	Foreign currency cash in hand	25,243,089,889	30,961,825,026
	Balances with other central banks	51,280,897,155	64,245,660,926
	Balances with foreign banks	55,123,027,468	73,765,596,523
	Money at overnight placements with other central banks	-	-
	Interest receivable	35,000,282	22,680,077
	Less: Allowances for expected credit loss	(23,637,765)	(18,754,655)
	<b>Total cash and balance with banks</b>	<b>131,658,377,029</b>	<b>168,977,007,897</b>
4.2	IMF related assets	31 Asar 2081	31 Asar 2080
	Special drawing right holding	23,791,069,016	25,649,141,930
	Interest receivable	200,734,132	208,733,483
	Less: Allowances for expected credit loss	-	-
	<b>Total IMF related assets</b>	<b>23,991,803,148</b>	<b>25,857,875,413</b>
	Details disclosure regarding the financial position on IMF is provided in Note 5.14		
4.3	Term deposit with foreign banks	31 Asar 2081	31 Asar 2080
	Term deposit with maturity of 3 months or less	43,819,360,000	71,583,174,285
	Term deposit with maturity of more than 3 months	551,169,998,743	447,107,962,128
	Interest receivable	3,975,886,250	4,267,570,670
	Less: Allowances for expected credit loss	(456,767,567)	(496,695,673)
	<b>Total term deposit with banks</b>	<b>598,508,477,426</b>	<b>522,462,011,410</b>
4.4	Investment in foreign securities	31 Asar 2081	31 Asar 2080
	Investment measured amortised cost		
	Treasury bills	473,540,602,653	358,951,073,893
	Treasury Notes	425,622,066,365	157,203,305,023
	Mid Term Instruments (MTI)	126,282,230,415	12,516,455,931
	Coupon bonds	96,453,226,913	129,436,323,270
	Interest receivable	6,425,308,468	2,543,979,916
	Less: Allowances for expected credit loss	(581,560,448)	(301,632,462)
	Investment measured fair value through OCI		
	Treasury bills		
	Treasury Notes		
	Coupon bonds		-
	Less: Allowances for expected credit loss	-	-
	Investment measured fair value through profit or loss		
	Treasury bills		
	Treasury Notes		
	Coupon securities		
	Coupon bonds		
	<b>Total investment in securities</b>	<b>1,127,741,874,366</b>	<b>660,349,505,571</b>

**Nepal Rastra Bank**  
**Notes to the financial statements**  
**As at 31 Asar 2081**

(all amounts in Nepalese Rupees unless otherwise stated)

<b>4.5</b>	<b>Other receivables</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Receivable from Asian Clearing Union		
	Other receivable	-	-
	Less: Allowances for expected credit loss	-	-
	<b>Total interest and other receivable</b>	<b>-</b>	<b>-</b>
<b>4.6</b>	<b>Investment in Gold Certificates</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Investment in paper gold	82,431,302,171	65,812,728,226
	Trading gold	-	-
	Interest receivable on paper gold	891,131,047	530,515,514
	<b>Total investment in gold certificates</b>	<b>83,322,433,218</b>	<b>66,343,243,740</b>
	Details disclosure regarding the investment in gold is provided in Note 5.1		
<b>4.7</b>	<b>Investment in Government securities</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Investment in treasury bills	-	43,672,157,910
	Investment in bond	20,362,590,200	28,820,795,978
	Investment in Government bond issued for IMF related liabilities	2,438,302,023	2,701,139,740
	Interest receivable	246,260,755	2,092,338,497
	Less: Allowances for expected credit loss	-	-
	<b>Total investment in Government securities</b>	<b>23,047,152,978</b>	<b>77,286,432,125</b>
<b>4.8</b>	<b>Investment in bonds &amp; term deposit</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Investment in corporate bonds	-	-
	Term deposit with Bank and Financial Institutions	7,284,800,000	6,424,200,002
	Interest receivable	122,829,432	134,778,491
	Less: Allowances for expected credit loss	(26,539,606)	(84,759,055)
	<b>Total fixed deposit with Bank and Financial Institutions</b>	<b>7,381,089,826</b>	<b>6,474,219,438</b>
<b>4.9</b>	<b>Advances and receivables from Government</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Overdraft provided to Government	-	-
	Advance payment to Government	1,460,000,000	1,460,000,000
	Receivable from Government - IMF Bond	262,837,718	-
	Advance to project/fund operated by Government	-	-
	Interest Receivable	223,820,560	146,000,000
	Less: Allowances for expected credit loss	-	-
	<b>Total advance to Government</b>	<b>1,946,658,278</b>	<b>1,606,000,000</b>

# Nepal Rastra Bank

## Notes to the financial statements

### As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.10	Loan and advances to bank and financial institutions	31 Asar 2081	31 Asar 2080
	Standing liquidity facility	-	-
	Refinance	-	1,497,808,982
	Lender of last resort	-	-
	Securities purchased under repurchase agreement	-	-
	Other loans to BFIs	118,423,040	118,423,040
	Interest receivable	26,553	52,014,969
	Less: Allowances for expected credit loss	(15,992)	(225,213)
	<b>Total Loan and advances to bank and financial institutions</b>	<b>118,433,601</b>	<b>1,668,021,778</b>
4.11	Other loan and advances	31 Asar 2081	31 Asar 2080
	Staff loans	11,257,077,314	7,833,595,792
	Less: Amortization	(3,580,874,113)	(2,256,787,609)
	Pension advance	1,652,831,031	2,082,436,168
	Travelling advances to staff	5,062,201	1,884,620
	Advance for construction	1,501,644	221,396,701
	Staff endowment policy advance	5,854,850	6,612,690
	Other advance	55,588,947	34,981,588
	Interest receivable	2,699,983	1,656,954
	Less: Allowances for expected credit loss	-	-
	<b>Total other loan and advances</b>	<b>9,399,741,857</b>	<b>7,925,776,904</b>
4.12	Equity investment	31 Asar 2081	31 Asar 2080
	Investment in equity instruments measured at fair value through OCI		
	Cost price	642,480,250	2,486,358,028
	Fair Value Changes	3,660,326,514	3,025,140,244
	<b>Total equity investment</b>	<b>4,302,806,764</b>	<b>5,511,498,272</b>
	Details disclosure regarding the equity investment is provided in Note 5.6.5		
4.13	Other receivables	31 Asar 2081	31 Asar 2080
	Dividend receivable	-	-
	Sundry debtors	-	-
	Deposits	1,360,679	1,374,123
	Other receivables	7,960,194	40,978,960
	Less: Allowances for expected credit loss	(7,575,406)	(8,176,708)
	<b>Total interest and other receivables</b>	<b>1,745,467</b>	<b>34,176,375</b>

# Nepal Rastra Bank

## Notes to the financial statements

### As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.14 Gold and silver assets	31 Asar 2081	31 Asar 2080
Gold held in reserve at cost	27,351,269	27,351,269
Silver held in reserve at cost	20,406,443	20,406,443
Changes in fair value	43,955,763,597	33,978,303,860
<b>Total gold and silver assets</b>	<b>44,003,521,309</b>	<b>34,026,061,572</b>
Details disclosure regarding the gold and silver assets is provided in Note 5.1		
<b>Current year Income available for distribution</b>		
4.15 Inventories	31 Asar 2081	31 Asar 2080
Gold stock	1,092,816,617	1,304,156,726
Silver stock	81,897,402	84,282,890
Coin stock	270,083,340	194,420,585
Numismatic stock	3,778,067	3,782,171
Other metal stock	31,752,520	31,135,673
Dispensary stock	660,805	540,828
<b>Gross inventories</b>	<b>1,480,988,751</b>	<b>1,618,318,873</b>
Less: Write down of inventories to net realizable value	-	
Coin stock	(22,465,540)	(22,465,540)
Other metal stock	(8,716,000)	(8,716,000)
<b>Net inventories</b>	<b>1,449,807,211</b>	<b>1,587,137,333</b>

## Nepal Rastra Bank

### Notes to the financial statements

#### As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

#### 4.16 Property, Plant and equipment

Please see accounting policy in Note 3.7. The details are given as below:

Particulars		Land	Building	Temporary Structure	Computer & Accessories	Vehicles	Machinery Equipment	Office Equipment	Furniture and Fixture	Other Assets	Right of Use Assets	Capital Work in Progress	Total Assets
<b>Depreciation Rate</b>			3%	20%	20%	20%-25%	20%	20%	10%	20%			
Original Cost	Balance as on 1st Sawan 2079	360,623,152	856,290,219		321,810,046	677,252,197	336,582,182	186,902,476	72,276,136	6,075,779	134,917,610	3,105,717,862	6,058,447,659
	Addition during the Year	-	25,918,184		67,630,658	44,973,000	213,507,174	21,757,262	11,656,164	950,027	44,263,538	732,436,571	1,163,092,578
	Disposal/Write Off/Adjustment	-	(94,563)		(11,798,663)	(189,307)	(813,305)	(4,832,725)	(386,527)	(204,496)		(18,147,843)	(36,467,429)
	<b>Balance as on 31st Asar 2080</b>	<b>360,623,152</b>	<b>882,113,840</b>		<b>377,642,041</b>	<b>722,035,891</b>	<b>549,276,051</b>	<b>203,827,013</b>	<b>83,545,773</b>	<b>6,821,310</b>	<b>179,181,148</b>	<b>3,820,006,590</b>	<b>7,185,072,809</b>
Accumulated Depreciation	Balance as on 1st Sawan 2079	-	362,090,951		197,634,531	350,108,370	112,190,666	142,567,701	36,301,639	5,435,583	44,689,380	-	1,251,018,821
	Depreciation for the Year	-	25,794,195		44,512,403	108,517,819	84,564,950	17,931,271	6,217,118	387,043	38,079,128	-	326,003,927
	Disposal/Write Off/Adjustment	-	12,590		(10,571,555)	(189,304)	(788,300)	(4,254,349)	(384,268)	(204,491)			(16,379,677)
	<b>Balance as on 31st Asar 2080</b>	<b>-</b>	<b>387,897,736</b>		<b>231,575,379</b>	<b>458,436,885</b>	<b>195,967,316</b>	<b>156,244,623</b>	<b>42,134,489</b>	<b>5,618,135</b>	<b>82,768,508</b>	<b>-</b>	<b>1,560,643,071</b>
<b>Net Book Value as on 31st Asar 2080</b>		<b>360,623,152</b>	<b>494,216,104</b>		<b>146,066,662</b>	<b>263,599,006</b>	<b>353,308,735</b>	<b>47,582,390</b>	<b>41,411,284</b>	<b>1,203,175</b>	<b>96,412,640</b>	<b>3,820,006,590</b>	<b>5,624,429,738</b>
Original Cost	Balance as on 1st Sawan 2080	360,623,152	882,113,840		377,642,041	722,035,891	549,276,051	203,827,013	83,545,773	6,821,310	179,181,148	3,820,006,590	7,185,072,809
	Addition during the Year		98,261,227	1,448,196	112,048,515	55,400,000.00	68,894,985.54	17,815,361.93	24,390,046.53	689,871.87	24,983,768	877,211,670	1,281,143,642
	Disposal/Write Off/Adjustment		(6,720,757)		(9,026,712)	(26,715,254.00)	(1,904,050.00)	(6,500,154.57)	(221,162.93)	(320,711.00)		(97,630,815)	(149,039,617)
	<b>Balance as on 31st Asar 2081</b>	<b>360,623,152</b>	<b>973,654,310</b>	<b>1,448,196</b>	<b>480,663,844</b>	<b>750,720,637</b>	<b>616,266,987</b>	<b>215,142,220</b>	<b>107,714,657</b>	<b>7,190,471</b>	<b>204,164,916</b>	<b>4,599,587,445</b>	<b>8,317,176,835</b>
Accumulated Depreciation	Balance as on 1st Sawan 2080	-	387,897,736		231,575,379	458,436,885	195,967,316	156,244,623	42,134,489	5,618,135	82,768,508	-	1,560,643,071
	Depreciation for the Year		27,910,578	271,209	80,850,726	98,167,687.74	93,957,197.39	17,918,695.85	7,289,662.02	411,102.41	39,620,298		366,397,156
	Disposal/Write Off/Adjustment		(4,707,410)		(7,994,696)	(26,715,245.00)	(1,904,048.00)	(6,025,606.84)	(189,817.59)	(320,707.00)			(47,857,530)
	<b>Balance as on 31st Asar 2081</b>	<b>-</b>	<b>411,100,904</b>	<b>271,209</b>	<b>304,431,409</b>	<b>529,889,328</b>	<b>288,020,465</b>	<b>168,137,712</b>	<b>49,234,333</b>	<b>5,708,530</b>	<b>122,388,806</b>	<b>-</b>	<b>1,879,182,696</b>
<b>Net Book Value as on 31st Asar 2081</b>		<b>360,623,152</b>	<b>562,553,406</b>	<b>1,176,987</b>	<b>176,232,435</b>	<b>220,831,309</b>	<b>328,246,522</b>	<b>47,004,508</b>	<b>58,480,324</b>	<b>1,481,941</b>	<b>81,776,110</b>	<b>4,599,587,445</b>	<b>6,437,994,139</b>

**Nepal Rastra Bank**  
**Notes to the financial statements**  
**As at 31 Asar 2081**

(all amounts in Nepalese Rupees unless otherwise stated)

**4.17 Intangible Assets**

Please refer accounting policies in Notes 3.8. The details of balance are as follows:

Particulars		Computer Software			Capital Work in Progress	Total Intangible Assets
		Useful Life Defined by Contractual Agreements	Other Useful Life			
Amortisation Rate			20%	10%		
Original Cost	Balance as on 1st Sawan 2079	10,367,411	26,421,726	243,872,285	-	280,661,422
	Addition during the Year	9,698,129	16,944,095	-		26,642,224
	Disposal/Write Off/Adjustment				-	-
	Balance as on 31st Asar 2080	20,065,540	43,365,821	243,872,285	-	307,303,646
Accumulated Amortisation	Balance as on 1st Sawan 2079	2,887,403	16,254,335	213,192,339	-	232,334,077
	Depreciation for the Year	3,427,327	3,822,079	20,476,113	-	27,725,519
	Disposal/Write Off/Adjustment					-
	Balance as on 31st Asar 2080	6,314,730	20,076,414	233,668,452	-	260,059,596
Net Book Value as on 31st Asar 2080		13,750,810	23,289,407	10,203,833	-	47,244,050
Original Cost	Balance as on 1st Sawan 2080	20,065,540	43,365,821	243,872,285		307,303,646
	Addition during the Year	8,894,230	1,049,202	275,000		10,218,432
	Disposal/Write Off/Adjustment					
	Balance as on 31st Asar 2081	28,959,770	44,415,023	244,147,285	-	317,522,078
Accumulated Amortisation	Balance as on 1st Sawan 2080	6,314,730	20,076,414	233,668,452		260,059,596
	Depreciation for the Year	6,032,881	6,319,158	1,480,122		13,832,161
	Disposal/Write Off/Adjustment		300,000			300,000
	Balance as on 31st Asar 2081	12,347,611	26,695,572	235,148,574	-	274,191,757
Net Book Value as on 31st Asar 2081		16,612,159	17,719,451	8,998,711	-	43,330,321

**4.18 Other Assets**

Particulars	31 Asar 2081	31 Asar 2080
Deferred Employees Benefits	3,580,874,113	2,256,787,609
Project Assets	-	-
Prepaid expense	82,112,112	81,071,202
Other Assets		
<b>Total</b>	<b>3,662,986,225</b>	<b>2,337,858,811</b>

# Nepal Rastra Bank

## Notes to the financial statements

As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.19	<b>Deposit of bank and financial institutions</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	<i>Foreign Currency</i>		
	Deposit of commercial banks	12,847,372,512	6,276,820,166
	Deposit of development banks	21,482,583	53,151,624
	Deposit of finance companies	-	-
	Deposit of microfinance financial institutions	-	-
	<b>Total foreign currency deposit</b>	<b>12,868,855,095</b>	<b>6,329,971,790</b>
	<i>Local Currency</i>		
	Deposit of commercial banks	259,450,328,603	253,451,624,816
	Deposit of development banks	23,529,331,854	19,968,237,855
	Deposit of finance companies	5,548,059,069	5,127,341,295
	Deposit of microfinance financial institutions	2,190,549,872	2,228,327,458
	<b>Total local currency deposit</b>	<b>290,718,269,398</b>	<b>280,775,531,424</b>
	<b>Total deposit of bank and financial institutions</b>	<b>303,587,124,493</b>	<b>287,105,503,214</b>
4.20	<b>IMF related liabilities</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	<i>Foreign Currency</i>		
	Special Drawing Right allocation	38,627,474,746	38,817,553,383
	Interest bearing loans	-	-
	Interest payable	325,914,569	315,898,321
	<b>Total foreign currency IMF related liabilities</b>	<b>38,953,389,315</b>	<b>39,133,451,704</b>
	<i>Local Currency</i>		
	IMF account no.1	11,855,996,232	11,881,913,786
	IMF account no.2	3,009,977	1,010,403
	<b>Total local currency IMF related liabilities</b>	<b>11,859,006,209</b>	<b>11,882,924,189</b>
	<b>Total IMF related liabilities</b>	<b>50,812,395,524</b>	<b>51,016,375,893</b>
	Details disclosure regarding the financial position on IMF is provided in Note 5.14		
4.21	<b>Deposit of Government</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Deposit of Central Government	(99,491,721,176)	(61,757,015,981)
	Deposit of Province Government	69,227,910,373	83,963,562,437
	Deposit of Local Authorities	94,217,201,812	22,882,901,160
	<b>Total deposit of Government</b>	<b>63,953,391,009</b>	<b>45,089,447,616</b>
4.22	<b>Deposit of other institutions</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Deposit of public enterprises	2,249,194,159	2,554,494,754
	Deposit of Government for Interest Subsidy & Subsidies Loan	8,811,688,206	7,763,663,519
	LC margin deposit	8,445,825,910	7,044,368,728
	Deposit of other organisations	556,487,795	589,266,495
	<b>Total deposit of other institutions</b>	<b>20,063,196,070</b>	<b>17,951,793,496</b>

## Nepal Rastra Bank

### Notes to the financial statements

As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.23	<b>Currency in Circulation</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Currency Issued (Denomination)		
	1	160,986,603	160,997,039
	2	185,118,052	185,151,436
	5	3,741,125,185	3,640,451,885
	10	6,031,239,740	5,867,673,450
	20	8,024,619,020	7,524,263,040
	25	57,032,400	57,047,200
	50	14,082,194,950	14,685,951,900
	100	32,531,186,800	30,394,594,800
	250	87,422,750	87,423,250
	500	136,899,419,500	130,670,884,000
	1000	488,349,655,000	446,805,562,000
	<b>Gross Amount of Currency in Circulation</b>	<b>690,150,000,000</b>	<b>640,080,000,000</b>
	Less: Cash at Vault of the Bank	(10,101,197,299)	(14,292,127,470)
	<b>Net Amount of Currency in Circulation</b>	<b>680,048,802,701</b>	<b>625,787,872,530</b>
4.23.1	<b>Reserve against currency in circulation</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Foreign Treasury Bills	473,540,602,653	358,951,073,893
	Foreign Bank Balance (Including Term Deposits)	206,508,200,048	266,836,798,637
	<b>Total</b>	<b>680,048,802,701</b>	<b>625,787,872,530</b>
4.24	<b>Due to bank and financial institutions</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Holding of NRB bond issued	-	-
	Deposit collection	950,000,000	20,000,000,000
	Reverse repo liabilities	-	40,000,000,000
	Standing Deposit Facility	354,500,000,000	
	<b>Total due to bank and financial institutions</b>	<b>355,450,000,000</b>	<b>60,000,000,000</b>
4.25	<b>Other liabilities</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Payable to Asian Clearing Union	130,217,162	443,751,960
	Deposit & Earnest money	24,753,000	14,355,000
	Unclaimed account	57,360,703	58,360,869
	Unclaimed Deposit of Bank and Financial Institutions	24,119,003	14,937,593
	Lease liabilities	93,310,222	103,917,043
	Loan from Government for project operation	-	-
	Provision for expense	2,765,845	26,882,959
	Taxes payable	41,786,447	61,241,006
	Payable to retired staff	334,754,908	418,909,466
	Other liabilities	883,520,029	256,345,365
	<b>Total other liabilities</b>	<b>1,592,587,319</b>	<b>1,398,701,261</b>
4.26	<b>Pension and other employment benefits payable</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Pension and gratuity fund	20,674,784,248	19,799,326,845
	Less: Plan Assets for pension and gratuity fund	(19,764,593,229)	(19,433,209,385)
	Staff security fund	2,810,347,436	2,781,136,386
	Less: Plan Assets for staff security fund	(2,245,050,687)	(2,122,731,894)
	Leave encashment	1,404,336,645	1,268,934,517
	Staff medical fund	1,628,982,456	1,618,368,582
	Welfare Provident fund	854,383,075	797,784,854
	<b>Total pension and other employment benefit payable</b>	<b>5,363,189,944</b>	<b>4,709,609,905</b>

# Nepal Rastra Bank

## Notes to the financial statements

As at 31 Asar 2081

(all amounts in Nepalese Rupees unless otherwise stated)

4.27	Reserve	31 Asar 2081	31 Asar 2080
	General Reserve	87,394,781,104	76,120,125,947
	Monetary Liabilities Reserve	18,882,771,816	15,194,655,781
	Financial Stability Fund	15,685,257,818	11,997,141,783
	Open Market Operation Stabilization Fund	12,863,593,549	2,196,772,113
	Exchange Equalization Fund	221,813,526,867	206,818,097,401
	Gold and Silver Equalization Reserve	92,362,529,636	65,766,495,953
	Net Cumulative Surplus Fund	2,169,130,410	2,039,492,402
	Development Fund	76,595,989,244	70,595,989,244
	Banking Development Fund	1,601,941,806	1,601,941,806
	Mechanisation Fund	1,891,316,414	1,891,316,414
	Scholarship Fund	61,594,504	61,594,504
	Mint Development Fund	1,097,712,943	1,097,712,943
	Gold Replacement Fund	4,799,085,589	3,707,932,111
	Rural Self Reliance Fund	253,400,000	253,400,000
	Rural Self Reliance Fund (Administration Expense Reimbursement Fund)	51,087,606	51,087,606
	Actuarial Gain Reserve	2,634,091,770	2,532,245,736
	Fair Value Reserve	3,660,326,514	3,025,140,244
	Impact on Retained Earning due to ECL & Lease	-	-
	<b>Total Reserves</b>	<b>543,818,137,590</b>	<b>464,951,141,988</b>

### 4.27 (a) Appropriation of Net Profit/(Loss)

Particulars	31 Asar 2081	31 Asar 2080
<b>Net Income/(Expenditure) for the year</b>	<b>116,090,816,163</b>	<b>87,561,913,257</b>
<b>Less:</b>		
Foreign Exchange Gain/(Loss) - Unrealised	(14,995,429,467)	(10,009,028,778)
Net Gold and Silver Revaluation Gain/(Loss)	(26,596,033,683)	(17,112,315,089)
Transfer to Fair Value Reserve	(635,186,270)	(346,463,285)
Transfer to Acturial Reserve	(101,846,034)	388,295,476
<b>Current year Income available for distribution</b>	<b>73,762,320,709</b>	<b>60,482,401,581</b>
Transfer from Open Market Operation Stabilization Fund	2,088,750,238	-
<b>Surplus before appropriations</b>	<b>75,851,070,947</b>	<b>60,482,401,581</b>
<b>Less: Appropriations</b>		
General Reserve	(11,274,655,157)	(11,731,293,096)
Monetary Liability Reserve	(3,688,116,035)	(3,024,120,079)
Financial Stability Fund	(3,688,116,035)	(3,024,120,079)
Open Market Operation Stabilization Fund	(12,755,571,674)	(2,196,772,113)
Development Fund	(6,000,000,000)	(13,500,000,000)
Gold Replacement Fund	(1,091,153,478)	(1,351,014,924)
Net Cumulative Surplus Fund	(129,638,007)	(655,081,290)
<b>Balance Payable to Government of Nepal</b>	<b>37,223,820,561</b>	<b>25,000,000,000</b>

# Nepal Rastra Bank

## Notes to the financial statements

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

<b>4.28 Interest income on foreign currency financial assets</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
Interest income on term/demand deposit	34,189,325,627	22,388,814,517
Interest income on Foreign Securities	41,499,583,052	20,994,125,972
Interest income on fixed income securities	3,009,534,429	4,183,285,053
Interest income on SDR holdings	1,086,777,007	799,827,322
Other FCY interest income	-	-
<b>Total</b>	<b>79,785,220,115</b>	<b>48,366,052,864</b>
<b>4.29 Interest expense on foreign currency financial liabilities</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
Interest on SDR Allocation	1,578,272,946	1,116,737,205
Interest on interest bearing loans	-	-
Other interest expense	40,726,734	25,487,721
<b>Total</b>	<b>1,618,999,680</b>	<b>1,142,224,926</b>
<b>4.30 Interest income on local currency financial assets</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
Interest income on Treasury Bills	950,733,324	6,242,600,503
Interest income on Government bonds	1,247,100,940	1,370,785,145
Interest income on Refinance	38,235,619	1,535,831,566
Interest income on Standing Liquidity Facility and Repo	748,110	4,813,142,666
Other LCY interest income	1,099,527,672	1,468,372,820
<b>Total</b>	<b>3,336,345,665</b>	<b>15,430,732,700</b>
<b>4.31 Interest expense on local currency financial liabilities</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
Interest expense on Deposit Collection	1,186,248,874	6,300,005
Interest expense on Reverse Repo	25,564,380	60,644,072
Interest expense on SDF	876,936,984	-
Interest expense on Lease Liabilities	5,076,838	4,974,568
Other interest expense	92,206,976	10,093,172
<b>Total</b>	<b>2,186,034,052</b>	<b>82,011,817</b>

# Nepal Rastra Bank

## Notes to the financial statements

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

<b>4.32</b>	<b>Fee and commission income</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Commission Income	109,794,706	113,653,096
	Letter of credit commission	719,973	730,107
	RTGS fee	10,199,844	11,982,891
	<b>Total</b>	<b>120,714,523</b>	<b>126,366,094</b>
<b>4.33</b>	<b>Income on Gold Certificates</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Income on Paper Gold	422,354,601	589,346,875
	Gain or loss on revaluation of trading gold	-	-
	<b>Total</b>	<b>422,354,601</b>	<b>589,346,875</b>
<b>4.34</b>	<b>Other income</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Income from Mint (Sale of Coin)	11,754	15,532
	Gain from Sale of Precious Metals and Coins	668,798,876	761,668,049
	Provisions written back	3,094,112	82,227,392
	Fine/Penalty Charge	33,569,234	259,675,160
	Profit/(Loss) on Sale of Investment Securities	-	-
	Profit/loss on Sale of Assets	8,014,435	6,430,166
	Dividend Income	70,973,442	150,774,282
	Project Income/(Loss)	-	11,363,117
	Grant Income	-	16
	Miscellaneous income	136,204,055	144,684,621
	<b>Total Other Income</b>	<b>920,665,908</b>	<b>1,416,838,335</b>
<b>4.35</b>	<b>Fee and commission expense</b>	<b>31 Asar 2081</b>	<b>31 Asar 2080</b>
	Agency commission and service charges	91,273,169	77,005,353
	Other fee and commission expense	1,171,000	1,539,820
	<b>Total</b>	<b>92,444,169</b>	<b>78,545,173</b>

# Nepal Rastra Bank

## Notes to the financial statements

### For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

#### 4.36 Allowance for ECL (loss)/gain on financial assets

	31 Asar 2081	31 Asar 2080
Cash & Bank Balance	(4,882,970)	(7,583,147)
Investment in Securities	(279,927,987)	(55,787,173)
Term Deposit	98,147,556	(84,071,131)
Loans and advances to BFIs	209,222	15,105,317
Other Receivables	601,302	313,803
<b>Total</b>	<b>(185,852,877)</b>	<b>(132,022,331)</b>

The details of movement and stagewise information on allowance for expected credit loss/gain is further disclosed in note no. 5.6.1

#### 4.37 Personnel expenses

	31 Asar 2081	31 Asar 2080
Salary	872,921,802	827,207,072
Allowances	1,046,533,648	854,283,817
Provident Fund Contribution	87,292,180	82,720,707
Staff Welfare Provident Fund Contribution	838,171,636	794,249,533
Pension & Gratuity Expense	335,718,660	393,288,733
Staff Security Expense	124,886,214	120,698,194
Staff Leave Compensation	229,012,600	82,115,522
Staff Medical Fund Contribution	97,919,671	504,674,809
Amortisation of deferred employees benefits	213,747,501	239,068,816
Others	26,831,069	24,215,774
<b>Total</b>	<b>3,873,034,981</b>	<b>3,922,522,977</b>

# Nepal Rastra Bank

## Notes to the financial statements

For the year ended 31 Asar 81

(all amounts in Nepalese Rupees unless otherwise stated)

4.38 Administrative expenses	31 Asar 2081	31 Asar 2080
Directors Fees and Expenses	8,469,162	7,595,074
Mint Expenses	229,119,535	118,873,390
Security charges	284,677,123	282,803,383
Fund Transfer Expense	37,631,575	35,319,014
Travelling Expenses	420,579,044	280,811,283
Insurance Charges	107,431,965	105,952,076
Repair & Maintenance	46,846,747	33,263,563
Banking Promotion	113,453,856	72,516,313
Audit Fees and Expenses	4,782,945	4,001,500
Utilities Expenses	68,187,976	59,255,375
Postal and Communication Expenses	21,905,615	19,990,676
House Rent	6,808,415	2,229,806
Training Seminar and Membership	34,884,917	26,248,557
Expenses on Miscellaneous Assets	10,938,545	9,399,492
Consumable Expenses	20,119,756	22,902,215
Books and Periodicals	13,404,873	12,561,803
Software Annual Maintenance Charges	118,351,956	111,040,739
Meeting Fee and Expense	48,731,202	58,948,623
Advertisement	9,585,335	12,093,029
Wages	95,707,153	76,434,404
Miscellaneous Expenses	114,137,289	125,075,430
<b>Total</b>	<b>1,815,754,984</b>	<b>1,477,315,745</b>
4.39 Depreciation, amortisation and impairment	31 Asar 2081	31 Asar 2080
Depreciation on Property & Equipment	326,792,907	290,671,604
Impairment of Property & Equipment	2,470,755	1,882,047
Amortisation of intangible assets	13,832,163	24,906,480
Impairment of intangible assets	-	-
Depreciation on Right of Use Assets	39,620,298	38,079,128
<b>Total</b>	<b>382,716,123</b>	<b>355,539,259</b>

## 5. Significant Disclosures

### 5.1. Gold and Silver

The Bank has been holding gold and silver for reserve purpose as well as for minting purpose. The gold and silver held for reserve purpose, being the financial assets, has been measured at fair value and the gold and silver held for minting purpose, being the inventories of the Bank, has been measured at lower of cost or net realizable value.

The gold and silver measured at fair value along with its quantity is as follows:

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Weight (Kg)	Total Fair Value (NRs.)	Weight (Kg)	Total Fair Value (NRs.)
Investment in Paper Gold	7,280.53	82,431,302,171	7,280.53	65,812,728,226
Trading gold	-	-	-	-
Gold held in reserve	1,953.66	24,605,397,318	1,953.66	18,793,252,571
Silver held in reserve	120,037.90	19,398,123,991	120,037.90	15,232,809,000
<b>Total</b>		<b>126,434,823,480</b>		<b>99,838,789,797</b>

Fair value for investment in paper gold; and gold and silver held at reserve is determined based on the closing rate prevailing in London Bullion and Metal Association; and Nepal Gold & Silver Dealer's Association respectively. For gold physically held with the Bank, the rate for Fine Gold (9999) has been considered for the purpose of fair value.

Mint Division of the Bank has held gold and silver for minting purpose and is treated as inventories kept for further processing & minting. The inventories are measured at lower of cost or net realizable value. The gold and silver held by the Bank as inventories which is measured at cost or net realizable value whichever is lower is as follows:

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Weight (Kg)	Value (NRs.)	Weight (Kg)	Value (NRs.)
Gold held in Stock	306.1465	1,092,816,617	313.0133	1,304,156,726
Silver held in Stock	3,660.35	81,897,402	4,675.38	84,282,890
<b>Total</b>		<b>1,174,714,019</b>		<b>1,388,439,616</b>

### 5.2. Year-end Exchange Rates

The year-end exchange rates of Nepalese Rupees for major currencies used for reinstating the balances of foreign currency assets and liabilities were as per below:

S. No.	Currency	Current Year (2080/81)	Previous Year (2079/80)
1	US Dollar	133.36	131.17
2	UK Pound Sterling	173.29	171.95
3	Euro	145.46	147.19
4	Swiss Franc	149.14	152.7
5	Australian Dollar	90.47	90.1
6	Canadian Dollar	97.82	99.98
7	Singapore Dollar	99.45	99.31
8	Japanese Yen	0.845	0.945
9	Chinese Yuan	18.39	18.38
10	Saudi Arabian Riyal	35.56	34.96
11	Qatari Riyal	36.57	35.98
12	Thai Baht	3.69	3.78
13	UAE Dirham	36.31	35.71
14	Malaysian Ringgit	28.56	28.98
15	South Korean Won	0.097	0.1034
16	Swedish Kroner	12.71	12.79
17	Danish Kroner	19.49	19.75

18	Hong Kong Dollar	17.08	16.78
19	Kuwait Dinar	436.39	428.35
20	Bahrain Dinar	353.74	347.99
21	SDR	176.8	177.67
22	Indian Rupees	1.6	1.6

### 5.3. Related Parties Disclosure

#### 5.3.1. Key Management Personnel

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including the board members. The key management personnel of the Bank include members of its Board of Directors and Special Class Officers (Executive Directors). The key management personnel who are holding various positions in the Bank during the year are as follows:

S.N.	Name	Post	Date	Remarks
1	Mr. Maha Prasad Adhikari	Governor	2076.12.24	
2	Mr. Arjun Prasad Pokharel	Finance Secretary	2080.01.25	Discharge of position w.e.f. 2080.05.28
3	Dr. Krishna Hari Pushkar	Finance Secretary	2080.06.05	Discharge of position w.e.f. 2081.01.09
4	Mr. Madhu Kumar Marasini	Finance Secretary	2081.01.12	
5	Dr. Neelam Dhungana (Timsina)	Deputy Governor	2077.11.25	
6	Mr. Bam Bahadur Mishra	Deputy Governor	2077.11.25	
7	Mr. Chinta Mani Siwakoti	Board Member	2079.02.06	
8	Mr. Shankar Prasad Acharya	Board Member	2079.02.06	
9	Dr. Ravindra Prasad Pandey	Board Member	2080.01.26	

The transactions, if any, with director-related or key management personnel-related entities occurred in the normal course of the Bank's operations were conducted as arm's length transactions.

#### i. Transactions with Key Management Personnel

In addition to salaries, non-cash benefits (Vehicle Facility) were provided to special class officers and the executive board members. Furthermore, Governor and Deputy Governors are also entitled to post employee benefits. The data relating to total compensation paid to key management personnel are as follows:

Particulars	Current Year (NRs.)	Previous Year (NRs.)
Short term employee benefits	94,829,399	89,583,827
Post-employment and other long term benefits	5,140,976	5,104,976
<b>Total</b>	<b>99,970,375</b>	<b>94,688,803</b>

Other transactions with the Key Management Personnel and the status of year end balances with them are presented below:

Particulars	Current Year (NRs.)	Previous Year (NRs.)
Meeting Fees/Incidental Expenses to Directors	18,513,579	16,029,326
Loan Facilities	167,399,000	122,219,000
<b>Total</b>	<b>185,912,579</b>	<b>138,248,326</b>

#### ii. Salary, Benefits and Other Facilities of Board Members

Members of the Bank's board are entitled to a meeting allowance of NRs. 9,000 per meeting. Additionally, executive board members receive a salary along with various allowances. All board members are also entitled to benefits including fuel, vehicle repair, telephone, newspaper, internet, driver services, and medical facilities. The details of salaries, benefits, and other facilities provided to both executive and non-executive board members for the fiscal year 2080/81 are presented below:

Amount in NRs.

S. No.	Name	Post	Salary	Board Meeting Allowance	Other Allowances & Facilities
1	Mr. Maha Prasad Adhikari	Governor	1,632,000	333,000	4,497,071
2	Mr. Arjun Prasad Pokharel	Finance Secretary	-	54,000	83,520
3	Dr. Krishna Hari Pushkar	Finance Secretary	-	171,000	209,839
4	Mr. Madhu Kumar Marasini	Finance Secretary	-	63,000	76,393
5	Dr. Neelam Dhungana (Timsina)	Deputy Governor	1,460,400	297,000	4,558,526
6	Mr. Bam Bahadur Mishra	Deputy Governor	1,460,400	315,000	4,070,637
7	Mr. Chinta Mani Siwakoti	Board Member	-	324,000	873,240
8	Dr. Shankar Prasad Acharya	Board Member	-	288,000	1,112,960
9	Dr. Ravindra Prasad Pandey	Board Member	-	333,000	853,393
<b>Total</b>			<b>4,552,800</b>	<b>2,178,000</b>	<b>16,335,579</b>

### 5.3.2. Government of Nepal

The Bank, being the Central Bank of Nepal, was incorporated under Nepal Rastra Bank Act, 2012 (currently replaced by Nepal Rastra Bank Act, 2058) and the Government of Nepal (GON) is the controlling body of the Bank holding 100% of its capital.

#### i. Transactions with Government of Nepal

The transaction with GON and the status of year end balances with GON are as follows:

Particulars	Current Year (NRs.)	Previous Year (NRs.)
<b>Transactions during the year</b>		
Commission Income received from GON	105,997,589	109,670,503
Payment made to GON from surplus (As per Financial Statement of Previous Year)	25,000,000,000	11,070,000,000
Adjustment of Receivable from Surplus Payable to GON	-	-
<b>Balances at the year end</b>		
Deposit from GON	63,953,391,009	45,089,447,616
Advance to GON for Business Continuity Loan	1,460,000,000	1,460,000,000
Investment in Treasury Bills (GON)	-	43,672,157,910
Investment in Bonds (GON)	18,887,992,223	27,614,214,718
Investment in Saving Certificates (GON)	3,912,900,000	3,907,721,000
Interest and Commission Receivable	465,260,755	2,047,350,761

#### ii. Government of Nepal Treasury Position

Balance of Government of Nepal as of 31<sup>st</sup> Asar 2081 as per the records of the Bank is a surplus balance of NRs. 63,953,391,009 (PY NRs. 45,08,94,47,616). The Government transactions are being verified by the Comptroller General's office of GON on regular interval.

### 5.4. Inter-Office Transactions

There is no any net balance of at the end of the year on inter-office transactions.

## 5.5. Assets Received in Grant

The various assets received as grants under the Financial Sector Restructuring Project (Phase I and Phase II) were valued at NRs. 11,585,586, with a written-down balance of NRs. 7 (PY NRs. 7) at the end of the fiscal year. With the technical and financial assistance of the Department for International Development (DFID), a Disaster Recovery Site was established in Biratnagar, valued at approximately NRs. 232,059,005 (comprising NRs. 89,344,232, USD 240,463, and GBP 646,544), which also had a written-down balance of NRs. 16 (PY NRs. 16) at year-end. Additionally, under the auspices of the Financial, Commonwealth & Development Office of the UK, the development of the Supervisory Information System (SIS) has been successfully completed and handed over. The associated computer hardware and software for this system were valued at NRs. 141,820,115. Consequently, the grant has been recorded at a nominal value of NRs. 26, with grant income of NRs. 26 duly recognized.

## 5.6. Financial Instruments

### *Financial Risk Management– Overview*

#### Risk Management Framework

The Bank's Board of Directors has the overall responsibility for the establishment and oversight of the Bank's Risk Management Framework. The Board of Directors has formed the Risk Management Committee, which is responsible for developing and monitoring the Bank's risk management policies. The committee reports regularly to the Board of Directors about its activities.

The Bank's risk management policies are established to identify and analyze the risk faced by the Bank, set appropriate risk limits and control, and monitor risks and adherence to the limit. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Bank's activities. The Bank through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank's Audit Committee oversees how the management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in its oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad hoc review of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Bank has exposure to the following risk arising from financial instruments:

- A. Credit Risk
- B. Liquidity Risk
- C. Market Risk

### 5.6.1. Credit Risk

Credit risk is the risk of financial loss to a party if a customer or counterparty to a financial instruments fails to meet its contractual obligation. The Bank's credit risk in relation to the financial instruments is the risk that its customer or counterparty fails to discharge its obligation in accordance with agreed terms and cause the Bank to incur a financial loss. The Bank's credit risk arises principally from the Bank's investment securities and receivable from customers. The credit risk in the Bank's foreign exchange reserve is monitored and reviewed by using credit limits based on credit ratings by international rating agency.

#### 5.6.1.1. Exposure to Credit Risk

The maximum exposure to credit risk at the year end is as follows:

##### a) By Nature of Assets

Particulars	Amount in NRs.	
	As on 31.03.2081	As on 31.03.2080
<b>Foreign currency financial assets</b>		
Cash and balances with banks	131,658,377,029	168,977,007,897
Derivative financial assets	-	-
IMF related assets	23,991,803,148	25,857,875,413
Term deposit with foreign banks	598,508,477,426	522,462,011,410
Investments in foreign securities	1,127,741,874,366	660,349,505,571
Other receivables	-	-

<b>Total foreign currency financial assets</b>	<b>1,881,900,531,969</b>	<b>1,377,646,400,291</b>
<b>Local currency financial assets</b>		
Balances with Banks	6,144,630	7,192,517
Investment in Government securities	23,047,152,978	77,286,432,125
Investment in bonds & term deposit	7,381,089,826	6,620,219,438
Advances and receivable from Government	1,946,658,278	1,460,000,000
Loan and advances to bank and financial institutions	118,433,601	1,668,021,778
Other loan and advances	9,399,741,857	7,925,776,904
Equity investment	4,302,806,764	5,511,498,272
Other receivables	1,745,467	34,176,375
<b>Total local currency financial assets</b>	<b>46,203,773,401</b>	<b>100,513,317,409</b>
<b>Total financial assets</b>	<b>1,928,104,305,370</b>	<b>1,478,159,717,700</b>

## b) By Geographical Region

Amount in NRs.

S. No.	Particulars	As on 31.03.2081	As on 31.03.2080
1	Argentina	-	30,391,016,142
2	Bahrain	72,536,162,985	67,653,705,599
3	Canada	-	30,102,289,156
4	China	97,660,618,707	185,664,348,765
5	Germany	-	-
6	Hongkong	138,904,228,300	9,191,677,175
7	India	440,434,524,707	362,940,464,977
8	Japan	-	53,225,802,365
9	Madrid, Spain	33,183,659,335	
10	Qatar	55,208,255,724	41,395,316,724
11	Singapore	152,053,436,239	17,338,069,634
12	Switzerland	274,939,735,484	108,602,458,054
13	U.A.E.	-	67,193,324,030
14	USA	486,359,861,475	235,229,986,185
15	Nepal	177,919,920,028	270,141,503,631
	<b>Total</b>	<b>1,929,200,402,984</b>	<b>1,479,069,962,437</b>
	<i>Less: Expected Credit Loss</i>	<i>(1,096,097,614)</i>	<i>(910,244,737)</i>
	<b>Grand Total</b>	<b>1,928,104,305,370</b>	<b>1,478,159,717,700</b>

## c) By Nature of the Entity

Amount in NRs.

S. No.	Particulars	As on 31.03.2081	As on 31.03.2080
1	Bank for International Settlements	190,384,661,635	603,098,749
2	Central Banks	48,888,735,996	63,642,562,177
3	Foreign Commercial Banks	593,991,005,341	596,955,717,166
4	International Monetary Fund	23,991,803,148	25,649,141,930
5	Foreign Government	1,000,463,201,741	660,320,609,793
6	Domestic Banks and FIs	9,209,899,586	8,380,418,972
7	Government of Nepal	23,309,990,695	78,777,961,491
8	Equity Instruments	4,302,806,764	5,440,005,710

9	Other Parties	34,658,298,078	39,300,446,449
	<b>Total</b>	<b>1,929,200,402,984</b>	<b>1,479,069,962,437</b>
	<i>Less: Expected Credit Loss</i>	(1,096,097,614)	(910,244,737)
	<b>Grand Total</b>	<b>1,928,104,305,370</b>	<b>1,478,159,717,700</b>

## d) By Credit Rating

Particulars	As on 31.03.2081		As on 31.03.2080	
	Amount (NRs.)	%	Amount (NRs.)	%
<b>Foreign Currency</b>				
AAA	79,418,855,976	4.12%	60,270,216,980	4.08%
AA+	489,284,457,268	25.38%	263,315,542,941	17.81%
AA	787,265,923	0.04%	476,875,139	0.03%
AA-	122,582,793,801	6.34%	44,133,480,632	2.99%
A+	240,559,963,528	12.46%	309,621,905,224	20.95%
A	148,377,995,062	7.70%	168,971,086,020	11.43%
A-	47,029,622,346	2.42%	38,991,854,614	2.64%
BBB+	1,481,525,453	0.08%	257,429	0.00%
BB+	-	0.00%	-	0.00%
BB	-	0.00%	-	0.00%
BBB-	514,018,022,894	26.64%	435,241,840,677	29.44%
Other*	239,421,995,501	12.42%	57,440,423,423	3.89%
<b>Total</b>	<b>1,882,962,497,752</b>	<b>97.60%</b>	<b>1,378,463,483,079</b>	<b>93.26%</b>
<i>Less: Expected Credit Loss</i>	(1,061,965,783)		(817,082,790)	
<b>Total Foreign Currency Financial Assets</b>	<b>1,881,900,531,969</b>		<b>1,377,646,400,289</b>	
<b>Local Currency</b>				
Other*	46,237,905,232	2.40%	100,606,479,359	6.81%
<i>Less: Expected Credit Loss</i>	(34,131,831)		(93,161,948)	
<b>Total Financial Assets</b>	<b>1,928,104,305,370</b>	<b>100%</b>	<b>1,478,159,717,700</b>	<b>100%</b>

All of the above ratings are as per S&P.

\*Rating not available or rating not required as per NRB's Investment Policy

## 5.6.1.2. Loss Allowances for Expected Credit Loss

The Bank had recognized the allowances for impairment based on Incurred Loss model as per the requirement of NAS 39: Financial Instruments- Recognition and Measurement. From the fiscal year 2078-79, the Bank has changed its accounting policy to recognize allowance for impairment based on Expected Credit Loss model as per the requirement of NFRS 9: Financial Instruments. The change in models of accounting for allowances for impairment has resulted into the changes in accounting policy and has been required by NFRS 9. Impairment on financial asset is measured at the end of each reporting period and the movement in the allowances for impairment of financial assets during the year is as follows:

Amount in NRs.

Particulars	Allowances for Expected Credit Loss for					
	Bank Balance	Investment in Securities	Term Deposits	Loans and advances to BFIs	Other Receivable	Total
Balance as on 32 <sup>nd</sup> Asar 2079	11,172,479	245,845,289	497,383,597	15,330,530	8,490,511	778,222,406
Impairment Loss Recognized	7,583,147	55,787,173	84,071,131			147,441,451
Amount Written Off	-	-	-	-	-	-
Reversal of Impairment Loss	-	-		(15,105,317)	(313,803)	(15,419,120)

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<b>Balance as on 31<sup>st</sup> Asar 2080</b>	<b>18,755,626</b>	<b>301,632,462</b>	<b>581,454,728</b>	<b>225,213</b>	<b>8,176,708</b>	<b>910,244,737</b>
Impairment Loss Recognized	4,882,970	279,927,987	-	-	-	<b>284,810,957</b>
Amount Written Off	-	-	-	-	-	-
Reversal of Impairment Loss	-	-	(98,147,556)	(209,222)	(601,302)	<b>(98,958,080)</b>
<b>Balance as on 31<sup>st</sup> Asar 2081</b>	<b>23,638,596</b>	<b>581,560,449</b>	<b>483,307,172</b>	<b>15,991</b>	<b>7,575,406</b>	<b>1,096,097,614</b>

**Credit Exposure Movement- ECL Stage wise**

**Amount in NRs.**

<b>Allowances for Expected Credit Loss for</b>	<b>Balance as on 31<sup>st</sup> Asar 2081</b>				<b>Balance as on 31<sup>st</sup> Asar 2080</b>			
	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Total</b>	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Total</b>
Bank Balance	19,204,196	-	4,434,400	23,638,596	14,321,226	-	4,434,400	18,755,626
Investment in Securities	581,560,449	-	-	581,560,449	301,632,462	-	-	301,632,462
Term Deposits	457,760,046	-	25,547,126	483,307,172	497,601,888	-	83,852,841	581,454,728
Loan and advances to BFIs	15,991	-	-	15,991	225,213	-	-	225,213
Other Receivables	2,288,052	-	5,287,354	7,575,406	2,705,605	-	5,471,103	8,176,708
<b>Total</b>	<b>1,060,828,734</b>	<b>-</b>	<b>35,268,880</b>	<b>1,096,097,614</b>	<b>816,486,394</b>	<b>-</b>	<b>93,758,343</b>	<b>910,244,737</b>

Financial assets are written off (either in full or partially) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

**5.6.1.3. Credit Quality**

The credit quality of counterparty of the financial assets is assessed based on the credit policy (Investment Directives) formed by the Board of Directors. Investment is made in the foreign counterparty whose credit rating is within the acceptable standard. In case of domestic investment, investment is made in the counterparty who meets the minimum standard level set by the credit policy. An analysis of credit quality of financial assets not impaired is as follows:

**Amount in NRs.**

<b>Counterparties</b>	<b>As on 31.03.2081</b>	<b>As on 31.03.2080</b>
External Credit Rating at least AAA/BBB- from credit rating agency	594,188,564,514	597,059,887,688
Non Rated Counterparties	25,045,530,718	31,183,748,344
Central Banks	48,888,735,996	63,642,562,177
Bank for International Settlement	190,384,661,635	603,098,749
Foreign Government	1,000,463,201,741	660,320,609,793
International Monetary Fund	23,991,803,148	25,649,141,930
Government of Nepal	23,309,990,695	78,777,961,491
<b>Financial Assets with Other Counterparties:</b>		
Party with Normal Risk	22,866,688,686	21,655,948,554
Party with High Risk	61,225,851	177,003,711
<b>Total</b>	<b>1,929,200,402,984</b>	<b>1,479,069,962,437</b>
<i>Less: Expected Credit Loss</i>	<i>(1,096,097,614)</i>	<i>(910,244,737)</i>
<b>Grand Total</b>	<b>1,928,104,305,370</b>	<b>1,478,159,717,700</b>

**5.6.1.4. Collateral held and other credit enhancement**

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Type of Credit Exposure	% of Exposure subject to collateral requirement		Principal type of collateral held
	As on 31.03.2081	As on 31.03.2080	
Securities purchased under Resale Agreement	110	110	Government Securities
Refinance to BFIs	100	100	Good Loans of BFIs
Standing Liquidity Facilities	110	110	Government Securities
Loans to Staff	100-125	100-125	Land and Buildings, Insurance Policies, Retirement Fund Balance, and Accrued Retirement Benefits.

### 5.6.2. Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or other financial assets. The Bank's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, provide finance to maintain liquidity in financial market and provide for foreign exchange to finance import of the country under both the normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. In order to control liquidity risk, the Bank has maintained sufficient balance in the current account with other central banks, demand and call deposits with foreign banks and investment in highly liquid securities. The Bank maintains cash and cash equivalents and other highly marketable securities in excess of expected cash flows on financial liabilities and other obligations.

Further, the Bank has credit arrangement for Rapid Credit Facilities (RCF) and Extended Credit Facilities (ECF) provided by the International Monetary Fund in case of stressed condition like deficit of balance of payment of the country.

#### 5.6.2.1. Assets Held for Managing Liquidity Risk

The Bank holds a diversified portfolio of cash, balances with foreign banks and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with foreign banks in the form of demand and call deposit
- Balance with foreign central banks and Bank for International Settlement
- Investment in Government of Nepal and foreign governments' bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- A secondary source of liquidity in the form of highly liquid instruments in the Bank's trading portfolios

#### 5.6.2.2. Maturity Profile of Financial Assets and Financial Liabilities

The Bank's remaining contractual maturities and other forms of financial assets and financial liabilities at the end of the reporting period are shown in the table 1.

Table 1

The contractual maturities and other forms of financial assets and financial liabilities as at 31.03.2081

(Current Year Figures (NRs.))

	Contractual and Other Cash Flows					
Particulars	Carrying Amount	up to 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
<b>Foreign currency financial assets</b>						
Cash and balances with banks	131,682,014,794	131,682,014,794				
Derivative financial assets	-					
IMF related assets	23,991,803,148	23,991,803,148				
Term deposit with foreign banks	598,965,244,993	199,652,085,522	365,293,366,089	34,019,793,382	-	-
Investments in foreign securities	1,128,323,434,814	179,363,087,651	255,777,281,123	229,984,198,515	458,606,037,574	4,592,829,951
Other receivables	-					
<b>Total foreign currency financial assets</b>	<b>1,882,962,497,749</b>	<b>534,688,991,115</b>	<b>621,070,647,212</b>	<b>264,003,991,897</b>	<b>458,606,037,574</b>	<b>4,592,829,951</b>
<b>Local currency financial assets</b>						
Balances with banks	6,145,460	6,145,460				
Investment in government securities	23,047,152,978	246,260,755		8,581,342,630	5,591,045,600	8,628,503,993
Investment in bonds & term deposit	7,407,629,432	148,429,432		7,259,200,000		
Advances and receivable from Government	1,946,658,278	1,946,658,278				
Loan and advances to bank and financial institutions	118,449,593			118,449,593		
<b>Other loan and advances</b>						
Staff loan	11,257,077,314	350,095,104	664,167,562	1,350,849,278	1,575,990,824	7,315,974,546
Pension advance	1,652,831,031	48,749	1,804,119	39,287,057	280,883,383	1,330,807,723
Travelling advances to staff	5,062,201	5,062,201				
Staff endowment policy advance	5,854,850	5,854,850				
Other advance	55,588,947	55,588,947				
Interest receivable	2,699,983	2,699,983				
Equity investment	4,302,806,764					4,302,806,764
<b>Total local currency financial assets</b>	<b>49,807,956,831</b>	<b>2,766,843,759</b>	<b>665,971,681</b>	<b>17,349,128,558</b>	<b>7,447,919,807</b>	<b>21,578,093,026</b>
<b>Total financial assets</b>	<b>1,932,770,454,580</b>	<b>537,455,834,874</b>	<b>621,736,618,893</b>	<b>281,353,120,455</b>	<b>466,053,957,381</b>	<b>26,170,922,977</b>
<b>Foreign currency financial liabilities</b>						

Derivative financial liabilities	-					
Deposit of bank and financial institutions	12,868,855,095		12,868,855,095			
IMF related liabilities	38,953,389,315	38,953,389,315				
<b>Total foreign currency financial liabilities</b>	<b>51,822,244,410</b>	<b>38,953,389,315</b>	<b>12,868,855,095</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Local currency financial liabilities</b>						
Bills payable	111,732,583	111,732,583				
Deposit of bank and financial institutions	290,718,269,398	58,143,653,879		29,071,826,940	203,502,788,579	
Deposit of government	63,953,391,009	13,430,212,112	15,348,813,842	20,465,085,123	14,709,279,932	
Deposit of other institutions	20,063,196,070	4,815,167,057	4,614,535,095	10,633,493,918		
IMF related liabilities	11,859,006,209	11,859,006,209				
Other liabilities	1,592,587,319		1,592,587,319			
<b>Total local currency financial liabilities</b>	<b>388,298,182,588</b>	<b>88,359,771,840</b>	<b>21,555,936,256</b>	<b>60,170,405,981</b>	<b>218,212,068,511</b>	<b>-</b>
<b>Total Financial Liabilities</b>	<b>440,120,426,998</b>	<b>127,313,161,155</b>	<b>34,424,791,351</b>	<b>60,170,405,981</b>	<b>218,212,068,511</b>	<b>-</b>
<b>Net Financial Assets Position</b>	<b>1,492,650,027,582</b>	<b>410,142,673,719</b>	<b>587,311,827,542</b>	<b>221,182,714,474</b>	<b>247,841,888,870</b>	<b>26,170,922,977</b>

**2023/24 Annual Financial Statement of Nepal Rastra Bank**

Previous Year Figures (NRs.)

	<b>Contractual and Other Cash Flows</b>					
<b>Particulars</b>	<b>Carrying Amount</b>	<b>up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1 -3 Year</b>	<b>More than 3 Year</b>
<b>Foreign currency financial assets</b>						
Cash and balances with banks	168,995,762,552	168,995,762,552				
Derivative financial assets	-					
IMF related assets	25,857,875,413	25,857,875,413				
Term deposit with foreign banks	522,958,707,083	125,672,207,346	18,631,000,000	378,655,499,737		
Investments in foreign securities	660,651,138,033	146,270,044,514	191,647,908,437	122,658,488,545	164,788,938,306	35,285,758,231
Other receivables	-				-	-
<b>Total foreign currency financial assets</b>	<b>1,378,463,483,081</b>	<b>466,795,889,825</b>	<b>210,278,908,437</b>	<b>501,313,988,282</b>	<b>164,788,938,306</b>	<b>35,285,758,231</b>
<b>Local currency financial assets</b>						
Balances with banks	7,194,459	7,194,459				-
Investment in government securities	77,286,432,125	9,013,133,937	25,620,317,001	19,595,377,724	12,814,393,230	10,243,210,233
Investment in bonds & term deposit	6,704,978,493	418,878,493		6,286,100,000		-
Advances and receivable from Government	1,460,000,000	1,460,000,000				
Loan and advances to bank and financial institutions	1,668,246,991			1,668,246,991		
Other loan and advances						
Staff loan	7,833,595,792	243,624,829	462,182,152	940,031,495	1,096,703,411	5,091,053,905
Pension advance	2,082,436,168	27,071,670	41,648,723	2,498,923	303,619,194	1,707,597,658
Travelling advances to staff	1,884,620	1,884,620				
Staff endowment policy advance	6,612,690	6,612,690				
Other advance	34,981,588	34,981,588				
Interest receivable	1,656,954	1,656,954				
Equity investment	5,511,498,272					5,511,498,272
<b>Total local currency financial assets</b>	<b>102,599,518,152</b>	<b>11,215,039,240</b>	<b>26,124,147,876</b>	<b>28,492,255,133</b>	<b>14,214,715,835</b>	<b>22,553,360,068</b>
<b>Total financial assets</b>	<b>1,481,063,001,233</b>	<b>478,010,929,065</b>	<b>236,403,056,313</b>	<b>529,806,243,415</b>	<b>179,003,654,141</b>	<b>57,839,118,299</b>
<b>Foreign currency financial liabilities</b>						

Derivative financial liabilities	-					
Deposit of bank and financial institutions	6,329,971,790		6,329,971,790			-
IMF related liabilities	39,133,451,704	39,133,451,704				
<b>Total foreign currency financial liabilities</b>	<b>45,463,423,494</b>	<b>39,133,451,704</b>	<b>6,329,971,790</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Local currency financial liabilities</b>						
Bills payable	115,247,041	115,247,041				
Deposit of bank and financial institutions	280,775,531,424	56,155,106,285		28,077,553,142	196,542,871,997	
Deposit of government	45,089,447,616	9,468,783,999	10,821,467,428	14,428,623,237	10,370,572,952	
Deposit of other institutions	17,951,793,496	4,308,430,439	4,128,912,504	9,514,450,553		
IMF related liabilities	11,882,924,189	11,882,924,189				
Other liabilities	1,398,701,263		1,398,701,263			
<b>Total local currency financial liabilities</b>	<b>357,213,645,029</b>	<b>81,930,491,953</b>	<b>16,349,081,195</b>	<b>52,020,626,932</b>	<b>206,913,444,949</b>	<b>-</b>
<b>Total Financial Liabilities</b>	<b>402,677,068,523</b>	<b>121,063,943,657</b>	<b>22,679,052,985</b>	<b>52,020,626,932</b>	<b>206,913,444,949</b>	<b>-</b>
<b>Net Financial Assets Position</b>	<b>1,078,385,932,710</b>	<b>356,946,985,408</b>	<b>213,724,003,328</b>	<b>477,785,616,483</b>	<b>(27,909,790,808)</b>	<b>57,839,118,299</b>

**5.6.3. Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices and other assets' prices may affect the Bank's income or the value of its holding of financial instruments. Market risk arises from open position in interest rates, currency and equity products all of which are exposed to general and specific market movement and changes in the level of volatility of the market rates or interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within the acceptable parameters, while optimizing the return.

**5.6.3.1. Currency Risk**

Currency risk is the risk, where the value of financial instruments may fluctuate due to changes in foreign exchange rates. Foreign currency activities result mainly from the Bank's holding of foreign currency assets under its foreign exchange reserves management function. The investment committee reviews the currency composition of the reserve and monitors the Bank's compliance with the limits established for foreign currency positions by the Bank's board. The major holding of foreign currency assets are denominated in USD, CNY, CAD, JPY, AUD, GBP, EURO and INR.

The summary quantitative data about the Bank's exposure to currency risk at the reporting period is shown in the table 2.

Table 2

The summary quantitative data about the Bank's exposure to currency risk at the reporting period

Current Year Figures (NRs.)

Particulars	USD	CNY	GBP	CAD	AUD	SAR	JPY	EUR	SDR
<b>% of Net Total Financial Position Exposure</b>	<b>62.16%</b>	<b>9.73%</b>	<b>1.81%</b>	<b>0.15%</b>	<b>1.22%</b>	<b>0.13%</b>	<b>0.04%</b>	<b>1.23%</b>	<b>-0.79%</b>
<b>Foreign Currency Financial Assets</b>									
Cash and balances with banks	109,066,430,119	17,533,822,872	3,329,414,473	382,689,890	1,150,265,212	2,446,357,758	6,517,443,295	12,895,158,849	-
Derivative financial assets	-	-	-	-	-	-	-	-	-
IMF related assets	-	-	-	-	-	-	-	-	23,791,069,016
Term deposit with foreign banks	498,760,041,977	66,314,119,132	-	2,477,521,105	17,255,476,529	-	-	10,182,200,000	-
Investments in foreign securities	550,320,894,072	96,453,226,913	30,260,383,106	-	4,422,217,659	-	-	-	-
Other receivables	8,596,785,669	1,348,240,307	300,088,598	27,927,857	111,253,753	-	-	12,902,302	-
<b>Total foreign currency financial assets</b>	<b>1,166,744,151,837</b>	<b>181,649,409,224</b>	<b>33,889,886,177</b>	<b>2,888,138,852</b>	<b>22,939,213,153</b>	<b>2,446,357,758</b>	<b>6,517,443,295</b>	<b>23,090,261,151</b>	<b>23,791,069,016</b>
<b>Foreign Currency Financial Liabilities</b>									
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Deposit of bank and financial institutions	6,678,280,117	-	125,001,872	-	97,913,227	-	5,713,145,652	206,534,238	-
IMF related liabilities	-	-	-	-	-	-	-	-	38,627,474,746
<b>Total foreign currency financial liabilities</b>	<b>6,678,280,117</b>	<b>-</b>	<b>125,001,872</b>	<b>-</b>	<b>97,913,227</b>	<b>-</b>	<b>5,713,145,652</b>	<b>206,534,238</b>	<b>38,627,474,746</b>
<b>Net Foreign Currency Exposure</b>	<b>1,160,065,871,720</b>	<b>181,649,409,224</b>	<b>33,764,884,305</b>	<b>2,888,138,852</b>	<b>22,841,299,926</b>	<b>2,446,357,758</b>	<b>804,297,643</b>	<b>22,883,726,913</b>	<b>(14,836,405,730)</b>

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Particulars	Previous Year Figures (NRs.)								
	USD	CNY	GBP	CAD	AUD	SAR	JPY	EUR	SDR
<b>% of Net Total Financial Position Exposure</b>	<b>57.15%</b>	<b>15.27%</b>	<b>0.62%</b>	<b>0.22%</b>	<b>1.24%</b>	<b>0.16%</b>	<b>-0.02%</b>	<b>0.81%</b>	<b>-1.02%</b>
<b>Foreign Currency Financial Assets</b>									
Cash and balances with banks	130,387,005,437	5,036,292,853	1,279,074,363	1,401,526,110	956,812,456	2,156,784,590	4,081,334,274	11,088,614,993	
Derivative financial assets	-	-	-	-	-	-	-	-	-
IMF related assets	-	-	-	-	-	-	-	-	25,649,141,930
Term deposit with foreign banks	426,628,226,326	68,012,789,493	7,047,899,909	1,546,318,122	15,455,902,564	-	-	-	-
Investments in foreign securities	202,278,216,291	129,436,323,270	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
<b>Total foreign currency financial assets</b>	<b>759,293,448,054</b>	<b>202,485,405,616</b>	<b>8,326,974,272</b>	<b>2,947,844,232</b>	<b>16,412,715,020</b>	<b>2,156,784,590</b>	<b>4,081,334,274</b>	<b>11,088,614,993</b>	<b>25,649,141,930</b>
<b>Foreign Currency Financial Liabilities</b>									
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Deposit of bank and financial institutions	1,490,135,213	-	113,699,396	-	16,743,856	-	4,313,918,697	335,942,003	-
IMF related liabilities	-	-	-	-	-	-	-	-	39,133,451,704
<b>Total foreign currency financial liabilities</b>	<b>1,490,135,213</b>	<b>-</b>	<b>113,699,396</b>	<b>-</b>	<b>16,743,856</b>	<b>-</b>	<b>4,313,918,697</b>	<b>335,942,003</b>	<b>39,133,451,704</b>
<b>Net Foreign Currency Exposure</b>	<b>757,803,312,841</b>	<b>202,485,405,616</b>	<b>8,213,274,876</b>	<b>2,947,844,232</b>	<b>16,395,971,164</b>	<b>2,156,784,590</b>	<b>(232,584,423)</b>	<b>10,752,672,990</b>	<b>(13,484,309,774)</b>

Besides above currency exposures, the Bank's net foreign currency exposure also consists of major portion of Indian currency (INR) which stands 23.98% (PY 25.09%) of total net financial position exposure. Since, the exchange rate of Nepalese rupee is pegged to INR, the net exposure position of INR has not been presented in above table. Net foreign currency exposure denominated in currencies other than stated above and INR, has amounted to 0.34% (PY 0.48%) of the total foreign currency reserve.

### 5.6.3.2. Sensitivity Analysis of Currency Risk

A strengthening (weakening) of USD, AUD, EUR, GBP, CNY, CAD, SDR, JPY and SAR against Nepalese rupee at the end of reporting period would have affected the value of financial instruments denominated in a foreign currency and increased (decreased) in profit or loss by the amount shown below. This analysis is based on foreign exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast cash flows.

Amount in NRs.

	Impact on Profit or Loss			
	In case of Strengthening or Weakening of Currency by 10%			
	For the Year Ended 2081		For the Year Ended 2080	
	Strengthening	Weakening	Strengthening	Weakening
USD	116,006,587,172	(116,006,587,172)	75,780,331,284	(75,780,331,284)
AUD	2,284,129,992	(2,284,129,992)	1,639,597,116	(1,639,597,116)
EUR	2,288,372,691	(2,288,372,691)	1,075,267,299	(1,075,267,299)
GBP	3,376,488,430	(3,376,488,430)	821,327,488	(821,327,488)
CNY	18,164,940,922	(18,164,940,922)	20,248,540,562	(20,248,540,562)
CAD	288,813,885	(288,813,885)	294,784,423	(294,784,423)
SDR	(1,483,640,573)	1,483,640,573	(1,348,430,977)	1,348,430,977
JPY	80,429,764	(80,429,764)	(23,258,442)	23,258,442
SAR	244,635,776	(244,635,776)	215,678,459	(215,678,459)
<b>Total</b>	<b>141,250,758,059</b>	<b>(141,250,758,059)</b>	<b>98,703,837,212</b>	<b>(98,703,837,212)</b>

### 5.6.3.3. Interest Rate Risk

Interest rate risk is the risk that the value of financial assets will fluctuate due to changes in market interest rate. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank's board sets limits on the level of mismatch of interest rate re-pricing which is monitored daily by the Bank's treasury.

The Bank has kept substantial investments on short-term loans thereby controlling the interest rate risk to significant extent. The interest rate profile of the interest-bearing financial instruments is as below:

Amount in NRs.

Particulars	Weighted Average Interest Rate %	As on 31.03.2081	As on 31.03.2080
<b>Interest Sensitive Financial Assets</b>			
Balances with Other Banks	3.22%	106,403,924,623	138,011,257,448
GOI Treasury Bills	6.95%	440,434,524,707	326,397,674,398
US Government Treasury Bills	5.30%	33,106,077,946	32,558,455,337
Time Deposit (less than 3 months)	5.15%	43,819,360,000	140,035,636,676
IMF Related Assets: SDR Holdings	4.01%	23,791,069,016	25,649,141,930
General Refinance		-	1,462,139,667
Special/Export Refinance		-	
Zero Interest Loan		-	

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<b>Particulars</b>	<b>Weighted Average Interest Rate %</b>	<b>As on 31.03.2081</b>	<b>As on 31.03.2080</b>
Loan to MSME		-	35,669,315
Standing Liquidity Facility		-	-
<b>Loan to Employees</b>			
House loan Uninsured	1.00%	375,000	400,000
House Repair Loan Uninsured	1.00%	2,209,273,639	1,091,882,214
Vehicle Loan Uninsured	3.00%	161,000	466,000
Staff Loan Uninsured 2068	1.00%	744,840,020	557,925,609
US Government Treasury Notes/Bonds	3.96%	425,622,066,365	157,203,305,023
Government Treasury Notes/Bonds (CNY)	2.47%	96,453,226,913	129,436,323,269
Investment in Mid-term Instruments	5.07%	126,282,230,415	12,516,455,931
Time Deposit- Investment	5.24%	551,169,998,743	447,107,962,128
Fixed Deposit with Bank & Financial Institutions	7.33%	7,284,800,000	6,424,200,002
Government Treasury Bills (GON)		-	43,672,157,910
Saving Certificates (GON)	9.38%	3,912,900,000	3,907,721,000
<b>Total Interest Sensitive Financial Assets</b>		<b>1,861,234,828,387</b>	<b>1,466,068,773,857</b>
<b>Interest Sensitive Financial Liabilities</b>			
IMF Related Liabilities	4.01%	50,486,480,955	50,700,477,572
Short Term Borrowings			
<b>Total Interest Sensitive Financial Liabilities</b>		<b>50,486,480,955</b>	<b>50,700,477,572</b>
<b>Net Interest Sensitive Financial Position</b>		<b>1,810,748,347,432</b>	<b>1,415,368,296,285</b>

**5.6.3.4. Other Market Prices Risk**

Equity price risk arises from investment measured at fair value through other comprehensive income as well as investment measured at fair value through profit or loss. The Bank monitors the mix of debt and equity securities in its investment portfolio based on the market indices. Material investments within the portfolio are managed on individual basis. The objective for investment in equity instruments is to promote overall financial system of the country. These investments are made under the specific directives or policies of the Government of Nepal and other relevant statutes. At the end of reporting period, the Bank holds equity instruments of the various institutions. All the investments are measured at fair value.

**5.6.4. Classification and Fair Value of financial assets**

The fair value of financial assets and liabilities together with the carrying amounts as at the year-end are shown in the table 3.

Table 3

The fair value of financial assets and liabilities together with the carrying amounts as at the year end

Amount in NRs.

Particulars	Fair Value through OCI	Amortized Cost	Cash & Balances with banks	Financial Liabilities	Total Carrying Amount	Fair Value
<b>Foreign currency financial assets</b>						
Cash and balances with banks			131,658,377,029		131,658,377,029	131,658,377,029
Derivative financial assets					-	-
IMF related assets		23,991,803,148			23,991,803,148	23,991,803,148
Term deposit with foreign banks		598,508,477,426			598,508,477,426	598,508,477,426
Investments in foreign securities		1,127,741,874,366			1,127,741,874,366	1,127,741,874,366
Other receivables					-	-
<b>Total foreign currency financial assets</b>	<b>-</b>	<b>1,750,242,154,940</b>	<b>131,658,377,029</b>	<b>-</b>	<b>1,881,900,531,969</b>	<b>1,881,900,531,969</b>
<b>Local currency financial assets</b>						
Balances with banks			6,144,630		6,144,630	6,144,630
Investment in government securities		23,047,152,978			23,047,152,978	23,047,152,978
Investment in bonds & term deposit		7,381,089,826			7,381,089,826	7,381,089,826
Advances and receivable from government		1,946,658,278			1,946,658,278	1,946,658,278
Loan and advances to bank and financial institutions		118,433,601			118,433,601	118,433,601
Other loan and advances		9,399,741,857			9,399,741,857	9,399,741,857
Equity investment	4,302,806,764				4,302,806,764	4,302,806,764
Other receivables		1,745,467			1,745,467	1,745,467
<b>Total local currency financial assets</b>	<b>4,302,806,764</b>	<b>41,894,822,007</b>	<b>6,144,630</b>	<b>-</b>	<b>46,203,773,401</b>	<b>46,203,773,401</b>
<b>Total financial assets</b>	<b>4,302,806,764</b>	<b>1,792,136,976,947</b>	<b>131,664,521,659</b>	<b>-</b>	<b>1,928,104,305,370</b>	<b>1,928,104,305,370</b>
<b>Foreign currency financial liabilities</b>						
Derivative financial liabilities	-	-			-	-
Deposit of bank and financial institutions				12,868,855,095	12,868,855,095	12,868,855,095
IMF related liabilities				38,953,389,315	38,953,389,315	38,953,389,315

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<b>Total foreign currency financial liabilities</b>	-	-	-	<b>51,822,244,410</b>	<b>51,822,244,410</b>	<b>51,822,244,410</b>
<b>Local currency financial liabilities</b>						
Bills payable				111,732,583	111,732,583	111,732,583
Deposit of bank and financial institutions				290,718,269,398	290,718,269,398	290,718,269,398
Deposit of government				63,953,391,009	63,953,391,009	63,953,391,009
Deposit of other institutions				20,063,196,070	20,063,196,070	20,063,196,070
Currency in circulation				680,048,802,701	680,048,802,701	680,048,802,701
Due to bank and financial institutions				355,450,000,000	355,450,000,000	355,450,000,000
IMF related liabilities				11,859,006,209	11,859,006,209	11,859,006,209
Surplus payable to government				25,000,000,000	35,000,000,000	25,000,000,000
Other liabilities				1,592,587,319	1,592,587,319	1,592,587,319
<b>Total local currency financial liabilities</b>	-	-	-	<b>1,458,796,985,289</b>	<b>1,458,796,985,289</b>	<b>1,458,796,985,289</b>
<b>Total Financial Liabilities</b>	-	-	-	<b>1,510,619,229,699</b>	<b>1,510,619,229,699</b>	<b>1,510,619,229,699</b>
<b>Net Financial Assets Position</b>	<b>4,302,806,764</b>	<b>1,792,136,976,947</b>	<b>131,664,521,659</b>	<b>(1,510,619,229,699)</b>	<b>417,485,075,671</b>	<b>427,485,075,671</b>

### 5.6.5. Fair Value Hierarchy

Fair value measurements have been classified using a "fair value hierarchy" that categorizes the inputs to valuation techniques used to measure the fair value. The fair value hierarchy has three different levels and gives the highest priority to the quoted (unadjusted) prices in active markets and the lowest priority to unobservable inputs. The different levels are defined as follow.

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly, quoted prices for similar assets or liabilities in active markets.

Level 3 inputs are unobservable inputs for the asset or liability.

All the financial assets are measured at amortized cost except for the Equity Investment which has been recognized at fair value through other comprehensive income. The details showing the carrying amounts of financial assets that are measured at fair value using the "fair value hierarchy" and segregating fair value to Level 1–3 inputs are presented below:

#### Current Year Figures (NRs.)

Particulars	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Equity investment	4,302,806,764	4,302,806,764		4,302,806,764	
<b>Total financial assets at fair value</b>	<b>4,302,806,764</b>	<b>4,302,806,764</b>		<b>4,302,806,764</b>	

#### Previous Year Figures (NRs.)

Particulars	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Equity investment	5,511,498,272	5,511,498,272		5,511,498,272	
<b>Total financial assets at fair value</b>	<b>5,511,498,272</b>	<b>5,511,498,272</b>		<b>5,511,498,272</b>	

### 5.7. Employees Benefits - Defined Benefit Plans

The Bank currently offers two defined benefit post-employment plans to its employees, based on the length of service and amount of compensation. These post-employment benefit plans are 'Gratuity or Pension Plan' and 'Staff Security Plan'. The Bank also offers two other long term benefits: "Staff Medical Fund" and "Leave Encashment". A defined benefit plan is post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior period; and the benefit is discounted to determine its present value. The Bank determines the net interest expenses (income) on the net defined benefit liability (assets) for the period by applying discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (assets). The obligation under 'Gratuity or Pension Plan' and 'Staff Security Plan' is calculated by a qualified actuary every year using projected unit credit method. The discount rate used is the yield at the reporting date on high quality government bond having maturity dates approximating the terms of the obligations and are denominated in the Nepalese rupee in which the benefits are expected to be paid.

The 'Gratuity or Pension Plan' and 'Staff Security Plan' are funded plan wherein the Bank makes earmarked investment out of fund created for these plans. 'Leave encashment' and "Staff Medical Fund" are not a funded plan.

There are no plan amendments and curtailments during the reporting period.

The details of the net liabilities based on actuarial valuation of obligation for the defined benefit plans, viz, Gratuity or Pension Plan and Staff Security Plan are as follows:

#### Amount Recognized in the Statement of Financial Position

#### Amount in NRs.

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Present Value of Obligations	20,674,784,248	2,810,347,436	19,799,326,845	2,781,136,386
Fair Value of Plan Assets/Current Balance of Provision Account	(19,764,593,229)	(2,245,050,687)	(19,433,209,385)	(2,122,731,894)
<b>Net Liability/ (Assets)</b>	<b>910,191,019</b>	<b>565,296,749</b>	<b>366,117,460</b>	<b>658,404,492</b>

## Changes in Fair Value of Defined Benefit Obligations

Amount in NRs.

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
<b>Opening Obligation</b>	<b>19,799,326,845</b>	<b>2,781,136,386</b>	<b>18,979,279,196</b>	<b>2,123,566,882</b>
Current Service Cost	335,718,660	124,886,214	393,288,733	120,698,194
Interest Cost	1,781,939,416	250,302,275	1,643,115,713	186,417,899
Actuarial Losses (Gains)	205,985,660	(272,504,513)	228,519,080	454,967,187
Losses (Gains) on Curtailments	-	-	-	-
Benefits Paid	(1,448,186,333)	(73,472,925)	(1,444,875,877)	(104,513,776)
<b>Closing Obligation</b>	<b>20,674,784,248</b>	<b>2,810,347,437</b>	<b>19,799,326,845</b>	<b>2,781,136,386</b>

## Changes in Fair Value of Plan Assets

Amount in NRs.

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
<b>Opening Fair Value</b>	<b>19,433,209,385</b>	<b>2,122,731,894</b>	<b>18,966,513,926</b>	<b>2,024,185,776</b>
Investment adjustment	-	-	-	-
Expected Return	1,748,988,845	191,045,870	1,641,966,839	177,473,600
Actuarial Gains (Losses)	30,581,332	4,745,849	269,604,497	25,586,294
Contribution by Employer	-	-	-	-
Benefits Paid	(1,448,186,333)	(73,472,925)	(1,444,875,877)	(104,513,776)
<b>Closing Fair Value</b>	<b>19,764,593,229</b>	<b>2,245,050,687</b>	<b>19,433,209,385</b>	<b>2,122,731,894</b>

## Amount Recognized in the Statement of Comprehensive Income

Amount in NRs.

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Charged to Statement of Income	368,669,231	184,142,619	394,437,607	129,642,493
Actuarial Income/(Loss) Recognized in OCI	(175,404,328)	277,250,362	(41,085,417)	429,380,893
<b>Total Employee Benefit Income /(Expense)</b>	<b>193,264,903</b>	<b>461,392,981</b>	<b>353,352,190</b>	<b>559,023,386</b>

## Major Categories of Plan Assets as a Percentage of Total Plans

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Government of Nepal Securities	0%	0%	0%	0%
High quality corporate bonds	0%	0%	0%	0%
Equity shares of listed Companies	0%	0%	0%	0%
Property	0%	0%	0%	0%
Fixed Deposit of banks and FIs	100%	100%	100%	100%
Others	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Principal Actuarial Assumption at the end of the Reporting Period

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	9%	9%	9%	9%
Expected Return on Plan Asset	9%	9%	9%	9%
Future Salary Increase	10%	10%	10%	10%
Future Pension Increase	6.67%	-	6.67%	-
Withdrawal Rate	0.50%	0.50%	0.50%	0.50%

## The Sensitivity of the Defined Benefit Obligations to Changes in Principal Assumptions

Particulars	Change	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
		Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	-1%	12.64%	7.92%	11.69%	12.24%
	1%	-10.36%	-6.85%	-9.68%	-10.22%
Salary & Pension Increment Rate	-1%	-10.18%	-6.85%	-7.24%	-9.41%
	1%	12.20%	7.77%	8.28%	11%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

## Expected benefit payments to be paid out by the plans in the coming five years

Amount in NRs.

Years	Pension or Gratuity Plan	Staff Security Plan
2025	1,397,325,709	229,781,522
2026	1,479,667,496	293,264,059
2027	1,605,346,600	1,003,610,861
2028	1,670,850,726	281,088,509
2029	1,726,944,383	107,824,799
2030-2034	9,356,371,460	878,699,503

**5.8. Employees Benefits – Other Long Term Benefit Plan**

The Bank currently offers accumulated leave as other long term benefit plan. The Bank's net obligation in respect of other long term benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior period; and the benefit is discounted to determine its present value. The Bank determines the net interest expenses (income) on the net other long term benefit liability (assets) for the period by applying discount rate used to measure the other long term benefit obligation at the beginning of the period to the net other long term benefit liability (assets). The obligation under 'Accumulated Leave' is calculated by a qualified actuary every year using projected unit credit method. The discount rate used is the yield at the reporting date on high quality government bond having maturity dates approximating the terms of the obligations and are denominated in Nepalese rupee in which the benefits are expected to be paid.

'Leave encashment' is not a funded plan. Same assumptions are taken for measurement of the leave liabilities as adopted for defined benefit liabilities.

There are no plan amendments and curtailments during the reporting period. Actuarial gains/losses in other long term benefit plans are charged to statement of net income.

**5.9. Other Employee Benefits**

- Staff Welfare Fund: The Bank provides 12% of basic salary as staff welfare fund each year. During the year, the Bank has provided NRs. 104,666,745 (PY NRs. 99,181,883) as staff welfare fund.
- Staff Welfare Provident Fund: Each year, an amount as approved by the board of directors of the Bank, with an increment not exceeding 10% of amount approved by the board in previous year is provided in Staff Welfare Provident Fund. Total expenses under this heading amounts to NRs. 733,504,891 this year (PY NRs. 695,067,650).
- The Bank provides staff medical fund facility to the staff, of which payments are made as per the eligible medical claim while rest amount is paid at the retirement time. NRs. 129,821,324 (PY NRs. 97,827,966) is expensed as staff medical fund this year.

**5.10. Reserves**

The Bank has maintained different reserves and funds. Some of the reserves are statutory and maintained as per the requirement of the Nepal Rastra Bank Act, 2058. Section 41 of the Act has prescribed the sequences of the appropriation of the net income. As per the section, Foreign Exchange Revaluation Gain/Loss, Gold and Silver Revaluation Gain/Loss, and Securities Revaluation Gain/Loss shall be appropriated to the Foreign Exchange Equalization Reserve and respective Revaluation Reserves maintained by the Bank. The Bank shall also appropriate 10%, 5% and 5% of net income available for appropriation to General Reserve, Monetary Liability Reserve and Financial Stability Reserve respectively. In addition, an amount equal to the capital expenditure included in annual budget shall be appropriated to General Reserve and the amount decided by the Bank's board will be maintained in Net Cumulative Surplus Reserve. The purpose of these funds is specified in the Act and they shall be utilized for the said purpose. Besides these statutory funds, different other reserves and funds are maintained and a certain amount is annually allocated by the Bank's board, out of the each year's net income to those reserves and funds. The impacts resulting from other comprehensive income are directly transferred to respective reserves. The Bank's board is authorized by Nepal Rastra Bank Act, 2058 to allocate a part of net income to those reserves and funds. The details of statutory and other reserves and funds are as follows:

**5.10.1. Statutory Reserves****a) Monetary Liability Reserve**

This reserve is maintained as per section 41 (1) (kha) of the Nepal Rastra Bank Act, 2058 and as per the provision of the section, an amount equals to 5 percent of the net income available for appropriation shall be allocated each year and kept in such reserve. This year, NRs.3,688,116,035 (PY NRs. 3,024,120,079) is appropriated to this fund.

**b) Financial Stability Reserve**

This reserve is maintained as per section 41 (1) (kha) of the NRB Act and as per the provision of the section, an amount equals to 5 percent of the net income available for appropriation shall be allocated each year and kept in such reserve. This year, NRs.3,688,116,035 (PY NRs. 3,024,120,079) is appropriated to this fund.

**c) General Reserve**

This reserve is maintained as per section 41 (1) (kha) of the NRB Act and as per the provision of the section, an amount prescribed by the Bank's board not less than 10 percent of the net income available for appropriation shall be allocated in this general reserve fund each year. While allocating an amount in the general reserve, an additional amount shall be appropriated to cover the capital expenditure referred to in the annual budget of the Bank. Accordingly, NRs.11,274,655,157 (PY NRs. 11,731,293,096) is appropriated in general reserve during the year.

**d) Net Cumulative Surplus Fund**

This reserve is maintained as per section 41 (1) (kha) of the NRB Act and as per the provision of the section, an amount as decided by the Bank's board shall be allocated and kept in such reserve. This year, NRs.129,638,007 (PY NRs. 655,081,290) is appropriated to this fund. This fund is introduced after the amendments in NRB Act in 2073 BS.

**e) Exchange Equalization Fund**

This fund has been maintained as per section 41 (1) (ka) of the NRB Act and as per the provision of the section, the amount equals to the revaluation profit shall be kept in the revaluation reserve fund. It represents net exchange gains on various foreign currency assets and liabilities. An amount of NRs.14,995,429,467 (PY NRs. 10,009,028,778) which is equivalent to net exchange gain is appropriated to this fund during the year.

**f) Gold and Silver Equalization Reserve**

This fund has also been maintained as per section 41 (1) (ka) of the NRB Act. This reserve represents the gain or loss on the revaluation of gold and silver. Any appreciation or depreciation on revaluation of gold and silver is taken to/from this reserve out of net income of the year. Accordingly, an amount of NRs. 26,596,033,683 (PY NRs. 17,112,315,089) which is equivalent to net revaluation gain on revaluation of gold and silver is appropriated to this fund.

**5.10.2. Other Reserves and Funds**

The Board of Directors of the Bank is authorized by section 41 (1) (ga) of the NRB Act to appropriate the remaining net income in other funds as may be necessary and pay the remaining amount to Government of Nepal. Accordingly, the Bank has maintained different reserves and funds as per Accounts Directives of the Bank and the Board of Directors appropriate some part of the net income available for distribution to these reserves and funds annually. The amount kept under these reserves and funds shall be utilized for the purpose of the reserves or funds as mentioned in the Account Directives. The following reserves and funds have been maintained:

**a) Development Fund**

This is the specific fund created as per monetary policy of the Bank to provide support for loan and refinance to banks and financial institutions. The Board of Directors of the Bank annually appropriates a part of net income to this fund. Accordingly, an amount of NRs. 6,000,000,000. (PY NRs. 13,500,000,000) has been allocated to this fund during the year.

**b) Banking Development Fund**

This fund is created to meet the expenses relating to banking promotion, research and development work. The Board of Directors of the Bank annually appropriates a part of net income to this fund. No amount (PY NRs. -) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

**c) Mechanization Fund**

This fund is created to meet the amount required to develop and install modern software, hardware and allied mechanization system. An amount as required for mechanization is allocated by the Board of Directors of the Bank to this fund annually. No amount (PY NRs.-) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

**d) Scholarship Fund**

This fund is created to meet the amount required from time to time for the development of skilled manpower by way of providing training and higher studies to the employees of the Bank. No amount (PY NRs.-) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

**e) Mint Development Fund**

This fund is created to meet the heavy capital expenditure required from time to time for construction of factory building and installation of machinery for minting activities. No amount (PY NRs.-) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

**f) Open Market Operation Stabilization Fund**

This fund is created to ensure the adequacy of fund for the expenses related to various monetary instruments issued for liquidity management. The Board of Directors of the Bank annually appropriates a part of net income to this fund. Accordingly, an amount of NRs. 12,755,571,674 (PY NRs. 2,196,772,113) has been allocated to this fund during this fiscal year.

**g) Gold Replacement Fund**

This fund has been created for replacing the gold/silver sold during the year. An amount equals to income/ profit from gold and silver is appropriated to this fund annually and the amount kept under this fund is utilized for replacement of gold. Accordingly, an amount of NRs.1,091,153,478 (PY NRs. 1,351,014,924) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

**h) Rural Self Reliance Fund (GS Kosh)**

This fund is created as per the Monetary Policy of the Bank to provide wholesale credit for lending purpose to the deprived sector through MFIs, corporate and NGOs and refinancing in tea, cardamom plantation and production as well as construction of cold storages etc. No amount has been appropriated to this fund during the year.

**i) Rural Self Reliance Fund (Administration Expense Reimbursement Fund)**

This fund is created out of the surplus fund amounting to NRs.61,390,949 received while transferring the RSRF Program to Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited. The fund is utilized to provide reimbursement of the administrative expenses subsidy as claimed by the cooperative societies in case of the loan and advances disbursed and approved till the date of transfer of RSRF program to Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited. Accordingly, the administrative expenses subsidy amounting to NRs. - (PY Rs. 199,185) has been reimbursed in the current year from this fund.

**j) Actuarial Reserve**

This reserve is created out of the actuarial gain in defined benefit retirement schemes recognized in other comprehensive income (OCI). Any actuarial loss in defined benefit retirement schemes recognized in OCI shall be expensed through this reserve. An amount of NRs.101,846,034 (PY NRs. -388,295,476) has been transferred to Actuarial Gain Reserve in this year.

**k) Fair Value Reserve**

Fair Value Reserve in the Bank is created for maintaining the gain of investment in equity instruments classified as investment measured at fair value through other comprehensive income. A gain of NRs.635,186,270(PY NRs. 346,463,285) has been transferred to this reserve from other comprehensive income during the year.

**5.11. Foreign Exchange Reserve**

As per section 66 of Nepal Rastra Bank Act, 2058, the Bank shall maintain a foreign exchange reserve. As per the provision of the section, such reserve shall be denominated in the respective foreign exchange and shall consists of gold and other precious metals, foreign currencies and securities denominated in foreign currency, special drawing rights, bill of exchange, promissory note, certificate of deposit, bonds, and other debt instruments payable in convertible foreign currencies etc. The Bank also maintains record of the foreign exchange reserve held by the licensed banks and financial institutions. The gross foreign exchange reserve holding of the banking system of Nepal at the end of the reporting period is as follows:

(in NRs. billion)

Particulars	Current Year	Previous Year
<b>Foreign Exchange Reserve</b>		
<b>(a) Held by Nepal Rastra Bank</b>		
Convertible Foreign Currency	1,400.98	1,003.23
Non-Convertible Foreign Currency	447.58	331.41
Gold Reserve	82.43	65.72
Special Drawing Rights	23.79	25.42
<b>Sub Total</b>	<b>1,954.78</b>	<b>1,425.78</b>
<b>(b) Held by Banks and Financial Institutions</b>		
Convertible Foreign Currency	201.36	149.31
Non-Convertible Foreign Currency	9.29	8.07
<b>Sub Total</b>	<b>210.65</b>	<b>157.38</b>
<b>Total Foreign Exchange Reserve of Banking System</b>	<b>2,165.43</b>	<b>1,583.16</b>

Instrument-wise Investment of Foreign Exchange Reserve of the Banking System in terms of percentage of total reserve is as follows:

Particulars	Current Year (in %)	Previous Year (in %)
US Treasury Bills	1.81	2.5
Indian Treasury Bills	23.28	23.97
BIS FIXBIS	3.3	
Bonds/Notes	28.71	23.28
Mid Term Instrument	6.9	0.96
Call Deposits	3.07	4.29
Time Deposit (Currency)	29.45	40.25
Gold Deposit	3.48	4.75
Special Drawing Rights		
Balance with NRB and BFIs		
<b>Total</b>	<b>100</b>	<b>100</b>

## 5.12. Projects' Assets and Liability

The Government of Nepal, represented by the Ministry of Finance (MoF), and Nepal Rastra Bank (NRB) signed financing and separate agreements with KFW under the Project “Sustainable Economic Development in Rural and Semi-Urban Areas – MSME Finance” (SEDRA) in three separate phases under German Government Financial Cooperation with Nepal. The Project implies a financial contribution to the Government of Nepal to the total amount of EUR 20 million channeled to NRB acting as the Project-Executing Agency, which will use it exclusively to provide loans in Nepalese Rupees to Partner Financial Institutions (PFIs) for further on-lending to local MSMEs (micro, small and medium-sized enterprises) in defined rural and semi-urban areas. The disbursements for the first and second phases of SEDRA have been completed, and the disbursement for the third phase is currently in the pipeline.

As part of the Project, the MoF and NRB shall establish a financing vehicle (Revolving Fund, RF), through which accumulated principal and interest payments from Project PFIs and RF partner banks shall be used to grant new loans to selected local banks with the objective to support expanding their lending to the underserved “missing middle” segment, i.e. Nepali MSMEs demanding loans within the ticket size up to NPR 5 million which has been at the core of the SEDRA Project.

The Financial Position and Income Statements of these projects are as below:

### Statement of Financial Position

Amount in NRs.

Particulars	As on 31 <sup>st</sup> Asar 2081	As on 31 <sup>st</sup> Asar 2080
	KFW	KFW
<b>Equity</b>		
Capital Contribution	-	-
Surplus	363,157,272	280,229,315
Financial Risk Fund	-	-
<b>Long- term Liabilities</b>		
Loan from ADB - Non-Current Portion	-	-
<b>Current Liabilities and Provision</b>		
Loan from ADB - Current Portion	-	-
Service Charge due on Loan from ADB	-	-
Loan From GON	1,713,792,715	1,405,992,343
Loan Loss Provision	-	-
Accounts Payable	-	-
<b>Total Equity &amp; Liabilities</b>	<b>2,076,949,988</b>	<b>1,686,221,658</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		

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Fixed Assets	-	-
Loan to PFI- Non Current Portion	-	-
Investment	-	-
<b>Current Assets</b>		
Interest Receivables	9,811,811	30,146,775
Loan to PFI- current portion	1,568,611,149	1,302,291,203
Cash and cash equivalents	498,527,027	353,783,680
<b>Total Assets</b>	<b>2,076,949,988</b>	<b>1,686,221,658</b>

**Statement of Comprehensive Income**

**Amount in NRs.**

Particulars	As on 31 <sup>st</sup> Asar 2081	As on 31 <sup>st</sup> Asar 2080
	KFW	KFW
<b>A. Income</b>		
<b>Interest Income</b>	<b>82,927,957</b>	<b>88,317,902</b>
From Loan to PFIs	82,927,957	88,317,902
On deposit with Banks	-	-
On Investment	-	-
Other Income	-	-
Loan Loss Provision Written back	-	-
<b>Total Incomes</b>	<b>82,927,957</b>	<b>88,317,902</b>
<b>B. Expenditure</b>		
Administrative Expenses	-	-
Provision for Service Charge	-	-
Loan Loss Provision	-	-
Depreciation	-	-
<b>Total Expenses</b>	<b>-</b>	<b>-</b>
<b>Surplus (Deficit) (A-B)</b>	<b>82,927,957</b>	<b>88,317,902</b>

**5.13. Interest in other entities**

The Bank has invested in quoted and unquoted equity securities of nine different entities as presented below:

**5.13.1. Investment in unquoted securities**

The Bank has investment in unquoted equity securities of the following entities:

**Amount in NRs.**

Particulars	%	No of Shares		Investment at cost		Investment at Fair value	
		31-03-2081	31-03-2080	31-03-2081	31-03-2080	31-03-2081	31-03-2080
Agricultural Project Services Centre Pvt. Ltd.	62.5	5,000	5,000	5,000,000	5,000,000	-	-
Rastriya Jeevan Beema Company Limited	55.56	1,005,667	1,005,667	1,000,000	1,844,877,778	383,500,672	2,192,733,256
Nepal Stock Exchange Ltd.	9.51	950,637	950,637	3,321,005	3,321,005	588,339,733	589,879,764
National Productivity and Economic Development Centre Ltd.	31.52	25,000	25,000	2,500,000	2,500,000	-	-
Deposit & Credit Guarantee Fund	10	10,000,000	10,000,000	607,594,000	607,594,000	2,784,984,577	2,315,012,466
Nepal Clearing House Ltd.	9.45	1,006,637	783,375	15,000,000	15,000,000	241,170,092	181,601,993

Credit Information Bureau	9.5	414,287	414,287	3,315,096	3,315,096	284,076,596	213,440,663
National Banking Institute	9.5	187,631	47,501	4,750,150	4,750,150	20,735,094	18,830,130
<b>Total</b>				<b>642,480,251</b>	<b>2,486,358,029</b>	<b>4,302,806,764</b>	<b>5,511,498,272</b>

Fair Value of the share investment in unquoted equity securities has been arrived based on the latest available unaudited financial statements of respective entities.

All of the equity holdings are promoter shares which are not traded freely in the market. Hence, fair value of the shares is assumed same as the net worth per share.

### 5.13.2. Significant Interest in entities

The Bank has significant interest in the following entities. The details regarding interest in those entities are as under:

Name of Entity	Paid up capital (NRs.)	Investment at Face Value (NRs.)	% of share	Principal Activity	Principal Place of Business
Agricultural Project Services Centre Pvt. Ltd.	8,000,000	5,000,000	62.50	Provides services related to agricultural activity	Singhadurbar, Kathmandu
Rastriya Jeevan Beema Company Limited	181,020,000	100,566,667	55.56	Life insurance service	Ramshahpath, Kathmandu
National Productivity and Economic Development Centre Ltd.	7,932,500	2,500,000	31.52	Provides research and consultancy services, offers socio-economic, productivity, management, policy planning, and energy conservation consultancy services.	Balaju, Kathmandu

Significant interest in above three entities is because of the investment in equity instruments (promoter shares) of such entities which were made under specific directives or policies of the Government of Nepal and other relevant statutes. The Bank is in the process of divestment of such investment by selling the shares that the Bank holds. The cost and its carrying amounts of assets recognized in the financial statements on such entities are as follows:

Amount in NRs.

Particulars	Investment at cost		Carrying Amounts (Investment at Fair value)	
	31-03-2081	31-03-2080	31-03-2081	31-03-2080
Agricultural Project Services Centre Pvt. Ltd.	5,000,000	5,000,000	-	-
Rastriya Jeevan Beema Company Limited	1,000,000	1,844,877,778	383,500,672	2,192,733,256
National Productivity and Economic Development Centre Ltd.	2,500,000	2,500,000	-	-
<b>Total</b>	<b>8,500,000</b>	<b>1,852,377,778</b>	<b>383,500,672</b>	<b>2,192,733,256</b>

In the absence of audited financial statements of Agricultural Project Services Centre Private Limited and National Productivity & Economic Development Centre Limited, the Bank is not able to estimate the fair value of investment in such entities. Therefore, the Bank has made impairment by full amount for the investment in Agricultural Project Service Centre Private Limited and National Productivity & Economic Development Centre Limited and has not expected for its recovery. In addition, Agricultural Project Service Centre Private Limited is in the process of liquidation since long time.

The carrying amount of NRs.383,500,672 (PY NRs. 2,192,733,256) as shown in above table has been included under Equity Investment in the Statement of Financial Position. Being all the above entities as limited liability company, this is the maximum exposure to the loss from its significant interest in such entities.

### 5.13.3. Transactions with the Entities having Significant Interest

The Bank has done some transactions with the entities having significant interest of the Bank. Such transactions are occurred in the normal course of the Bank's operations and conducted as arm's length transactions. The details of such transactions are as follows:

Amount in NRs.

Entity	Nature of Transaction	FY 2080-81	FY 2079-80
Rastriya Jeevan Beema Company Limited	Insurance Premium paid by the Bank	288,857,533	302,334,635

**5.14. Transaction with the International Monetary Fund (IMF)**

The Bank transacts with the IMF as an agent of the Government of Nepal in respect of quota where in case of Special Drawing Rights (SDRs), loans etc. from them it transacts in its own right. The IMF revalues quota at the end of April every year and gains or losses arising from such revaluation relating to the quota are borne by the Government of Nepal. In case of other transactions, such gains/losses are borne by the Bank. The basic policies followed by the Bank on such accounts are as follows:

- Country's quota with the IMF is recorded by the Bank as depository of the Government of Nepal and exchange gains/losses arising on quota are borne by the Government.
- Exchange gains or losses in respect of borrowings under ECF and other facilities of the IMF, allocation of SDRs and holding of SDRs are recognized in the income statement of the Bank.

The position of the Bank and Nepal Government's account with the IMF account is presented as below:

Particulars	As on 31 <sup>st</sup> Asar 2081		As on 31 <sup>st</sup> Asar 2080	
	Local Currency (NRs.)	SDR Equivalents	Local Currency (NRs.)	SDR Equivalents
<b>1. For Transaction with Nepal Rastra Bank</b>				
<b>Special Drawing Rights</b>				
Net cumulative allocation	38,627,474,746	218,481,192	38,817,553,383	218,481,192
Holdings	23,791,069,016	134,564,870	25,649,141,930	144,363,944
<b>2. For Transaction with Nepal Government</b>				
<b>Outstanding Purchases &amp; Loans</b>				
RCF Loans	29,630,796,000	167,595,000	31,043,390,750	174,725,000
ECF Arrangements	33,291,440,000	188,300,000	20,911,759,000	117,700,000
<b>Other Information</b>	<b>Per cent of Quota</b>		<b>Per cent of Quota</b>	
Quota	100	156,900,000	100	156,900,000
Currency Holding	89.81	140,918,351	89.82	140,923,637
Reserve Tranche Position	10.20	15,998,749	10.19	15,982,092

The SDR is converted into Nepalese rupees at conversion rate of NRs.176.8 (PY NRs.177.67) per SDR.

**5.15. Contingent Liabilities and Capital Commitments**

The Bank has following amounts of contingent liabilities and capital commitments.

PARTICULARS	As on Asar 31, 2081	As on Asar 31, 2080
	NRs.	NRs.
Note Printing Commitments	327,963,057	1,655,328,161
Unclaimed Account Transfer to P/L Account	3,405,254	22,915,528
Capital Commitments	660,711,257	1,502,577,488
<b>Total</b>	<b>992,079,568</b>	<b>3,180,821,177</b>

Contingent liabilities in respect of note printing commitments are determined on the basis of LCs opened for procurement of bank notes. The capital commitments include costs for the consultancy service for interior design of newly constructed Baluwatar and Thapathali building; preparation of masterplan with detailed A/E design and cost estimation for construction of physical infrastructure and Supervision at Surkhet office; preparation of masterplan, cost estimate, BOQ and specification of proposed new Building at Biratnagar office; consultancy service for drawing, design and cost estimate of Pokhara Guest House as per the contract agreements less payments made till the end of the reporting period; which are expected to be settled over the period of the buildings construction. Likewise, capital commitments also include letter of credits opened for procuring Banknote Shredding and Briquetting System (BSBS) and Currency Verification and Processing System (CVPS).

**5.16. Lease liabilities**

The Bank has entered with the lease agreement with different counterparties for availing office space for conduct of its operation. The Bank accounted the present value of lease assets as lease liabilities and right to use assets. Lease payments on short term leases are recognized as expenses on straight line basis. The maturity analysis of lease liabilities is present here:

Amount in NRs.

Period	FY 2080-81	FY 2079-80
Less than one year	20,510,674	29,689,619
One year to five years	39,733,966	31,075,036
More than five years	33,065,582	43,152,387
<b>Total Lease Liabilities</b>	<b>93,310,222</b>	<b>103,917,043</b>

#### 5.17. Monetary Operations and Refinance

The Bank conducts open market operations to manage liquidity in banking sector. The Bank usually injects money through inter day liquidity facility, standing liquidity facility, reverse repurchase agreement and lender of the last resort. Loan amount provided under the open market operation is fully secured with collateral (110 percent of loan amount) of Nepal Government securities. The Bank absorbs excess liquidity from market through reverse repo & deposit collection.

Besides these, the Bank also provides refinance facility to banks and financial institutions for providing the loan to borrowers. The loan under refinance facility is fully secured with good loan (100 percent of loan amount) of bank and financial institutions. The year-end outstanding balances and other details of monetary operations and refinance are given below:

Amount in NRs.

Particulars	Value	Interest (min/max)	FV of collateral received
	As on Asar 31, 2081		
<b>1. Monetary Operations</b>			
<i>Assets</i>			
Standing liquidity facility			
Lender of last resort	-		
Securities purchased under repurchase agreement	-		
Inter-day liquidity facility	-		
<i>Liabilities</i>	-		
Deposit Collection	950,000,000	0.7048-3.1853%	
Reverse Repo	-		
Standing Deposit facility	354,500,000,000	3%	
<b>2. Refinance</b>	-		
	As on Asar 31, 2080		
<b>1. Monetary Operations</b>			
<i>Assets</i>			
Standing liquidity facility			
Lender of last resort	-		
Securities purchased under repurchase agreement	-		
Inter-day liquidity facility	-		
<i>Liabilities</i>	-		
Deposit Collection	20,000,000,000	3.83%	
Reverse Repo	40,000,000,000	2.3787-2.5409%	
Standing Deposit facility	-		
<b>2. Refinance</b>	<b>1,497,808,982</b>	<b>1-5%</b>	<b>1,497,808,982</b>

#### 5.18. Claims and Litigations against the Bank

There are 238 pending cases (PY 243) filed in the court involving the Bank, either as plaintiff or defendant. It is anticipated that the Bank will not incur significant monetary liabilities in cases other than those initiated by its employees. However, the Bank may incur the loss to the extent of salaries and benefits owed to the 6 employees who have instituted legal suit against the Bank, contingent upon the nature of court's decision.

#### 5.19. Number of Employees

The number of employees holding office at the year-end is 1,142 (PY 1,160).

#### 5.20. Presentation (Regrouping/Rearrangement)

The presentation of some of the line items of previous year financial statements have been changed (regrouped or rearranged) to align the financial statements.

#### 5.21. Events after the Reporting Period

In addition to above, there is no material events occurred after the reporting period that requires adjustments or disclosure in the financial statements.

#### 5.22. Sustainability Reporting

In the global context, an understanding is gradually emerging that central banks and financial supervisors ought to address climate risks and support sustainable finance. Nepal Rastra Bank, being central bank as well as supervisor of the banks and financial institutions (BFIs) in Nepal, has also started to consider how to integrate climate and other environmental considerations into our policy frameworks, or to encourage financial institutions to incorporate environmental, social and governance (ESG) standards in lending and investment and to adopt environmental and social risk management (ESRM) practices.

For aforementioned purpose, NRB has issued a Guideline on Environmental & Social Risk Management (ESRM) for the Banks and Financial Institutions on 2018. The guideline is revised in 2022. Additionally, Unified Directives issued by NRB mandates implementation of the above guidelines. Accordingly, Directive 2, clause (29) requires the BFIs to ensure, before disbursement of loans, in case to projects for which Initial Environmental Examination (IEE)/Environmental Impact Assessment (EIA) is required for obtaining license/approval prior to establishment of project, such reports are approved from relevant authorities and in other cases, shall perform environment assessments on their own, before disbursement of loans. The BFIs are required to formulate their own policy for assessment of environmental and social risk in accordance with Environment Protection Act, 2076, Environment Protection Niyamawali, 2077, Labour Act, 2074, Guideline on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions, 2022 and relevant laws and regulations and incorporate environment and social risk assessment while making credit assessments, risk monitoring and reporting based on such policies. Also, the BFIs are required to submit reports to NRB in formats and frequency prescribed in Guideline on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions, 2022.

In addition to above, various provisions in Unified Directives, mentioned hereafter, also facilitate and encourage adoption of environment friendly measures by the BFIs. Directive No. 3, clause 12 (7) has prescribed loan to value ratio for personal electric vehicle loan at maximum 80 percent, as compared to maximum limit of 50 percent for other vehicle loans. Directive No. 5, clause (10) requires that the BFIs shall identify and assess the environment, social and climate change risk in addition to AML/CFT risk, legal risk, and they have to formulate adequate policy and procedures to manage such risks. Directive No. 6, clause 16 permits the BFIs to utilize the corporate social responsibility fund, created in accordance with the same directive, in activities relating to environment protection, social awareness programs and waste management. Directive No. 17 issued by the Bank has mandatory requirement for the BFIs to provide at least 5 percent of their total loan and advances to the deprived sector and such deprived sector loans shall also include loan of maximum 2 lakh per family provided for acquisition of renewable energy technology like domestic solar power system, solar cooker, solar water pump, biogas, improved water boiler, improved stove loan. Also, Directive No. 17 have mandated commercial banks to lend, by the end of FY 2026-27, at least 15 percent of their total credit in agriculture sector, at least 10 percent in energy sector and at least 15 percent in micro, cottage, small and medium scale industry.

In line with the Monetary Policy for 2022/23, Nepal Rastra Bank (NRB) has developed a Green Finance Taxonomy aimed at promoting the flow of domestic green finance. This initiative seeks to support the issuance of green bonds, climate risk reporting, and address the capital needs of the financial sector. The taxonomy provides a standardized framework for classifying economic activities, helping to enhance the sustainable finance sector and mobilize green investments more effectively. The Bank has also issued reference document on Nepal Green Finance Taxonomy.

The bank is also acquiring electric vehicles to enhance sustainability, reduce carbon emissions, and support its commitment to environmentally responsible practices. Further, to hear the grievances related to consumer protection, sustainable finance and other issues from the stakeholders, grievance handling portal is available on the website of the Bank.

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