Current Macroeconomic and Financial Situation of Nepal

Based on Annual Data (Mid-July 2026) of Fiscal Year 2025/26

Major Highlights

- The economic growth rate for 2025/26 has been estimated to be 3.85 percent. In the previous year the economic growth rate was 4.43 percent.
- CPI-based inflation stood at 5.14 percent in mid-July 2026. The average CPI-based inflation over a twelve month in fiscal year 2025/26 remained at 3.08 percent.
- Gross foreign exchange reserve was recorded at Rs.3897.67 billion, equivalent to 25.31 billion USD. This reserve is sufficient to cover prospective imports of merchandise and services for 19.6 months.
- Current account and balance of payments remained at a surplus of Rs.923.56 billion and Rs.1027.04 billion, respectively.
- During FY 2025/26 remittances increased 37.1 percent in NPR terms and 28.1 percent in USD terms. During mid-June to mid-July, remittance inflows amounted Rs. 242.33 billion.
- Exports increased 13.8 percent and imports increased 16.2 percent.
- Nepal Government's total expenditure reached Rs. 1582.17 billion, with revenue mobilization amounting to Rs. 1241.32 billion.
- Broad money (M2) increased 13.4 percent in 2025/26. In the prvious year, M2 increased 12.5 percent.
- Deposits at the BFIs increased by 13.9 percent amounting to Rs.8276.93 billion, and credit to the private sector increased by 6.5 percent amounting to Rs.5857.06 billion in 2025/26.
- The weighted average interbank rate among the BFIs at the end of mid-July remained at 2.75 percent, while the weighted average rate for 91-days Treasury bills stands at 2.32 percent.
- The weighted average deposit rate and lending rate of commercial banks are 3.21 percent and 6.55 percent respectively.

Nepal Rastra Bank
Economic Research Department

August 26, 2026

Real Sector

1. National Statistics Office has estimated economic growth of 3.85 percent for 2025/26. Agriculture, industry and service sectors are estimated to grow 1.58 percent, 5.67 percent and 4.21 percent respectively.

Table 1: Share in GDP (Percent)

Sectors	2023/24	2024/25^R	2025/26^P
Agriculture*	24.46	24.50	24.03
Industry	13.60	13.70	14.16
Service	61.94	61.80	61.81
Real GDP Growth (Percent)			
GDP growth	**3.68**	**4.43**	**3.85**
Agriculture*	3.10	3.05	1.58
Industry	0.21	3.31	5.67
Service	4.49	4.36	4.21

** Agriculture, Forestry and Fishing*
P: Preliminary estimate.
R: Revised estimate
Source: National Statistics Office

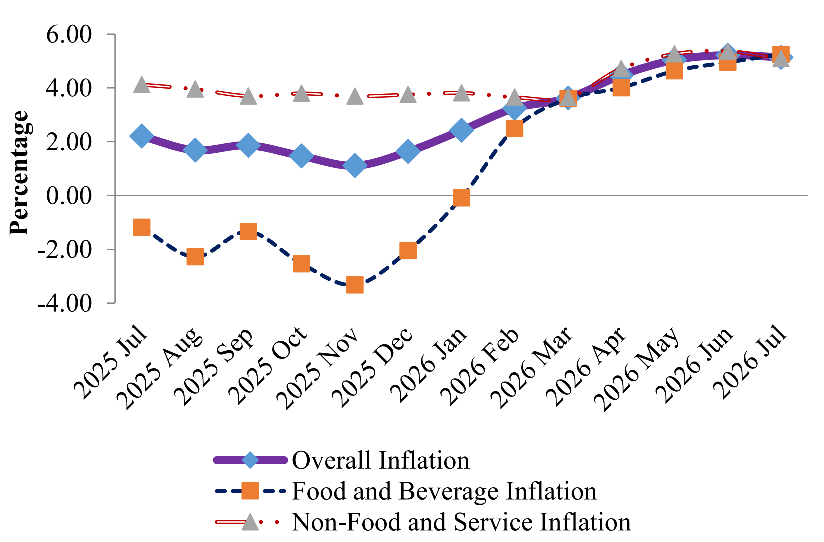
2. Share of agriculture, industry and service sectors in GDP stands 24.03 percent, 14.16 percent and 61.81 percent respectively in 2025/26 (Table 1).
3. Gross domestic saving to GDP stands 9.71 percent in 2025/26. Ratio of gross fixed capital formation and gross national saving to GDP stands 26.26 percent and 44.77 percent respectively.
4. The installed capacity of electricity increased to 4120 Megawatt in 2025/26, which consists of 3905 Megawatt from hydroelectricity only.
5. The total number of tourist arrivals increased by 0.95 percent to 1,158,459 in 2025/26.

Inflation

Consumer Price Inflation (CPI)

6. The y-o-y consumer price inflation stood at 5.14 percent in mid-July 2026 compared to 2.20 percent a year ago.
7. The annual average consumer price inflation stood at 3.08 percent in FY 2025/26 compared to 4.06 percent a year ago.
8. Under the food and beverage category, the annual average consumer price index of ghee & oil sub-category increased 10.05 percent, fruit 7.09 percent, and non-alcoholic drinks 3.28 percent while the annual average consumer price index of vegetable decreased 3.95 percent, spices 3.66 percent and pulses & legumes 3.41 percent (Table 2).

Chart 1 : y-o-y Consumer Price Inflation



9. Likewise, under the non-food and services category, the annual average consumer price index of miscellaneous goods & services sub-category increased 17.61 percent, education 7.04 percent, transportation 5.80 percent and clothes & footwear 5.56 percent while the annual average of insurance & financial services decreased 0.01 percent.

Table 2: Annual Average Consumer Inflation

Particulars	Weight (%)	Percent		
		2023/24	2024/25	2025/26
Consumer Price Inflation	**100**	**5.44**	**4.06**	**3.08**
Food and Beverage	35.49	6.47	4.69	1.04
Non-Food and Service	64.51	4.64	3.71	4.21

Food and Beverage Category Inflation

10. The annual average food and beverage category inflation stood at 1.04 percent in FY 2025/26 compared to 4.69 percent a year ago.

11. The y-o-y food and beverage category inflation stood at 5.25 percent in mid-July 2026 compared to decrease by 1.19 percent a year ago.

Non-food and Service Category Inflation

12. The annual average non-food and services category inflation stood at 4.21 percent in FY 2025/26 compared to 3.71 percent a year ago.

13. The y-o-y non-food and services category inflation stood at 5.08 percent in mid-July 2026 compared to 4.12 percent a year ago.

Region-wise Consumer Price Inflation

14. The annual average consumer price inflation of FY 2025/26 in the Kathmandu Valley is 3.16 percent, Terai 3.28 percent, Hill 2.81 percent and Mountain 2.73 percent respectively.

15. In mid-July 2026, the y-o-y consumer price inflation in Kathmandu Valley is 4.80 percent, Terai 5.63 percent, Hill 4.97 percent and Mountain 4.04 percent.

Rural and Urban Consumer Price Inflation

16. The annual average consumer price inflation of FY 2025/26 in rural areas is 2.65 percent and urban areas is 3.22 percent.

17. In mid-July 2026, the y-o-y consumer price inflation in rural areas increased 4.99 percent while in urban areas, it rose 5.19 percent.

Province-wise Consumer Price Inflation

18. Based on provinces, in FY 2025/26, the annual average consumer price inflation in Koshi Province is 3.77 percent, Madhesh Province 3.65 percent, Bagmati Province 2.79 percent, Gandaki Province 2.59 percent, Lumbini Province 3.29 percent, Karnali Province 2.60 percent, and Sudurpashchim Province 2.05 percent.

19. In mid-July 2026, the y-o-y consumer price inflation in Koshi Province is 5.61 percent, Madhesh Province 5.94 percent, Bagmati Province 4.68 percent, Gandaki Province 5.12 percent, Lumbini Province 5.25 percent, Karnali Province 5.01 percent, and Sudurpashchim Province 4.27 percent.

Consumer Price Inflation in Nepal and India

20. The y-o-y consumer price inflation in Nepal stood at 5.14 percent in mid-July 2026. Such inflation in India was 4.45 percent in July 2026.

Wholesale Price Inflation (WPI)

21. The annual average wholesale price inflation stood at 4.27 percent in FY 2025/26 compared to 3.84 percent a year ago.

22. The y-o-y wholesale price inflation stood at 6.67 percent in mid-July 2026 compared to 1.05 percent a year ago.

National Salary and Wage Index

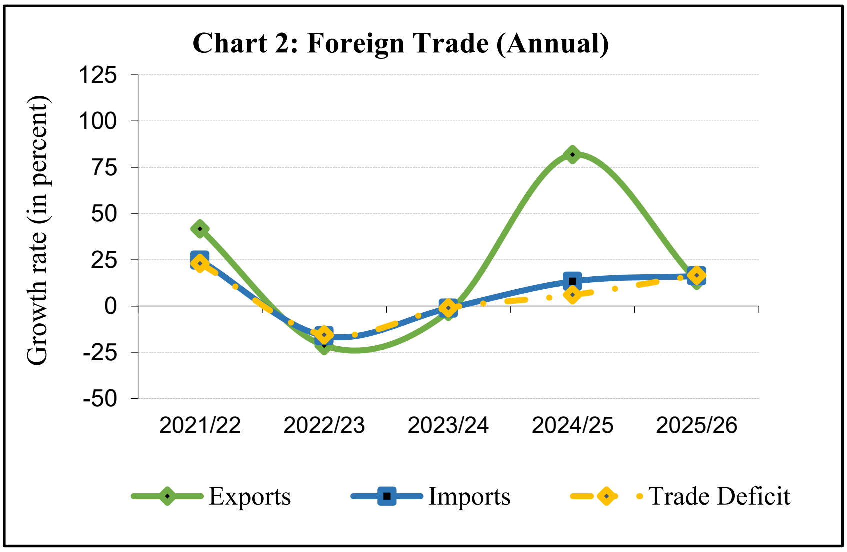
23. The annual average salary and wage rate index stood at 5.79 percent in FY 2025/26 compared to 2.85 percent a year ago.

24. The y-o-y salary and wage index increased 6.70 percent in the fourth quarter of FY 2025/26 compared to 2.63 percent a year ago.

25. Based on provinces, in the review quarter, the increase in y-o-y salary and wage index in Koshi Province is 7.52 percent, Madhesh Province 6.53 percent, Bagmati Province 5.18 percent, Gandaki Province 11.32 percent, Lumbini Province 8.22 percent, Karnali Province 1.26 percent, and Sudurpashchim Province 5.82 percent.

External Sector

Merchandise Trade



26. During FY2025/26, merchandise exports increased 13.8 percent to Rs.315.29 billion compared to a growth of 81.8 percent in the previous year. Destination-wise, exports to India and other countries increased 15.1 percent and 10.1 percent respectively whereas exports to China decreased 28.0 percent. Exports of soyabean oil, palm oil, cardamom, jute goods and noodles among others increased whereas exports of zinc sheet, particle board, tea, woolen carpet and handicraft goods among others decreased in the review year.

27. During 2025/26, mercandise imports increased 16.2 percent to Rs.2096.38 billion compared to a growth of 13.3 percent a year ago. Destination-wise, imports from India, China, and other countries increased 13.0 percent, 24.7 percent, and 17.5 percent respectively. Imports of petroleum products, silver, transport equipment, vehicle and spare parts, chemical fertiliser, and

other machinery and parts, among others, increased, whereas imports of edible oil, hot rolled sheet in coil, garlic, bitumen and M.S. billet, among others, decreased in the review year.

28. Total trade deficit increased 16.6 percent to Rs.1781.09 billion in 2025/26. Such a deficit had increased 6.0 percent in the previous year. The export-import ratio decreased to 15.0 percent in the review year from 15.4 percent in the previous year.

29. During 2025/26, merchandise imports from India against payment in convertible foreign currency amounted Rs.197.25 billion. Such amount was Rs.181.15 billion in the previous year.

Composition of Foreign Trade

30. As per the Broad Economic Categories (BEC), the final consumption goods, intermediate goods, and capital goods accounted for 69.0 percent, 30.4 percent, and 0.6 percent of the total exports respectively in the review year. In the previous year, the ratio of the final consumption, intermediate, and capital goods remained 67.7 percent, 31.4 percent, and 0.9 percent of total exports respectively.

31. On the imports side, the share of final consumption, intermediate, and capital goods remained 39.0 percent, 51.4 percent, and 9.6 percent in the review year. Such ratios were 39.1 percent, 51.7 percent, and 9.2 percent respectively in the previous year.

Export-Import Price Index

32. The y-o-y unit value export price index, based on customs data, increased 6.5 percent whereas the import price index increased 15.1 percent in the twelfth month of 2025/26. The terms of trade (ToT) index decreased 7.5 percent during the review month.

Services

33. Net services income remained at a deficit of Rs.73.60 billion during 2025/26 compared to a deficit of Rs.90.30 billion in the previous year.

34. Under the service account, travel income increased 1.5 percent to Rs.90.05 billion in the review year which was Rs.88.71 billion in the previous year.

Table 3: Some indicators related to BoP

Particulars	Values (in Billion)		Percentage Change	
	2024/2025^R	2025/2026^P	2024/2025^R	2025/2026^P
Travel income	88.71	90.05	7.7	1.5
Travel payment	223.72	209.10	18.1	-6.5
O/W Education	138.48	141.92	10.7	2.5
Remittance inflow	1723.27	2363.13	19.2	37.1
Direct Investment Inflows (Equity only)	12.02	28.49	41.8	137.0

R=Revised P=Provisional

35. Under the service account, travel payments decreased 6.5 percent to Rs.209.10 billion, including Rs.141.92 billion for education. Such payments were Rs.223.72 billion and Rs.138.48 billion respectively in the previous year.

Remittances

36. Remittance inflows increased 37.1 percent to Rs.2363.13 billion during 2025/26 compared to an increase of 19.2 percent in the previous year. During mid-June to mid-July (Asar month),

remittance inflows stood at Rs. 242.33 billion. In the same period of the previous year, such inflows were Rs. 189.11 billion.

37. In US Dollar terms, remittance inflows increased 28.1 percent to Rs. 16.19 billion in the review year compared to an increase of 16.3 percent in the previous year.

38. Net secondary income (net transfer) reached Rs.2581.53 billion in the review year compared to Rs.1874.30 billion in the previous year.

39. The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stands at 406,519 and taking approval for renewal of entry stands at 385,783. In the previous year, such numbers were 505,957 and 333,309 respectively.

Current Account and Balance of Payments

40. The current account remained at a surplus of Rs. 923.56 billion in the review year compared to a surplus of Rs.409.84 billion in the previous year. In US Dollar terms, the current account registered a surplus of 6.33 billion in the review year against a surplus of 3.01 billion in the previous year.

41. In the review year, net capital transfer amounted to Rs.18.50 billion. In the previous year, such transfer amounted to Rs.9.84 billion. Similarly, in the review year, Rs.28.49 billion foreign direct investment (equity only) was received. In the previous year, foreign direct investment inflow (equity only) amounted to Rs.12.02 billion.

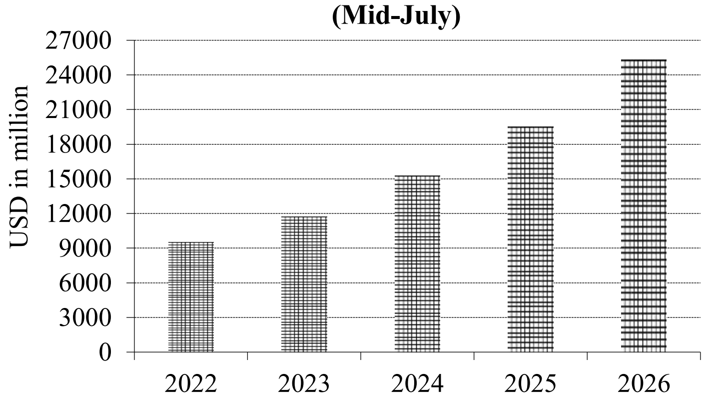
42. Balance of Payments (BOP) remained at a surplus of Rs.1027.04 billion in the review year compared to a surplus of Rs.594.54 billion in the previous year. In US Dollar terms, the BOP remained in surplus of Rs.7.05 billion in the review year, compared to a surplus of Rs. 4.37 billion in the previous year.

Foreign Exchange Reserves

43. Gross foreign exchange reserves increased 45.6 percent to Rs.3897.67 billion in mid-July 2026 from Rs.2677.68 billion in mid-July 2025. In US dollar terms, the gross foreign exchange reserves increased 29.8 percent to 25.31 billion in mid-July 2026 from 19.50 billion in mid-July 2025.

44. Of the total foreign exchange reserves, the reserves held by NRB increased 43.8 percent to Rs.3473.19 billion in mid-July 2026 from Rs. 2414.64 billion in mid-July 2025. Reserves held by banks and financial institutions (except NRB) increased 61.4 percent to Rs.424.48 billion in mid- July 2026 from Rs.263.04 billion in mid-July 2025. The share of Indian currency in total reserves stood at 22.3 percent in mid-July 2026.

Chart 3: Gross Foreign Exchange Reserves (Mid-July)



Foreign Exchange Adequacy Indicators

45. Based on the imports of 2025/26, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 23 months, and merchandise and services imports of 19.6 months. The ratio of reserves-to-GDP, reserves-to-imports and reserves-to-M2 stood at 63.8 percent, 163.4 percent, and 43.8 percent respectively in mid-July 2026. Such ratios were 43.8 percent, 128.1 percent, and 34.1 percent respectively in mid-July 2025.

International Investment Position (IIP)

46. Foreign assets and liabilities of the country stood at Rs.4262.84 billion and Rs.2446.10 billion respectively in mid-July 2026. Accordingly, net IIP remained in surplus at Rs.1816.74 billion in mid-July 2026. Net IIP was at a surplus of Rs.779.77 billion in mid-July 2025

Price of Oil and Gold

47. The price of oil (Crude Oil Brent) in the international market increased 16.6 percent to US dollar 81.23 per barrel in mid-July 2026 from US dollar 69.67 per barrel a year ago. The price of gold increased 20.2 percent to US dollar 3993.55 per ounce in mid-July 2026 from US dollar 3323.80 per ounce a year ago.

Exchange Rate

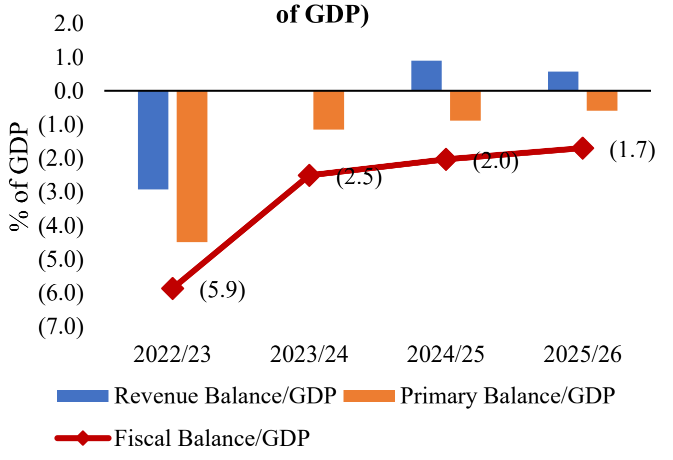
48. Nepalese currency vis-à-vis the US dollar depreciated 10.9 percent in mid-July 2026 from mid-July 2025. It had depreciated 2.7 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs.153.72 in mid-July 2026 compared to Rs.137.0 in mid-July 2025.

Fiscal Situation

Key Fiscal Indicators

49. During FY 2025/26, the fiscal balance of the Government of Nepal remained in deficit at 1.7 percent of GDP compared to 2.0 percent in the previous year. The revenue balance, which was in surplus at 0.9 percent of GDP in 2024/25, stayed in surplus at 0.6 percent of GDP in 2025/26. The primary balance, which was in deficit at 0.9 percent of GDP in 2024/25, remained deficit at 0.6 percent of GDP in 2025/26 (Chart 4).

Chart 4: Key Fiscal Indicators Mid-July (% of GDP)



Expenditure and Revenue

50. According to the Ministry of Finance, Financial Comptroller General Office (FCGO), the total expenditure of the Government of Nepal stood at Rs. 1582.17 billion during FY 2025/26. Recurrent expenditure, capital expenditure, and financial expenditure amounted to Rs. 1043.99 billion, Rs. 190.84 billion, and Rs. 347.33 billion, respectively, during the review period (Table 4).

51. In the review period, total revenue mobilization of the Government of Nepal (including the amount to be transferred to provincial and local governments) stood at Rs. 1241.32 billion. Tax revenue amounted to Rs. 1121.08 billion, and non-tax revenue to Rs. 120.24 billion, in the review period (Table 4).

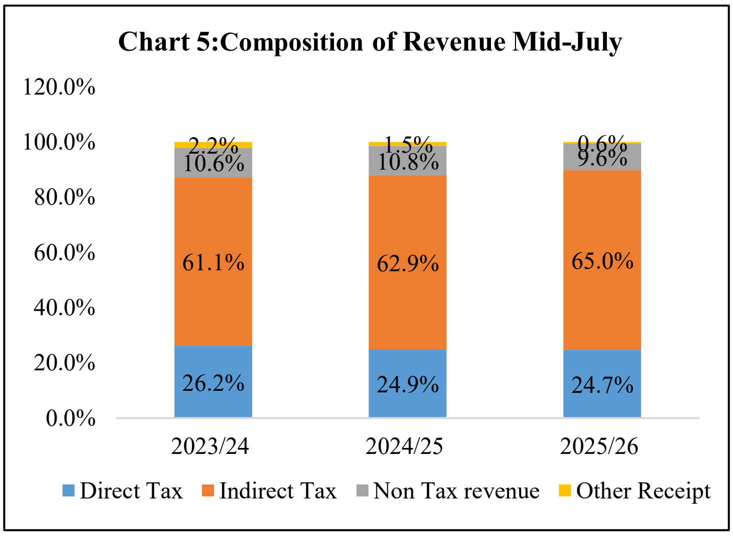
Table 4: Government Expenditure and Revenue

Particulars	Amount (Rs. in Billion)			Percentage Change	
	2023/24	2024/25	2025/26	2024/25	2025/26
Total Expenditure	**1393.40**	**1513.25**	**1582.17**	**8.6**	**4.6**
Recurrent Expenditure	*929.13*	*956.59*	*1043.99*	*3.0*	*9.1*
Capital Expenditure	*192.03*	*223.98*	*190.84*	*16.6*	*-14.8*
Financial Management	*272.25*	*332.68*	*347.33*	*22.2*	*4.4*
Total Revenue	**1058.87**	**1178.82**	**1241.32**	**11.3**	**5.3**
Tax Revenue	*944.55*	*1049.88*	*1121.08*	*11.2*	*6.8*
Non-Tax Revenue	*114.31*	*128.94*	*120.24*	*12.8*	*-6.8*

Source: Financial Comptroller General Office

Composition of Revenue

52. During FY 2025/26, indirect tax remained the largest contributor to total revenue with a share of 65.0 percent, followed by direct tax (24.7 percent), non-tax revenue (9.6 percent) and other receipts (0.6 percent).Compared with the corresponding period of the previous year, the share of indirect tax increased, while the shares of direct tax, non-tax revenue and other receipts declined (Chart 5).



Source: Revenue Management Department

Debt Mobilization

53. The GoN mobilized domestic debt of Rs.358.66 billion and made principal repayment of Rs.250.56 billion thereby mobilizing net domestic debt of Rs.108.10 billion in 2025/26. Net domestic debt mobilization stands at 1.6 percent of GDP. The GoN mobilized external loans of Rs.88.50 billion during the review period.

Table 5: Status of Government Debt

Headings	Amount (in Rs billion)			Ratio with GDP		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
External Debt	1253.20	1401.42	1599.48	21.76	22.60	24.23
Domestic Debt	1180.90	1268.22	1375.42	20.50	20.46	20.84
Total Debt	2434.10	2669.65	2974.90	42.26	43.06	45.07

Source: Public Debt Management Office

54. The outstanding public debt amounted to Rs.2927.90 billion in mid-July 2026. Of which, foreign and domestic debt stood at Rs.1599.48 billion and Rs.1375.42 billion, respectively. The ratio of total outstanding public debt to GDP reached 45.07 percent in 2025/26, which was 43.06 percent in 2024/25 (Table 5).

Cash Balance of Government

55. Cash Balance at various accounts of the GoN maintained with NRB remained Rs. 277.45 billion (including Provincial Governments and Local Government Account) in mid-July 2026. Such a balance was Rs. 137.78 billion in mid-July 2025.

Provincial Government

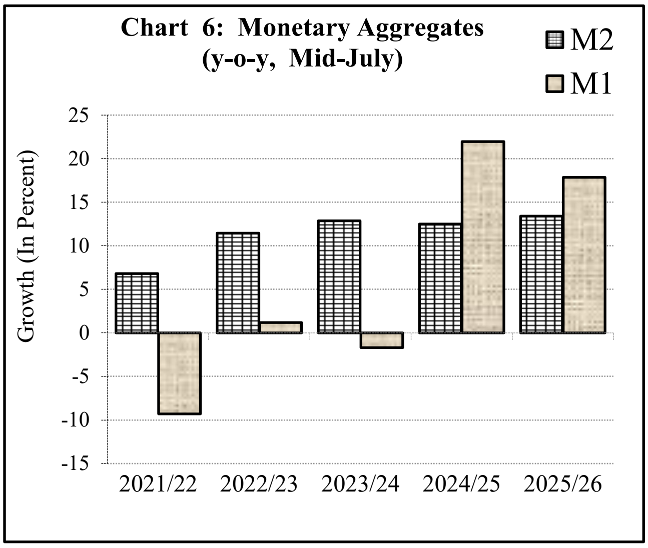
Expenditure and Revenue

56. During FY 2025/26, total expenditure of provincial governments stood at Rs. 183.97 billion, and total resource mobilization stood at Rs. 216.23 billion, respectively. Specifically, resource mobilization from grants and revenue transferred from the federal government amounted to Rs. 159.42 billion, and provinces' own-source revenue and other receipts amounted to Rs. 55.26 billion.

Monetary Situation

Money Supply

57. Broad money (M2) increased by 13.4 percent in 2025/26 compared to an increase of 12.5 percent in the previous year.



58. The net foreign assets (NFA, after adjusting foreign exchange valuation gain/loss) increased by Rs.1,027.04 billion (38.5 percent) in the review year compared to an increase of Rs.594.54 billion (29.9 percent) in the previous year.

59. Due to the open market operations along with issuance of Nepal Rastra Bank Bonds for liquidity mop-up, reserve money increased by 5.6 percent in the review year compared to an increase of 16.1 percent in the previous year.

Domestic Credit

60. Domestic credit increased by 2.1 percent in the review year compared to an increase of 6.1 percent in the previous year.

61. Monetary sector's net claims on government decreased by 25.1 percent in the review year compared to a decrease of 4.1 percent in the previous year.

62. Monetary sector's claims on the private sector increased by 6.6 percent in the review year compared to an increase of 8.1 percent in the previous year.

Deposit Mobilization

63. Deposits at Banks and Financial Institutions (BFIs) increased by 13.9 percent (Rs.1,013.05 billion) reaching Rs.8,276.93 billion in the review year compared to an increase of 12.6 percent (Rs.811.49 billion) in the previous year.

Table 6: Deposits at Banks and Financial Institutions (Percentage Share)

Deposits	Mid-July		
	2024	2025	2026
Demand	5.8	7.1	8.1
Saving	30.3	36.8	47.0
Fixed	56.4	48.3	35.3
Other	7.5	7.8	9.5

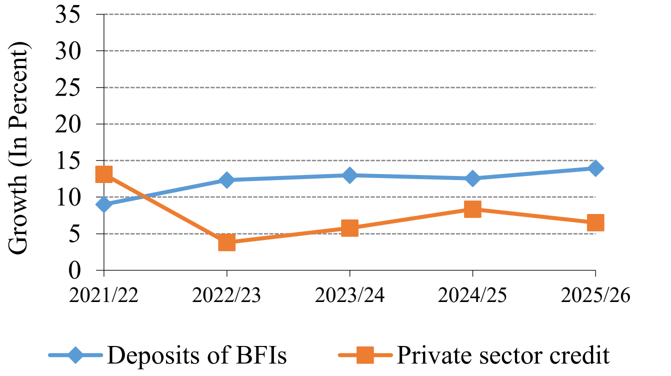
64. The share of demand, saving, and fixed deposits in total deposits stood at 8.1 percent, 47.0 percent and 35.3 percent, respectively, in mid-July 2026. Such shares were 7.1 percent, 36.8 percent, and 48.3 percent, respectively, a year ago (Table 6).

65. The share of institutional deposits in total deposit of BFIs stood at 33.9 percent in mid-July 2026. Such a share was 36.1 percent a year ago.

Credit Disbursement

66. Private sector credit from BFIs increased by 6.5 percent (Rs.359.36 billion) to Rs. 5,857.06 billion in the review year compared to an increase of 8.4 percent (Rs.423.73 billion) in the previous year.

Chart 7: Deposit and Credit of BFIs (y-o-y, Mid-July)



67. The shares of private sector credit from the BFIs to non-financial corporations and households stood at 62.1 percent and 37.9 percent, respectively, in mid-July 2026. Such shares were 62.8 percent and 37.2 percent, respectively, a year ago.

68. In the review year, private sector credit from commercial banks, development banks, and finance companies increased by 6.5 percent, 7.0 percent, and 5.4 percent, respectively.

69. In the review year, out of the total outstanding credit of the BFIs, 15.1 percent is against the collateral of current assets (such as agricultural and non-agricultural products) and 62.9 percent against land and building. Such ratios were 14.5 percent and 64.7 percent, respectively, a year ago.

70. In the review year, outstanding loan of the BFIs to construction sector increased by 18.6 percent, consumable sector increased by 17.8 percent, transportation, communication and public sector increased by 15.0 percent, industrial production sector increased by 5.2 percent, finance, insurance and fixed assets sector increased by 5.0 percent, and service industry sector increased by 4.4 percent, while agriculture sector decreased by 1.8 percent.

71. In the review year, trust receipt (import) loan extended by the BFIs increased by 32.2 percent, margin nature loan by 18.3 percent, hire purchase loan by 11.1 percent, demand and other working capital loan increased by 7.3 percent, real estate loan (including residential personal home loan) by 6.9 percent, overdraft loan increased by 5.2 percent, and term loan increased by 4.3 percent, while cash credit loan decreased by 1.8 percent.

Liquidity Management

72. In the review year, the NRB absorbed, on a transaction basis, a total liquidity of Rs.42,516.25 billion, including Rs.3,620.30 billion through deposit collection auctions, Rs.38,495.95 billion through Standing Deposit Facility (SDF) and Rs.400.00 billion through the NRB bond. Meanwhile, the NRB injected Rs.12.50 billion (on a turnover basis) through Overnight Liquidity Facility (OLF). Consequently, Rs.42,503.75 billion net liquidity was absorbed through the various monetary instruments in the review year. In the previous year, Rs.24,648.45 billion net liquidity was absorbed through various monetary instruments on a transaction basis.

73. In the review year, the NRB injected liquidity of Rs.1,172.14 billion through the net purchase of USD 8.05 billion from foreign exchange market. Liquidity of Rs.787.00 billion was injected through the net puchase of USD 5.83 billion in the previous year.

74. The NRB purchased Indian currency (INR) equivalent to Rs.710.36 billion through the sale of USD 4.84 billion in the review year. INR equivalent to Rs.567.61 billion was purchased through the sale of USD 4.16 billion in the previous year.

Interbank Transactions

75. In the review year, interbank transactions of the BFIs amounted Rs.1,153.71 billion on a turnover basis, including Rs.1,004.86 billion among commercial banks and Rs.148.85 billion among other financial institutions (excluding transactions among commercial banks). In the previous year, such transaction was Rs.1,723.59 billion, including Rs.1,571.86 billion among commercial banks and Rs.151.73 billion among other financial institutions.

Interest Rate

76. The weighted average 91-days Treasury bills rate was 2.32 percent in mid-July 2026. Such rate was 2.95 percent in mid-July 2025. The weighted average inter-bank rate among the BFIs, which was 2.96 percent in mid-July 2025, decreased to 2.75 percent in mid-July 2026 (Table 7).

Table 5: Weighted Average Interest Rate (percent)

Types	Mid-July 2025	Mid-July 2026
91-days Treasury bills rate	2.95	2.32
Inter-bank rate of BFIs	2.96	2.75
Base rate		
Commercial banks	6.02	4.83
Development banks	8.03	6.58
Finance companies	8.97	7.09
Deposit rate		
Commercial banks	4.19	3.21
Development banks	4.88	3.56
Finance companies	6.01	4.31
Lending Rate		
Commercial banks	7.85	6.55
Development banks	8.95	7.70
Finance companies	10.22	8.55

77. The average base rate of commercial banks, development banks, and finance companies stood at 4.83 percent, 6.58 percent, and 7.09 percent, respectively, in mid-July 2026. The average base rate of commercial banks, development banks, and finance companies were 6.02 percent, 8.03 percent, and 8.97 percent, respectively, in the corresponding month a year ago.

78. Weighted average deposit rates of commercial banks, development banks and finance companies stood at 3.21 percent, 3.56 percent, and 4.31 percent, respectively, in mid-July 2026. The

weighted average deposit rate of commercial banks, development banks and finance companies were 4.19 percent, 4.88 percent, and 6.01 percent, respectively, in the corresponding month a year ago. Likewise, the weighted average lending rate of commercial banks, development banks and finance companies stood at 6.55 percent, 7.70 percent, and 8.55 percent respectively in the review month. Such rate of commercial banks, development banks and finance companies were 7.85 percent, 8.95 percent, and 10.22 percent, respectively, in the corresponding month a year ago.

Financial Access

79. As of mid-July 2026, a total of 105 BFIs, including 20 commercial banks, 17 development banks, 16 finance companies, 51 microfinance financial institutions, and 1 infrastructure development bank are in operation. The number of BFIs branches (including microfinance financial institutions) remained 11,332 in mid-July 2026 compared to 11,526 in mid-July 2025 (Table 8).

Table 8: Number of BFIs and their Branches*

Bank and Financial Institutions	Number of BFIs			Branches of BFIs		
	mid-July 2024	mid-July 2025	mid-July 2026	mid-July 2024	mid-July 2025	mid-July 2026
Commercial Banks	20	20	20	5056	5099	4941
Development Banks	17	17	17	1135	1132	1112
Finance Companies	17	17	16	288	291	294
Microfinance Financial Institutions	52	52	51	5051	5004	4985
Infrastructure Development Bank	1	1	1	-	-	-
Total	**107**	**107**	**105**	**11,530**	**11,526**	**11,332**

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

80. As of mid-July 2026, the number of deposit accounts in 'A', 'B', and 'C' class BFIs is 63 million 425 thousand 296 while the number of loan accounts is 2 million 31 thousand 364 (Table 9).

Table 9: Numbers of Deposit and Loan accounts of BFIs

Banks and Financial Institutions	Number of deposit accounts		Number of loan accounts	
	2025 mid-July	2026 mid-July	2025 mid-July	2026 mid-July
Commercial Banks	50,986,171	54,449,539	1,644,545	1,700,934
Development Banks	7,475,347	7,883,672	271,027	261,447
Finance Companies	967,849	1,092,085	50,986	68,983
Total	**59,429,367**	**63,425,296**	**1,966,558**	**2,031,364**

Financial Soundness Indicators

81. As per the preliminary data received from A, B and C class financial institutions, the core capital to Risk Weighted Assets (RWA) of the BFIs stood at 9.95 percent and the total capital to RWA stood at 12.76 percent on average in mid-July 2026. Likewise, the net liquid assets–to–deposits ratio of the BFIs stood at 37.91 percent. As of mid-July 2026, the non-performing loan (NPL) ratio of the BFIs stood at 5.66 percent.

Electronic Transactions

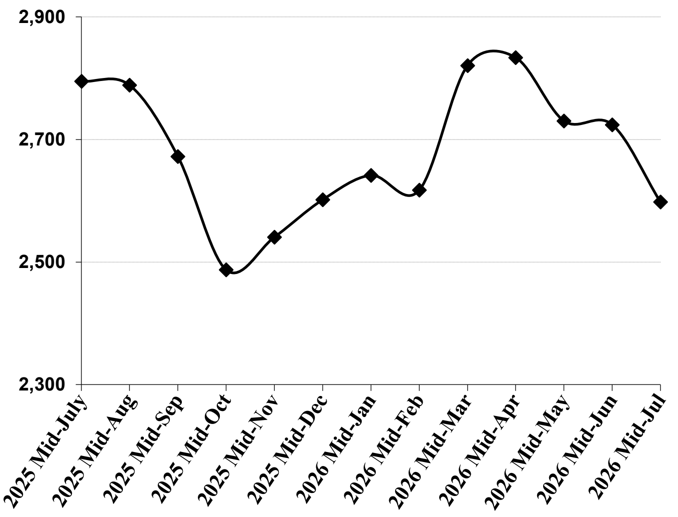
82. From mid-June to mid-July 2026, debit card users conducted 10.56 million transactions amounting to Rs.80.81 billion. Similarly, 82.61 million transactions worth Rs.696.94 billion was conducted through mobile banking, and 69.59 million transactions worth Rs.189.91 billion was conducted through QR code payments.

Capital Market

83. NEPSE index stood at 2597.80 in mid-July 2026 compared to 2794.79 in mid-July 2025.

84. Stock market capitalization in mid-July 2026 stood at Rs. 4463.55 billion compared to Rs. 4656.99 billion in mid-July 2025. The ratio of market capitalization to GDP stood at 67.63 percent in mid-July 2026 compared to 75.11 percent in mid-July 2025.

Chart 8: NEPSE Index



Source: Nepal Stock Exchange Ltd. (NEPSE)

85. The number of companies listed on NEPSE was 302 in mid-July 2026. Of these, 133 are BFIs and insurance companies, 110 are hydropower companies, 29 are manufacturing and processing industries, 9 are hotels, 7 are investment companies, 4 are trading companies, and 10 are others. The number of companies listed on NEPSE was 272 in mid-July 2025.

86. Share of BFIs and insurance companies in stock market capitalization is 51.8 percent in mid-July 2026. Such a share for hydropower companies is 17.5 percent, manufacturing and processing industries 8.4 percent, investment companies 6.7 percent, trading companies 4.2 percent, hotels 3.2 percent and the share of other companies is 8.3 percent.

87. The paid-up value of 9.58 billion shares listed on NEPSE stood at Rs. 944.04 billion in mid-July 2026.

88. Securities worth Rs. 157.06 billion were listed on NEPSE in 2025/26. Such securities comprise ordinary shares worth Rs. 55.66 billion, bonus shares worth Rs. 41.85 billion, mutual fund worth Rs. 27.50 billion, convertible preference shares worth Rs. 16.85 billion, right shares worth Rs. 10.76 billion, debentures worth Rs. 3.45 billion, FPO worth Rs. 972 million, and others worth Rs. 23 million.

89. Securities Board of Nepal approved the total public issuance of securities worth Rs. 56.03 billion in the review period, which includes mutual fund worth Rs. 39.33 billion, ordinary shares worth Rs. 9.12 billion, right share worth Rs. 4.94 billion, debenture worth Rs. 2.60 billion, and FPO worth Rs. 47 million.

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