



# Nepal Rastra Bank

## Economic Research Department, Baluwatar, Kathmandu

### Current Macroeconomic and Financial Situation of Nepal

(Based on Nine Months Data Ending Mid-April 2024/25)

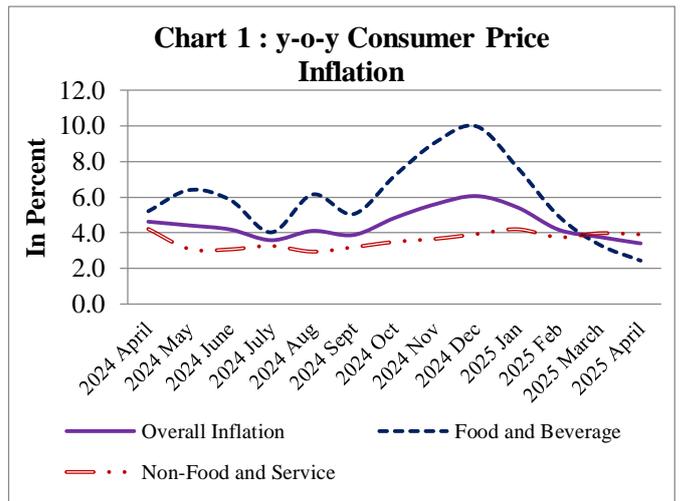
#### Major Highlights

- *CPI-based inflation remained 3.39 percent on y-o-y basis.*
- *Imports and exports increased 12.2 percent and 65.2 percent respectively.*
- *Remittances increased 10.0 percent in NPR terms and 7.3 percent in USD terms.*
- *Balance of Payments remained at a surplus of Rs.346.23 billion.*
- *Gross foreign exchange reserves stood at 17.63 billion in USD terms.*
- *Nepal Government expenditure amounted to Rs.998.52 billion and revenue collection Rs.831.40 billion.*
- *Broad money (M2) increased 6.2 percent. On y-o-y basis, M2 expanded 11.6 percent.*
- *Deposits at BFIs increased 5.7 percent and private sector credit increased 7.1 percent. On y-o-y basis, deposits increased 11.5 percent and private sector credit increased 8.3 percent.*

## Inflation

### Consumer Price Inflation (CPI)

1. The y-o-y consumer price inflation stood at 3.39 percent in mid-April 2025 compared to 4.61 percent a year ago. Food and beverage inflation stood at 2.45 percent whereas non-food and service inflation stood at 3.90 percent in the review month. During the same period in the previous year, the price indices of these groups had increased 5.22 percent and 4.20 percent, respectively.
2. Under the food and beverage category, y-o-y price index of ghee & oil sub-category increased 11.63 percent, fruit 9.07 percent, pulses & legumes 6.58 percent and non-alcoholic drinks 5.16 percent while y-o-y price index of vegetable sub-category decreased 5.24 percent, spices 2.32 percent and meat & fish 0.89 percent.
3. Under the non-food and services category, y-o-y price index of miscellaneous goods & services sub-category increased 8.69 percent, clothes and footwear 7.01 percent, alcoholic drinks 6.07 percent, furnishing & household equipment 5.59 percent and tobacco products 4.83 percent.



4. During the review month, y-o-y price index in rural areas increased 3.78 percent, while in urban areas, it rose 3.25 percent.

5. Based on provinces, in the review month, y-o-y consumer price inflation in Koshi Province is 4.91 percent, Madhesh Province 3.59 percent, Bagmati Province 2.80 percent, Gandaki Province 2.83 percent, Lumbini Province 3.11 percent, Karnali Province 3.11 percent, and Sudurpashchim Province 3.51 percent.

Table 1: y-o-y Consumer Price Inflation (Percent)			
Mid-Month			
Particulars	Mar/Apr 2023/24	Feb/Mar 2024/25	Mar/Apr 2024/25
Overall Inflation	4.61	3.75	3.39
Food and Beverage	5.22	3.34	2.45
Non-food and Service	4.20	3.97	3.90

6. In the review month, y-o-y consumer price inflation in the Kathmandu Valley, Terai, Hill and Mountain region rose 2.95 percent, 3.31 percent, 3.46 percent and 4.47 percent respectively.

### Wholesale Price Inflation (WPI)

7. The y-o-y wholesale price inflation stood at 4.20 percent in mid-April 2025 compared to 4.94 percent a year ago.

8. The y-o-y wholesale price of consumption goods increased 9.83 percent while intermediate goods and capital goods increased 1.08 percent and 3.06 percent respectively. The y-o-y wholesale price of construction material increased 2.52 percent in the review month.

### Salary and Wage Index (SWI)

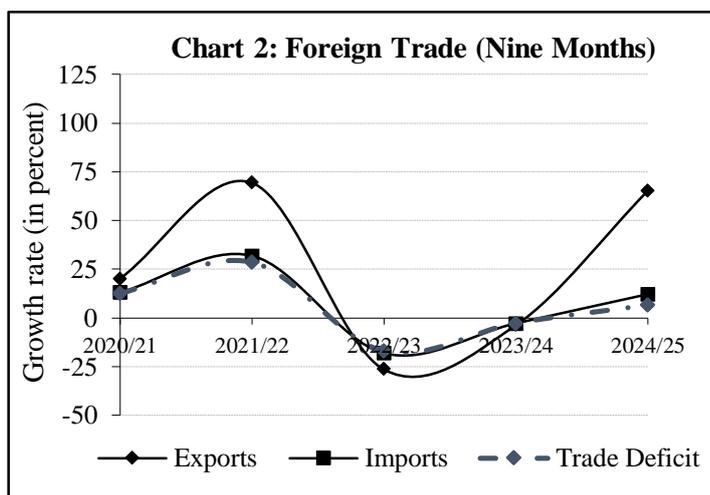
9. The y-o-y salary and wage index increased 2.62 percent in the third quarter of fiscal year 2024-25 compared to 5.34 percent a year ago.

10. Based on provinces, in the review quarter, the increase in y-o-y salary and wage index in Koshi Province is 1.16 percent, Madhesh Province 2.16 percent, Bagmati Province 1.92 percent, Gandaki Province 3.25 percent, Lumbini Province 3.25 percent, Karnali Province 3.13 percent, and Sudurpashchim Province 8.08 percent.

## External Sector

### Merchandise Trade

11. During the nine months of 2024/25, merchandise exports increased 65.2 percent to Rs.188.20 billion against a decrease of 3.7 percent in the same period of the previous year. Destination-wise, exports to India, China and other countries increased 92.6 percent, 6.7 percent and 5.8 percent respectively. Exports of soyabean oil, polyster yarn and thread, tea, jute goods, and rosin, among others increased whereas exports



of palm oil, zinc sheet, ginger, juice, and readymade garments, among others decreased in the review period.

12. During the nine months of 2024/25, merchandise imports increased 12.2 percent to Rs.1309.53 billion against a decline of 2.8 percent a year ago. Destination-wise, imports from India, China and other countries increased 7.7 percent, 14.4 percent and 24.9 percent respectively. Imports of crude soyabean oil, rice/paddy, transport equipment, vehicle and spare parts, edible oil, sponge iron, among others increased whereas imports of petroleum products, crude palm oil, aircraft spareparts, chemical fertilizer, and writing and printing paper among others decreased in the review period.
13. Total trade deficit increased 6.4 percent to Rs.1121.34 billion during the nine months of 2024/25. Such a deficit had decreased 2.8 percent in the corresponding period of the previous year. The export-import ratio increased to 14.4 percent in the review period from 9.8 percent in the corresponding period of the previous year.
14. During the nine months of 2024/25, merchandise imports from India against payment in convertible foreign currency amounted Rs.135.55 billion. Such amount was Rs.111.02 billion in the same period of the previous year.

### Composition of Foreign Trade

15. As per the Broad Economic Categories (BEC), the intermediate and final consumption goods accounted for 33.5 percent and 65.3 percent of the total exports respectively, whereas the ratio of capital goods in total exports remained 1.2 percent in the review period. In the same period of the previous year, the ratio of intermediate, capital and final consumption goods remained 56.8 percent, 0.45 percent and 42.7 percent of total exports respectively.
16. On the imports side, the share of intermediate goods remained 51.7 percent, capital goods 8.9 percent and final consumption goods 39.4 percent in the review period. Such ratios were 49.2 percent, 9.1 percent and 41.7 percent respectively in the same period of the previous year.

### Export-Import Price Index

17. The y-o-y unit value export price index, based on customs data, decreased 2.0 percent and the import price index also decreased 0.2 percent in the nine months of 2024/25. The terms of trade (ToT) index decreased 1.7 percent in the review period.

### Services

18. Net services income remained at a deficit of Rs.81.54 billion in the review period compared to a deficit of Rs.50.73 billion in the same period of the previous year.

19. Under the service account, travel income increased 9.5 percent to Rs.66.54 billion in the review period which was Rs.60.77 billion in the same period of the previous year.

Particulars	Values (in Billion)		Percentage Change	
	2023/2024 <sup>R</sup>	2024/2025 <sup>P</sup>	2023/2024 <sup>R</sup>	2024/2025 <sup>P</sup>
Travel income	60.77	66.54	38.3	9.5
Travel payment	143.22	170.39	42.4	19.0
Remittance inflows	1082.65	1191.31	17.2	10.0
Direct Investment Inflows (Equity only)	6.49	8.96	39.9	38.1
<i>R=Revised P=Provisional</i>				

20. Under the service account, travel payments increased 19.0 percent

to Rs.170.39 billion, including Rs.103.84 billion for education. Such payments were Rs.143.22 billion and Rs.95.85 billion respectively in the same period of the previous year.

### Remittances

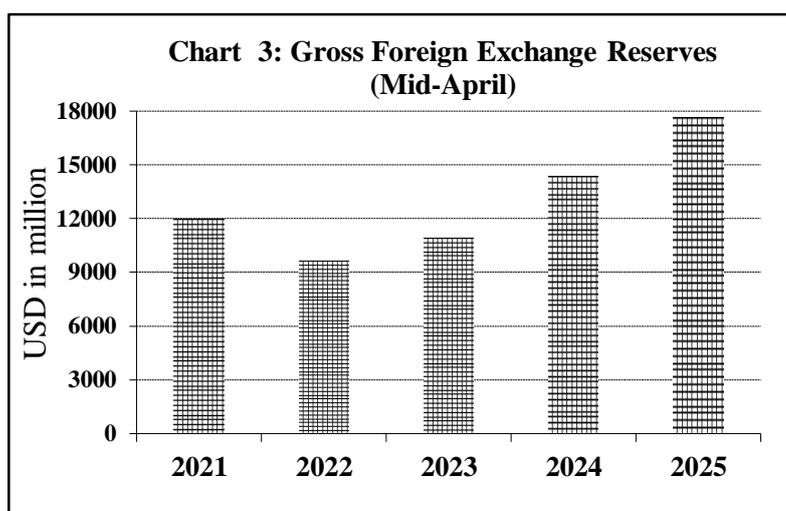
21. Remittance inflows increased 10.0 percent to Rs.1191.31 billion in the review period compared to an increase of 17.2 percent in the same period of the previous year. In the US Dollar terms, remittance inflows increased 7.3 percent to 8.74 billion in the review period compared to an increase of 15.2 percent in the same period of the previous year.
22. Net secondary income (net transfer) reached Rs.1301.94 billion in the review period compared to Rs.1174.54 billion in the same period of the previous year.
23. The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stands at 358,222 and taking approval for renew entry stands at 249,652. In the previous year, such numbers were 327,842 and 211,226 respectively.

### Current Account and Balance of Payments

24. The current account remained at a surplus of Rs. 210.22 billion in the review period compared to a surplus of Rs.179.83 billion in the same period of the previous year. In the US Dollar terms, the current account registered a surplus of 1.55 billion in the review period against a surplus of 1.35 billion in the same period last year.
25. In the review period, net capital transfer amounted to Rs.7.71 billion. In the same period of the previous year, such transfer amounted to Rs.4.78 billion. Similarly, in the review period, Rs.8.96 billion foreign direct investment (equity only) was received. In the same period of the previous year, foreign direct investment inflow (equity only) amounted to Rs.6.49 billion.
26. Balance of Payments (BOP) remained at a surplus of Rs.346.23 billion in the review period compared to a surplus of Rs.365.16 billion in the same period of the previous year. In the US Dollar terms, the BOP remained at a surplus of 2.55 billion in the review period compared to a surplus of 2.75 billion in the same period of the previous year.

### Foreign Exchange Reserves

27. Gross foreign exchange reserves increased 18.9 percent to Rs.2426.84 billion in mid-April 2025 from Rs.2041.10 billion in mid-July 2024. In the US dollar terms, the gross foreign exchange reserves increased 15.4 percent to 17.63 billion in mid-April 2025 from 15.27 billion in mid-July 2024.



28. Of the total foreign exchange reserves, the reserves held by NRB increased 15.6 percent to Rs.2136.46 billion in mid-April 2025 from Rs.1848.55 billion in mid-July 2024. Reserves held by banks and financial institutions (except NRB) increased 50.8 percent to Rs.290.38 billion in mid-April 2025 from Rs.192.55 billion in mid-July 2024. The share of Indian currency in total reserves stood at 20.4 percent in mid-April 2025.

## Foreign Exchange Adequacy Indicators

29. Based on the imports of nine months of 2024/25, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 17.1 months, and merchandise and services imports of 14.2 months. The ratio of reserves-to-GDP, reserves-to-imports and reserves-to-M2 stood at 39.7 percent, 118.7 percent and 32.8 percent respectively in mid-April 2025. Such ratios were 35.8 percent, 108.6 percent and 29.3 percent respectively in mid-July 2024.

## Price of Oil and Gold

30. The price of oil (Crude Oil Brent) in the international market decreased 28.23 percent to US dollar 66.83 per barrel in mid-April 2025 from US dollar 93.12 per barrel a year ago. The price of gold increased 34.52 percent to US dollar 3230.50 per ounce in mid-April 2025 from US dollar 2401.50 per ounce a year ago.

## Exchange Rate

31. Nepalese currency vis-à-vis the US dollar depreciated 2.92 percent in mid-April 2025 from mid-July 2024. It had depreciated 1.23 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs.137.37 in mid-April 2025 compared to Rs.133.36 in mid-July 2024.

## Fiscal Situation

### Government of Nepal

#### Expenditure and Revenue

32. According to the Ministry of Finance, Financial Comptroller General Office (FCGO), the total expenditure of the Government of Nepal stood at Rs.998.52 billion during the nine months of 2024/25. The recurrent expenditure, capital expenditure, and financial expenditure amounted to Rs.678.09 billion, Rs.102.90 billion, and Rs.217.53 billion respectively in the review period.

Particulars	Amount (Rs. in Billion)			Percentage Change	
	2022/23	2023/24	2024/25	2023/24	2024/25
<b>Total Expenditure</b>	<b>943.05</b>	<b>909.39</b>	<b>998.52</b>	<b>-3.6</b>	<b>9.8</b>
<i>Recurrent Expenditure</i>	706.77	644.03	678.09	-8.9	5.3
<i>Capital Expenditure</i>	107.24	97.38	102.90	-9.2	5.7
<i>Financial Management</i>	129.04	167.99	217.53	30.2	29.5
<b>Total Revenue</b>	<b>683.81</b>	<b>748.04</b>	<b>831.40</b>	<b>9.4</b>	<b>11.1</b>
<i>Tax Revenue</i>	616.12	671.12	744.15	8.9	10.9
<i>Non-Tax Revenue</i>	67.69	76.93	87.25	13.6	13.4

Source: Financial Comptroller General Office

33. 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.831.40 billion. The total revenue comprises of tax revenue amounting Rs.744.15 billion and non-tax revenue Rs.87.25 billion in the review period (Table 3).

## Cash Balance of the Government

34. Cash Balance at various accounts of the GoN maintained with NRB remained Rs.371.79 billion (including Provincial Government and Local Government Accounts) in mid-April 2025. Such balance was Rs.93.96 billion in mid-July 2024.

## Provincial Government

### Expenditure and Revenue

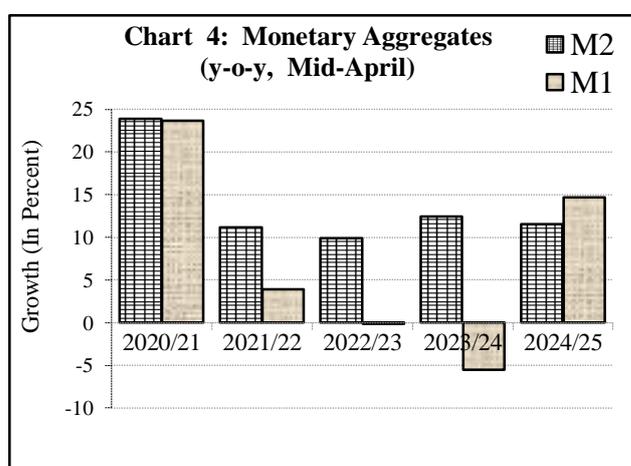
35. In the review period, total expenditure of provincial governments stood Rs.85.47 billion and resource mobilization stood Rs.139.73 billion. The total resource mobilization of provincial governments includes the grants and revenue transferred from the Government of Nepal amounting Rs.104.67 billion and revenue and other receipts of the provincial governments amounting Rs.35.07 billion in the review period.

## Monetary Situation

### Money Supply

36. Broad money (M2) increased 6.2 percent in the review period compared to an increase of 7.4 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded 11.6 percent in mid-April 2025.

37. The net foreign assets (NFA, after adjusting foreign exchange valuation gain/loss) increased Rs.346.23 billion (17.4 percent) in the review period compared to an increase of Rs.365.16 billion (25.1 percent) in the corresponding period of the previous year.



38. Reserve money increased 4.3 percent in the review period compared to an increase of 6.0 percent in the corresponding period of the previous year. On y-o-y basis, reserve money increased 6.0 percent in mid-April 2025.

### Domestic Credit

39. Domestic credit increased 2.5 percent in the review period compared to an increase of 1.8 percent in the corresponding period of the previous year. On y-o-y basis, domestic credit increased 6.8 percent in mid-April 2025.

40. Monetary Sector's net claims on government decreased 21.2 percent in the review period compared to a decrease of 17.2 percent in the corresponding period of the previous year. On y-o-y basis, such claims decreased 1.2 percent in mid-April 2025.

41. Monetary Sector's claims on the private sector increased 7.2 percent in the review period compared to an increase of 5.2 percent in the corresponding period of the previous year. On y-o-y basis, such claims increased 8.1 percent in mid-April 2025.

## Deposit Mobilization

42. Deposits at Banks and Financial Institutions (BFIs) increased Rs.368.47 billion (5.7 percent) in the review period compared to an increase of Rs.409.04 billion (7.2 percent) in the corresponding period of the previous year. On y-o-y basis, deposits at BFIs expanded 11.5 percent in mid-April 2025.

Deposits	Mid-July		Mid-April	
	2023	2024	2024	2025
Demand	7.7	5.8	5.2	5.7
Saving	26.6	30.3	29.1	35.8
Fixed	58.8	56.4	58.9	51.0
Other	6.9	7.5	6.8	7.5

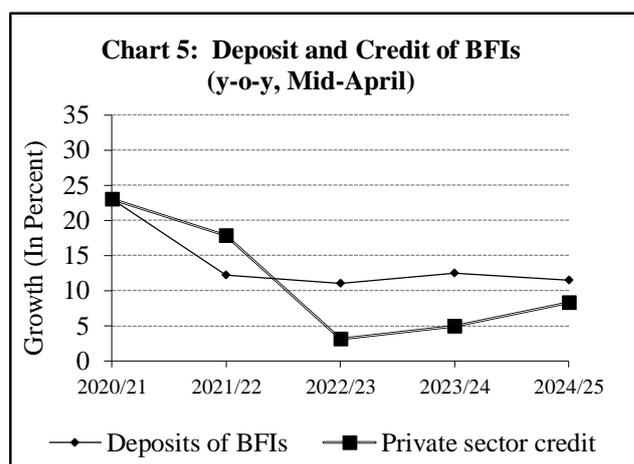
43. The share of demand, saving and fixed deposits in total deposits stood at 5.7 percent, 35.8 percent and 51.0 percent respectively in mid-April 2025. Such shares were 5.2 percent, 29.1 percent and 58.9 percent respectively a year ago (Table 4).

44. The share of institutional deposits in total deposit of BFIs stood at 35.4 percent in mid-April 2025. Such a share was 35.7 percent a year ago.

## Credit Disbursement

45. Private sector credit from BFIs increased Rs.361.03 billion (7.1 percent) in the review period compared to an increase of Rs.222.21 billion (4.6 percent) in the corresponding period of previous year. On y-o-y basis, credit to the private sector from BFIs increased 8.3 percent in mid-April 2025.

46. The shares of private sector credit from BFIs to non-financial corporation and household stand at 63.4 percent and 36.6 percent respectively in mid-April 2025. Such shares were 62.7 percent and 37.3 percent a year ago.



47. In the review period, private sector credit from commercial banks, development banks and finance companies increased by 7.4 percent, 4.6 percent and 6.4 percent respectively.

48. Out of the total outstanding credit of the BFIs as of mid-April 2025, 14.6 percent is against the collateral of current assets (such as agricultural and non-agricultural products) and 65.2 percent against land and building. Such ratios were 11.4 percent and 67.6 percent respectively a year ago.

49. In the review period, outstanding loan of BFIs to the industrial production sector increased 9.6 percent, construction sector 11.4 percent, wholesaler and retailers sector 5.2 percent, transportation, communications and public services sector 10.2 percent, service industries sector 8.6 percent and consumable sector 8.3 percent.

50. In the review period, term loan extended by BFIs increased 4.9 percent, margin nature loan 37.8, trust receipt (import) loan 60.6 percent, hire purchase loan 4.1 percent, cash credit loan 5.2 percent and real estate loan (including residential personal home loan) increased 4.9 percent. However, the overdraft loan decreased 12.1 percent.

## Liquidity Management

51. In the review period, NRB absorbed, on transaction basis, a total liquidity of Rs.17,186.15 billion, including Rs.2212.05 billion through deposit collection auction and Rs.14,974.1 billion through Standing Deposit Facility (SDF) whereas Overnight Liquidity Facility of Rs.2.7 billion was utilized. In the corresponding period of the previous year, Rs.766.19 billion net amount of liquidity was absorbed through various instruments of monetary operations.
52. In the review period, NRB injected liquidity of Rs.484.71 billion through the net purchase of USD 3.63 billion from foreign exchange market. Liquidity of Rs.566.55 billion was injected through the net purchase of USD 4.26 billion in the corresponding period of the previous year.
53. The NRB purchased Indian currency (INR) equivalent to Rs.386.81 billion through the sale of USD 2.84 billion in the review period. INR equivalent to Rs.366.99 billion was purchased through the sale of USD 2.76 billion in the corresponding period of previous year.

## Inter-bank Transaction

54. In the review period, BFIs inter-bank transactions amounted Rs.1512.12 billion on a turnover basis, including Rs.1363.81 billion inter-bank transactions among commercial banks, and Rs.148.31 billion among other financial institutions (excluding transactions among commercial banks). In the corresponding period of the previous year, such transaction was Rs.3508.04 billion, including Rs.3186.44 billion among commercial banks and Rs.321.6 billion among other financial institutions (excluding transactions among commercial banks).

## Interest Rate

55. The weighted average 91-days treasury bills rate remained at 3.06 percent in the ninth month of 2024/25. Such rate was 3.00 percent in the corresponding month a year ago. The weighted average inter-bank rate among BFIs, which was 3.10 percent a year ago, decreased to 3.00 percent in the review month (Table 5).

Types	Mid-April 2024	Mid-April 2025
91-days treasury bills rate	3.00	3.06
Inter-bank rate of BFIs	3.10	3.00
<b>Base rate</b>		
Commercial banks	8.51	6.29
Development banks	10.41	8.34
Finance companies	12.02	9.17
<b>Deposit rate</b>		
Commercial banks	6.53	4.45
Development banks	7.58	5.22
Finance companies	8.82	6.24
<b>Lending Rate</b>		
Commercial banks	10.55	8.22
Development banks	12.17	9.59
Finance companies	13.36	10.40

56. The average base rates of commercial banks, development banks and finance companies stood 6.29 percent, 8.34 percent and 9.17 percent respectively in the ninth month of 2024/25. The average base rate of commercial banks, development banks and finance companies were 8.51 percent, 10.41 percent and 12.02 percent respectively in the corresponding month a year ago.
57. Weighted average deposit rates of commercial banks, development banks and finance companies stood 4.45 percent, 5.22 percent and 6.24 percent respectively in the review month. Weighted average deposit rate of commercial banks, development banks and finance companies were

6.53 percent, 7.58 percent and 8.82 percent respectively in the corresponding month a year ago. Likewise, the weighted average lending rate of commercial banks, development banks and finance companies stood 8.22 percent, 9.59 percent and 10.40 percent respectively in the review month. Such rate of commercial banks, development banks and finance companies were 10.55 percent, 12.17 percent and 13.36 percent respectively in the corresponding month a year ago.

## Financial Access

58. The total number of BFIs licensed by NRB remained 107 in mid-April 2025 (Table 6). As of mid-April 2025, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches remained 11,516 in mid-April 2025 compared to 11,530 in mid-July 2024.

Bank and Financial Institutions	Number of BFIs			Branches of BFIs		
	mid-July 2023	mid-July 2024	mid-April 2025	mid-July 2023	mid-July 2024	mid-April 2025
Commercial Banks	20	20	20	5049	5056	5083
Development Banks	17	17	17	1128	1135	1132
Finance Companies	17	17	17	284	288	291
Microfinance Financial Institutions	57	52	52	5128	5051	5010
Infrastructure Development Bank	1	1	1	-	-	-
<b>Total</b>	<b>112</b>	<b>107</b>	<b>107</b>	<b>11589</b>	<b>11530</b>	<b>11516</b>

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

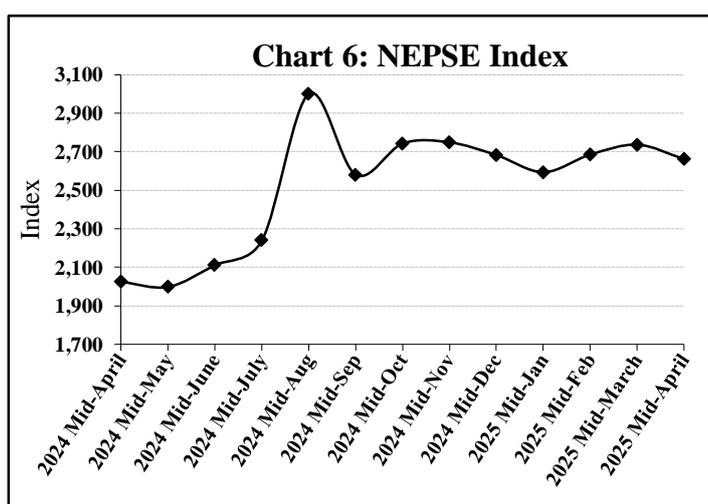
## Capital Market

59. NEPSE index stood 2662.08 in mid-April 2025 compared to 2025.71 in mid-April 2024.

60. Stock market capitalization in mid-April 2025 stood Rs.4425.40 billion compared to Rs.3212.01 billion in mid-April 2024.

61. Number of companies listed at NEPSE reached 270 in mid-April 2025. Out of the total listing, 132 are Bank and Financial Institutions (BFIs) and insurance companies, 91 hydropower companies, 22 manufacturing and processing industries, 7 hotels, 7 investment companies, 4 trading companies and 7 others. The number of companies listed at NEPSE were 272 in mid-April 2024.

62. Share of BFIs and insurance companies in stock market capitalization is 52.7 percent in mid-April 2025. Such a share for hydropower companies is 15.1 percent, investment companies 7.9 percent,



trading companies 5.8 percent, manufacturing and processing industries 5.4 percent, hotels 2.6 percent and the share of other companies is 10.5 percent.

63. The paid-up value of 8.72 billion shares listed at NEPSE stood Rs.859.45 billion in mid-April 2025.
64. Securities worth Rs.52.15 billion were listed at NEPSE during the nine months of FY 2024/25. Such securities comprise bonus shares worth Rs.19.77 billion, ordinary shares worth Rs.15.41 billion, right shares worth Rs.11.65 billion, mutual fund worth Rs.1.25 billion, FPO worth Rs.106.89 million, and others worth Rs.3.96 billion.
65. Securities Board of Nepal approved the total public issuance of securities worth Rs.28.58 billion in the review period which includes mutual fund worth Rs.11.60 billion, right share worth Rs.10.37 billion, debenture worth Rs.4.82 billion and ordinary shares worth Rs.1.79 billion.