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Executive Summary

1. The global economy faced a contraction because of the measures adopted world-wide for prevention and control of COVID-19 transmission which disrupted the supply chain from production to supply. According to World Economic Outlook published by the IMF in October 2020, the world economic growth stood at 3.5 percent in 2018, which was decelerated to 2.8 percent in 2019. Such economic growth is expected to contract by 4.4 percent in 2020.
2. IMF has projected a negative economic growth of 5.8 percent, 3.3 percent and 1.7 percent in 2020 for advanced economies, emerging and developing economies, and emerging and developing Asian economies respectively. Neighbouring countries, India is expected to have a negative growth of 10.3 percent while China is expected to have a growth of 1.9 percent as per the IMF's projection.
3. Inflation is projected at 0.8 percent for advanced economies and 5.0 percent for emerging and developing economies in 2020. In 2019, inflation stood at 1.4 percent for advanced economies and 5.1 percent for emerging and developing economies.
4. According to Central Bureau of Statistics (CBS), the growth rate of gross domestic product (GDP) at basic price and purchaser's price in FY2019/20 is estimated to contract by 1.99 percent and 1.88 percent respectively. In the review year, agriculture output is estimated to grow by 2.2 percent, while the non-agriculture sector is estimated to contract by 3.7 percent. Due to the slowdown in economic activities, unfavorable effect on the supply chain, closure of the industries resulting from the lockdown since March 2020 , growth is expected to contract in 2019/20.
5. In 2019/20, the average consumer inflation rate stood at 6.15 percent. Such an inflation rate was 4.64 percent in the previous year. In the review year, the average prices of foods and beverages group, and non-food and services group increased by 8.16 percent and 4.61 percent respectively.
6. In 2019/20, total merchandise exports and imports stood at Rs. 97.71 billion and Rs. 1196.80 billion respectively. As a result, trade deficit stood at Rs. 1099.09 billion which is 27.9 percent of GDP.
7. In 2019/20, the current account remained at deficit of Rs. 33.62 billion but the balance of payments remained at surplus of Rs. 282.41 billion. Total foreign exchange reserves remained at Rs. 1401.84 billion in mid-July 2020. The foreign exchange reserves in USD stood at 11.64 billion.
8. In 2019/20, the government revenue including other receipts stood at Rs. 841.36 billion while the government expenditure based on the banking transactions stood at Rs. 1094.34 billion.
9. In 2019/20, broad money and narrow money increased by 18.1 percent and 17.8 percent respectively. Similarly, domestic credit increased by 13.6 percent and monetary sector's claims on the private sector increased by 12.6 percent. Further, deposits of Banks and Financial Institutions (BFIs) increased by 18.7 percent while credit to the private sector from BFIs increased by 12.0 percent.
10. In 2019/20, liquidity amounting Rs.141.16 billion was mopped up while liquidity amounting Rs. 115.87 billion was injected through various instruments of open market operations. Standing Liquidity Facility (SLF) worth Rs.103.28 billion has been utilized during the review year.
11. Weighted average interest rate of lending and deposit of commercial banks stood at 10.11 percent and 6.01 percent respectively in mid-July 2020. Similarly, weighted

average inter-bank transaction rate among commercial banks stood at 0.35 percent in mid-July 2020.

12. In 2019/20, the total assets/liabilities of commercial banks increased by 21.0 percent to Rs. 4369.59 billion, development banks by 9.9 percent to Rs. 412.14 billion and finance companies by 13.1 percent to Rs. 124.39 billion. Similarly, the total assets/liabilities of micro finance institutions (MFIs) increased by 19.1 percent to Rs. 325.15 billion during the review year.
13. The number of BFIs licensed by NRB as of mid-July 2020 remained at 155. This includes 27 commercial banks, 20 development banks, 22 finance companies, 85 MFIs and 1 infrastructure development bank.
14. As of mid-July 2020, Deposit and Credit Guarantee Fund (DCGF) guaranteed total credit amounting to Rs. 62.15 billion and total deposits amounting to Rs. 689.49 billion.
15. In the fiscal year 2019/20, 27 commercial banks, 20 development banks, 22 finance companies and 85 microfinance financial institutions had sought information worth 1 million 511 thousand 958 loans from the Credit Information Center.
16. As of mid-July 2020, NEPSE index reached 1362.4 points while market capitalization stood at Rs. 1792.76 billion, which is 45.5 percent of GDP.
17. NRB announced its monetary policy for 2019/20 on July 24, 2019 with the main objective of maintaining macroeconomic stability and facilitating the achievement of targeted economic growth set by GON.
18. The major objectives of monetary policy were to conduct monetary management to check the demand side pressure on price and external sector stability arising from expanding economic activities, promote employment, develop entrepreneurship, and mobilize financial instruments towards the priority sectors to facilitate the targeted growth.
19. Containing consumer price inflation within 6 percent, maintaining foreign exchange reserves sufficient to cover the prospective imports of goods and services for at least 7 months, and to facilitate the economic growth of around 8.5 percent as targeted by the annual budget of GON are the major targets of monetary policy.
20. The existing provision for Cash Reserve Ratio (CRR) of 4 percent for commercial banks, development banks and finance companies remained unchanged in monetary policy; however, considering the effect of COVID-19, the CRR was decreased to 3 percent on March 16, 2020. Likewise, SLR of 10 percent for commercial banks, 8 for development banks and 7 percent for finance companies was continued. The bank rate applied for the purpose of Lender of Last Resort (LOLR) facility and to discount securities was reduced from 6.5 percent to 6.0 percent.
21. The bank fixed the lower limit of the interest rate corridor at 3 percent, the upper limit at 6 percent, and the two-week repo rate at 4.5 percent with the objective of maintaining interest rate stability and modernizing monetary management by minimizing the fluctuations of the liquidity of the banking sector.
22. The provisions for disbursing at least 10 percent of total credit to agriculture and 15 percent to energy and tourism by commercial bank were unchanged. Similarly, the provision to invest at least 5 percent of the total credit to the deprived sector by commercial banks, development banks, and finance companies was continued.
23. After the implementation of Merger and Acquisition Bylaws, a total number of 196 banks and financial institutions have been involved in the merger and acquisition limiting their number to 46 institutions by mid-July 2020. In the review year alone, a

total of 41 BFIs of Class A, Class B, and Class C have gone in for merger resulting into the establishment of 19 banks and financial institutions subsequently. Out of total 19 merger and acquisitions, 11 were merger and 8 were acquisition. Likewise, five microfinance institutions have been given permission to conduct financial transactions in the review year.

24. Financial access has been widening with the expansion of the network of financial institutions. As per the government's goal of establishing at least one branch of commercial bank at each local level, commercial banks have reached to 747 local level out of 753 by mid-July 2020. Similarly, by mid-July 2020, the total number of branches of BFIs reached 9765 out of which 4436 branches are of Class A, 1029 of Class B, 243 of Class C, and 4057 of Class D. About 3072 people, on an average, can get financial services from each branch of BFIs. In addition, the number of branchless banking services has reached 1574.
25. Currency in circulation increased by 15.97 percent to Rs. 588.06 billion in mid-July 2020, compared to Rs. 507.06 billion a year ago.
26. Total number of staff in NRB stood at 1043 in mid-July 2020, comprising 951 administrative and 92 technical staff. Of the total human resources, 494 are officer level, 440 are assistant level and 109 are office subordinate level staff.
27. The bid was called for the reconstruction of Baluwatar and Thapathali buildings, damaged by the devastating earthquake of 25 April 2015 in accordance with the approved master plan, drawing, design prepared by consultants appointed as per the MOU between the bank and Central Project Implementation unit, Ministry of Urban Development, GON. Accordingly, the GON, National Reconstruction Authority, Central Project Implementation Unit signed an agreement with BILIL-Contech J/V for the reconstruction of the building at Thapathali and 52 percent construction work was completed during the review period.
28. GON, National Reconstruction Authority, Central Project Implementation Unit signed an agreement with Shree CICO Samanantar JV for the reconstruction of the building at Baluwatar and 39 percent construction work was completed during the review period.
29. The management committee of the bank set a separate criteria and adopted various measures, including Work from Home and flexible work hour, considering the risk to health due to COVID-19 so as to assure the continuity of service delivery. Meanwhile, 5595 people, including bank's member of management committee, employees and their families insured for coronavirus (COVID-19).
30. The bank formally started Real Time Gross Settlement (RTGS) system on September 12, 2019 with the support of UKaid Sakchyam Access to Finance. Only, commercial banks participated in the initial stage of RTGS implementation. However, development banks and finance companies are also gradually being involved in the system.
31. In the context of developing a healthy, efficient, and secure payment system, Retail Payment Strategy was prepared and made public through the website of the bank.
32. As per the NRB's balance sheet as of mid-July 2020, the assets/liabilities of the Bank increased by 31.0 percent as compared to previous year and reached to Rs. 1400.90 billion.
33. In the review year, distributable savings of NRB amounted to Rs. 28.54 after revaluation of other comprehensive income/expenditure. In the previous year, such savings was Rs. 35.77 billion.

Acronyms

A2F	Access to Finance
ACU	Asian Clearing Unit
ADB	Asian Development Bank
ADBL	Agricultural Development Bank Limited
AFI	Alliance for Financial Inclusion
AM	Ante Meridiem (Before Noon)
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AMLC	Anti-Money Laundering Council
APEC	Asia-Pacific Economic Cooperation
APG	Asia/Pacific Group on Money Laundering
APRACA	Asia-Pacific Rural and Agricultural Credit Association
BAFIA	Banks and Financial Institutions Act
BFIs	Banks and Financial Institutions
BNM	Bank Negara Malaysia
BOP	Balance of Payments
CAMELS	Capital, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk
CAR	Capital Adequacy Ratio
CBS	Central Bureau of Statistics
CBSL	Central Bank of Sri Lanka
CCD	Credit/Core Capital and Deposit
CEO	Chief Executive Officer
CIC	Credit Information Center
CICTAB	Centre for International Cooperation and Training in Agricultural Banking
CIT	Citizen Investment Trust
CRR	Cash Reserve Ratio
CSD	Central Securities Depository
CYFI	Child and Youth Financial International
DANIDA	Danish International Development Agency
DC	Data Center
DCGF	Deposit and Credit Guarantee Fund
DFID	British Government's Department for International Development
DOI	Department of Industry
DRS	Disaster Recovery Site
DSGE	Dynamic Stochastic General Equilibrium
DTCO	District Treasury Controller Office
ECC	Electronic Cheque Clearing
e-GDDS	Enhanced General Data Dissemination System
EMEAP	Executives' Meeting of East Asia-Pacific Central Banks
EOI	Expression of Interest
EPF	Employees Provident Fund
FATF	Financial Action Task Force
FCGO	Financial Comptroller General Office
FDI	Foreign Direct Investment
FIU	Financial Information Unit

FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FOB	Free on Board
FRTI	Financial Regulators Training Initiative
FSAP	Financial Sector Assessment Program
FSIs	Financial Soundness Indicators
GDP	Gross Domestic Product
GIDC	Government Integrated Data Center
GL	General Ledger
GNDI	Gross National Disposable Income
GON	Government of Nepal
GSAs/PSAs	General Service Agents/Passenger Service Agents
HRMISS	Human Resource Management Information System Software
IC	Indian Currency
ICAN	Institute of Chartered Accountants of Nepal
ICRG	International Cooperation Review Group
IIP	International Investment Position
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IT	Information Technology
JTCC	Joint Technical Coordination Committee
KfW	Kreditanstalt für Wiederaufbau (German Government-owned Development Bank)
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer
LAA	Local Authorities' Accounts
LIBTIS	Liquidity and Inter-Bank Transaction Information System Software
LMFF	Liquidity Monitoring and Forecasting Framework
Ltd.	Limited
MAP	Making Access to Financial Services Possible
MAS	Monetary Authority of Singapore
MFDB	Microfinance Development Bank
MFFI	Microfinance Financial Institution
MFI	Microfinance Institution
MICR	Magnetic Ink Character Recognition
MMFP	Mobile Money for the Poor
MOF	Ministry of Finance
n.i.e.	not included elsewhere
NBL	Nepal Bank Limited
NCHL	Nepal Clearing House Ltd.
NEPSE	Nepal Stock Exchange
NFA	Net Foreign Assets
NFRS	Nepal Financial Reporting Standards
NGO	Non-Government Organization
NIBAF	National Institute of Banking and Finance
NIBM	National Institute of Bank Management
NIDC	Nepal Industrial Development Corporation
NPL	Non-Performing Loan

NRB	Nepal Rastra Bank
OBSS	Online Bidding System Software
ODCs	Other Depository Corporations
OECD	Organisation for Economic Co-operation and Development
OMO	Open Market Operations
PCA	Prompt Corrective Action
PDMD	Public Debt Management Department
PE	Public Enterprise
PFC	Provident Fund Corporation
PISS	Price Index System Software
PM	Post Meridiem (After Noon)
POL	Petroleum Oil Lubricants
POT	Point of Transaction
RBB	Rastriya Banijya Bank
RBI	Reserve Bank of India
RFP	Request for Proposal
RISMFP	Raising Income for Small and Medium Farmers Project
RMDC	Rural Microfinance Development Centre Limited
RSRF	Rural Self Reliance Fund
RTGS	Real Time Gross Settlement
SAARC	South Asian Association for Regional Cooperation
SCB	Standard Chartered Bank
SEACEN	South East Asian Central Banks
SEANZA	South East Asia, New Zealand, Australia
SEAVG	South East Asia Voting Group
SEG	SEACEN Expert Group
SEZ	Special Economic Zone
SFDB	Small Farmers Development Bank
SLF	Standing Liquidity Facility
SLR	Statutory Liquidity Ratio
STI	Singapore Regional Training Institute
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TT	Telegraphic Transfer
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
VAMNICOM	Vaikunth Mehta National Institute of Cooperative Management
VAT	Value Added Tax
VDC	Village Development Committee
WAN	Wide Area Network

PART – 1

MACROECONOMIC AND FINANCIAL SITUATION

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PART – ONE

MACROECONOMIC AND FINANCIAL SITUATION

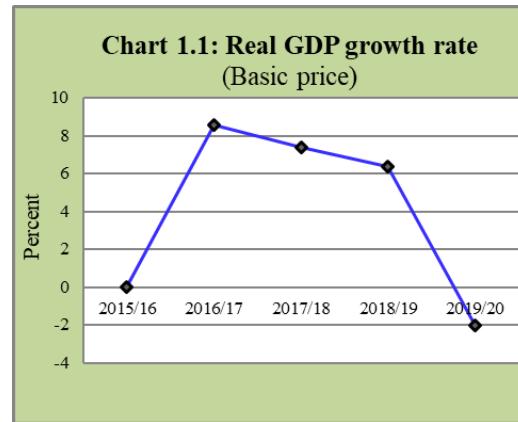
World Economic Situation and Outlook

- 1.1 The world economy has contracted due to the obstruction in the output and supply chains because of the measures applied worldwide to control and contain Covid-19. According to the World Economic Outlook published in October 2020 by the International Monetary Fund (IMF), the world economic growth declined to 2.8 percent in the year 2019 compared to 3.5 in the year 2018. This growth rate is projected to be negative of 4.4 percent in 2020 and a positive growth of 5.2 percent in 2021.
- 1.2 It has been estimated that the overall output of the advanced economies would be negative of 5.8 percent in 2020 compared to the expansion of 1.7 percent in 2019. The IMF has estimated the economic growth rate of emerging and developing economies to be negative of 3.3 percent in 2020 compared to 3.7 percent growth in 2019. The growth rate of Asian emerging and developing economies is projected to contract by 1.7 percent in 2020 compared to 5.5 percent growth achieved in 2019. In 2020, the economic growth rate of neighboring country India is projected to be a negative of 10.3 percent while China's economy is projected to expand by 1.9 percent compared to their respective growth of 4.2 percent and 6.1 percent respectively in 2019.
- 1.3 In 2019, the inflation remained at 1.4 percent in advanced economies and 5.1 percent in emerging and developing economies. Inflation is projected to be at 0.8 percent for advanced economies and 5.0 percent for emerging and developing economies in 2020. The world trade of goods and services is projected to fall by 10.4 percent in 2020 compared to a rise of 1.0 percent in 2019.

Macroeconomic and Financial Situation of Nepal

Gross Domestic Product

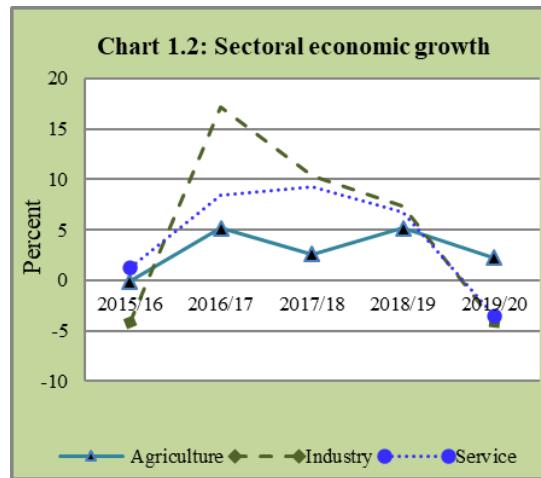
- 1.4 According to the Central Bureau of Statistics (CBS), Nepal's real Gross Domestic Product (GDP) contracted by 1.99 percent at basic prices and 1.88 percent at producers' prices in 2019/20. Such growth rates were 6.39 percent and 6.66 percent respectively in 2018/19. The preliminary estimate of the CBS based on the data of 9 months of the year 2019/20 revealed that in the last 4 months of the review period, the economic activities could not expand due to the lockdown and other measures imposed to mitigate the effects of Covid-19 infection. The slowdown in economic activities, unfavorable effect on the supply chain, closure of the industries resulting from the lockdown continued since March 2020 contributed to contraction in economic activities in 2019/20.



- 1.5 According to the preliminary estimate, in the review year, output of agriculture grew by 2.2 percent but output of non-agriculture sector contracted by 3.7 percent respectively. In the previous year, output of agriculture and non-agriculture sectors had increased by 5.2 percent and 6.9 percent respectively. It is estimated that under non-agriculture sector, the industry sector and the services sector shrank by 4.2 percent and 3.6 percent respectively. In the previous year, the industry and service sector had achieved a growth of 7.4 percent and 6.8 percent respectively.

Sectoral Composition of GDP

- 1.6 In the review year, the share of agriculture, industry, and service sectors stood at 26.0 percent, 13.8 percent, and 60.2 percent of GDP respectively. In the previous year, such shares were 24.9 percent, 15.0 percent, and 60.1 percent respectively.
- 1.7 Comparing provincially, in the fiscal year 2019/20, Bagmati province has the largest share of 35.8 percent in the country's GDP while the smallest share is estimated to be of 4.3 percent of GDP for Karnali province.



- 1.8 On the basis of broad industrial classification, the shares of primary sector (agriculture and forestry, fishing, and mining & quarrying), secondary sector (manufacturing, electricity, gas & water, and construction) and tertiary (service) sector stood at 26.6 percent, 13.2 percent and 60.2 percent of GDP respectively in the review year. In the previous year, such shares were 25.6 percent, 14.4 percent, and 60.1 percent of GDP respectively.

Table 1.1
Share of Primary, Secondary, and Tertiary Sectors in GDP
(at Current Prices)

Sectors	As Percent of GDP ¹				
	2015/16	2016/17	2017/18	2018/19 ^R	2019/20 ^P
Primary ²	29.0	27.4	26.2	25.6	26.6
Secondary ³	13.5	14.0	14.5	14.4	13.2
Tertiary ⁴	57.5	58.6	59.2	60.1	60.2

1 GDP including Financial Intermediation (FISIM)

2 Agriculture, forestry and fishery, and mining and quarrying

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

4 Services

R Revised Estimates

P Preliminary Estimates

Source: Central Bureau of Statistics

Agriculture

- 1.9 It is estimated that agricultural output grew by 2.2 percent in 2019/20. In the previous year, the same had increased by 5.2 percent. Due to the disturbing situation seen on the supply system of agriculture output created by the lockdown imposed to contain Covid-19 pandemic, the growth rate of agriculture sector is projected to witness such a deceleration.

Industry

- 1.10 The growth rate of industrial sector stood at negative 4.2 percent in the review year. Such a growth rate was 7.4 percent in the previous year. Negative growth rate of industrial sector in the review year because industries remained closed in the last half of the review year. Hence, industrial products did not get easy access to market and import of raw materials was interrupted.
- 1.11 In the review year, mining and quarrying subsector under industrial sector has decreased by 2.2 percent while the same had grown by 17.6 percent in the previous year. Under the industrial sector, the output of manufacturing industries has contracted by 9.1 percent in the review year compared a growth of 6.5 percent in the previous year. The output of electricity, gas steam, and air conditioning supply grew by 25.6 percent in the review year as compared to the growth of 9.6 percent in the previous year. In the review year, water supply, sewerage, waste management, and remediation activities increased

by 2.1 percent compared to a growth of 1.2 percent in the previous year. Likewise, the construction sector witnessed a fall of 5.6 percent in the review year as compared to a rise of 7.5 percent in the previous year.

Service

- 1.12 Service sector is estimated to have contracted by 3.6 percent in the review year. In the previous year, this sector had expanded by 6.8 percent. Along with the spread of Covid-19, tourist arrival stopped completely, trade contracted, real estate transaction decreased. Because of all these reasons, the expansion of service sector is estimated to have been reduced substantially.
- 1.13 Under the services sector, wholesale and retail trade and motor and motorcycle repair sector witnessed a fall of 10.7 percent as compared to 8.1 percent growth in the previous year. Accommodation and food services activities increased by 9.9 percent last year compared to a contraction of 25.7 percent in the review year. Likewise, transportation and storage sector expanded by 8.8 percent last year compared to a contraction of 13.4 percent in the review year. Further, the growth rates of information and communication sector, financial and insurance activities, real estate activities, professional, scientific and technical activities, administrative and support service activities, public administration and defence, compulsory social security activities, education activities, and human health and social work activities is 2.3 percent, 4.8 percent, 2.4 percent, 1.2 percent, 2.2 percent, 6.2 percent, 3.0 percent and 5.2 percent respectively in the review year. Such growth rates, last year, were 7.1 percent, 6.4 percent, 3.8 percent, 5.6 percent, 6.4 percent, 5.1 percent, 6.0 percent, and 6.7 percent respectively. In review year, art, entertainment, and recreation, and other service activities realized a growth of 1.4 percent, compared this sector realized a growth of 5.9 percent in the preceding year.

Saving and Gross National Disposable Income

- 1.14 Total consumption remained at 91.1 percent of GDP in the review year compared to 84.3 percent in the previous year. As a result, the share of gross domestic saving on gross domestic product has decreased in the review year.
- 1.15 In 2019/20, gross national disposable income (GNDI at current prices) has risen by 1.6 percent as compared to the rise of 12.7 percent in the previous year. The ratio of GNDI to GDP remained at 126.1 percent in the review year as compared to 126.8 percent in the previous year.

Table 1.2
Gross National Disposable Income
(at Current Prices)

Particulars	Rs. in Billion		Percent Change	
	2017/18	2018/19 ^R	2019/20 ^P	2018/19
Gross Domestic Product (at Producers' Prices)¹	3,455.9	3,859.0	3,943.7	11.7
Factor Income, Net ²	22.6	39.9	46.1	76.5
Current Transfer, Net ²	864.7	994.8	982.2	15.0
Gross National Disposable Income	4,343.2	4,893.7	4,972.0	12.7

R Revised Estimates

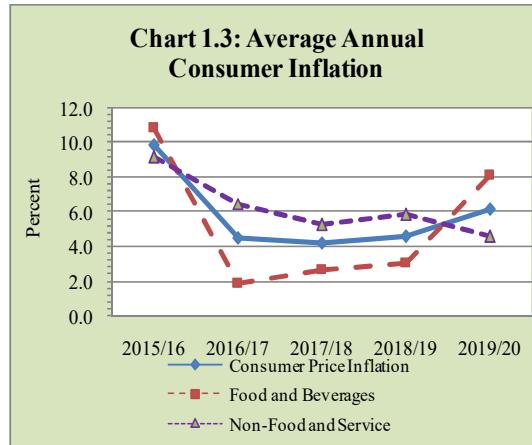
P Preliminary Estimates

Source: 1. Central Bureau of Statistics, 2. Nepal Rastra Bank

Inflation, and Salary and Wage Rate Index

Consumer Price Inflation

- 1.16 In 2019/20, the average annual consumer price inflation stood at 6.15 percent compared to 4.64 percent in the previous year.
- 1.17 In the review year, the average prices of food and beverages group and non-food and services group increased by 8.16 percent and 4.61 percent respectively. In the previous year, the prices of these groups had increased by 3.09 percent 5.86 percent respectively.
- 1.18 In the review year, the prices of vegetables, spices, fruits, and pulses & legumes sub-groups from the food and beverages group and clothes and footwear, education, housing and utilities and furnishing sub-groups from the non-food and services group increased compared to the previous year.
- 1.19 Regionwise, the Hill witnessed 5.10 percent inflation followed by 4.91 percent in the Mountain and 6.29 percent in the Terai, in the review year. These regions had witnessed 5.00 percent, 4.91 percent, and 4.26 percent inflation respectively in the previous year. Kathmandu valley witnessed the inflation of 6.96 percent in the review year and the same was 4.86 percent for the previous year.

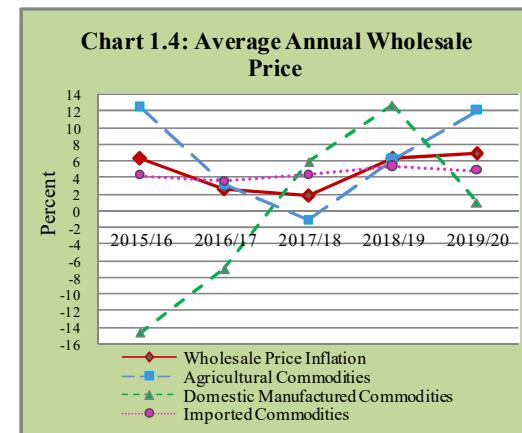


Consumer Price Inflation between Nepal and India

- 1.20 In the review year, average annual consumer price inflation of Nepal and India remained at 6.15 percent and 5.80 percent respectively. In the previous year, such inflation were 4.64 percent and 2.92 percent respectively.

Wholesale Price Inflation

- 1.21 In the review year, the average annual wholesale price inflation stood at 6.87 percent compared to 6.23 percent in the previous year. In the review year, average price inflation of primary goods, fuel and power, and manufactured goods under wholesale price stood at 12.03 percent, 1.00 percent and 4.79 percent respectively. In the previous year, the average price inflation of these groups had stood at 6.12 percent, 12.65 percent and 5.31 percent respectively.



- 1.22 Based on broad economic classifications, average price inflation of consumption goods, intermediate goods, and capital goods stood at 8.45 percent, 6.70 percent and 2.86 percent respectively.

National Salary and Wage Rate Index

- 1.23 In the review year, national salary and wage rate index increased by 9.44 percent. Such index had increased by 9.27 percent in the previous year. In the review year, the salary index and wage rate index increased by 13.46 percent and 8.34 percent respectively. In the previous year, such indices had increased by 6.66 percent and 10.00 percent respectively. In the review year, wage rate indices of agricultural labour, industrial labour and construction labour increased by 7.44 percent, 10.94 percent and 6.65 percent respectively. In the previous year, such indices were 11.48 percent, 6.96 percent and 9.54 percent respectively.

External Sector

- 1.24 In 2019/20, trade deficit has improved due to nominal growth in export of goods and decline in import of goods. During the review year, international trade has declined due to the imposition of necessary preventive measures to contain the spread of COVID-19. During the review year, the overall Balance of Payments (BOP) remained in elevated level of surplus compared to that of previous year due to decline in crude oil prices in the international market, improvement in trade deficit, steady inflows of remittances on par with previous year, and increase in government's external borrowings.

International Trade

- 1.25 In 2019/20, total merchandise exports increased by 0.6 percent to Rs.97.71 billion. Such exports had increased by 19.4 percent in the previous year. The ratio of total merchandise exports to gross domestic product remained at 2.5 percent in the review year at the same level of the previous year.
- 1.26 Out of total merchandise exports, exports to India increased by 11.8 percent to Rs.70.11 billion in 2019/20 as compared to an increase of 34.3 percent in the previous year. Commodity wise, exports mainly of palm oil, thread, medicine (ayurvedic), herbs and plastic utensils to India increased in 2019/20.
- 1.27 Exports to China decreased by 43.5 percent to Rs.1.19 billion in 2019/20 similar to a decrease of 13.5 percent in the last year. Commodity wise, exports of mainly handicraft goods, noodles, tanned skin, readymade garments and woolen carpets to China decreased in 2019/20.
- 1.28 Exports to other countries decreased by 18.2 percent to Rs.26.41 billion in 2019/20 against an increase of 0.2 percent in the last year. During the review year, exports mainly of readymade garments, woolen carpet, pulses, readymade leather goods and silverware and jewelleries to other countries decreased.
- 1.29 In 2019/20, merchandise imports decreased by 15.6 percent to Rs.1196.80 billion. Such imports had increased by 13.9 percent in the last year. The ratio of imports to GDP remained at 30.3 percent in 2019/20 as compared to 36.8 percent in the previous year.
- 1.30 In 2019/20, imports from India decreased by 19.9 percent to Rs.735.29 billion. Such imports had increased by 12.8 percent in the last year. During the review year, imports primarily of petroleum products, vehicles and spare parts, MS billet, other machinery and parts and cement decreased.
- 1.31 In 2019/20, imports from China decreased by 11.5 percent to Rs.181.92 billion against an increase of 28.5 percent in the last year. Commodity wise, imports of readymade garments, electrical goods, telecommunication equipments and parts, video television and accessories and shoes and sandals decreased during the review year.
- 1.32 In 2019/20, imports from other countries decreased by 5.3 percent to Rs.279.58 billion against an increase of 8.9 percent in last year. Commodity wise, imports of gold, silver, other machinery and parts, medicine and coal decreased during the review year.
- 1.33 In 2019/20, trade deficit decreased by 16.8 percent to Rs.1099.09 billion. Such a deficit had increased by 13.5 percent in the last year. The ratio of trade deficit to GDP stood at 27.9 percent in 2019/20 as compared to 34.2 percent in the last year. Trade deficit with India decreased by 22.2 percent to Rs.665.19 billion, trade deficit with China decreased

by 11.1 percent to Rs.180.73 billion and trade deficit with other countries decreased by 3.7 percent to Rs.253.17 billion.

- 1.34 In 2019/20, total merchandise trade decreased by 14.6 percent to Rs.1294.51 billion as compared to an increase of 14.3 percent in the last year. The ratio of total trade to GDP stood at 32.8 percent in 2019/20 as compared to 39.3 percent in the last year. Total trade with India decreased by 17.9 percent to Rs.805.40 billion in 2019/20 as compared to an increase of 13.9 percent in the last year. Trade with China decreased by 11.8 percent to Rs.183.11 billion in review year as compared to an increase of 27.8 percent in the last year. Similarly, total trade with other countries decreased by 6.5 percent to Rs.305.99 billion in 2019/20, which had increased by 8.0 percent in the last year.
- 1.35 In 2019/20, the export-import ratio stood at 8.2 percent. Last year, such a ratio was 6.8 percent. India's share in total exports stood at 71.8 percent which was 64.6 percent last year. In terms of total imports, India's share remained 61.4 percent as compared to 64.7 percent last year. Similarly, India's share in trade deficit and total trade remained 60.5 percent and 62.2 percent respectively which were 64.7 percent and 64.7 percent last year.

Service Sector

- 1.36 The service account remained deficit by Rs.965 million in 2019/20. In the last year, such a deficit was Rs. 15.23 billion due to high growth in expenditure as compared to income of service sector.
- 1.37 In the review year, service income decreased by 16.1 percent to Rs.156.35 billion. Such income had increased by 5.5 percent in the last year. Under the service income category, travel income decreased by 19.2 percent to Rs.60.89 billion in the review year. Such income had increased by 10.0 percent in the last year.
- 1.38 In the review year, net service payment decreased by 22.0 percent to Rs.157.31 billion. Such payments had increased by 15.2 percent in the last year. Under service payment, travel payment decreased by 40.9 percent to Rs.53.14 billion. Last year, such payments had increased by 13.0 percent.

Transfers

- 1.39 Net transfer income decreased by 1.4 percent to Rs.982.22 billion in 2019/20. Such income had increased by 15.3 percent last year.
- 1.40 Transfer income decreased by 1.8 percent to Rs.987.67 billion in the review year. Such income had increased by 15.5 percent last year. Likewise, transfer payment has decreased by 39.0 percent to Rs.5.45 billion in the review year. Such a payment had increased by 54.0 percent last year.

- 1.41 Workers' remittance inflow decreased by 0.5 percent to Rs.875.03 billion in the review year. Such an inflow had increased by 16.5 percent last year. The ratio of remittance inflow to GDP stood at 22.2 percent in 2019/20 as compared to 22.8 percent in 2018/19.
- 1.42 Pension income decreased by 6.0 percent to Rs. 57.82 billion in the review year. Such income had increased by 13.6 percent last year.

Current Account and Balance of Payments

- 1.43 In 2019/20, the current account deficit declined by 87.2 percent to Rs. 33.62 billion. Such a deficit was Rs. 263.63 billion in the last year. In the review year, the ratio of current account deficit to GDP stood at 0.9 percent. Such a ratio was 6.8 percent last year.
- 1.44 In the review year, the BOP position remained at a surplus of Rs. 282.41 billion as contrast to a deficit of Rs. 67.40 billion in the previous year.
- 1.45 In the review year, the capital transfer decreased by 8.1 percent to Rs. 14.21 billion. Under financial account, foreign direct investment increased by 49.1 percent to Rs.19.48 billion in 2019/20, which had decreased by 25.4 percent in the last year.

**Table: 1.3
Foreign Direct Investment**

Fiscal Year	Approved Amount*	Total Inflow#	(Rs. in billion)
2010/11	10.05	6.44	
2011/12	7.14	9.20	
2012/13	19.82	9.08	
2013/14	20.13	3.19	
2014/15	67.46	4.38	
2015/16	15.25	5.92	
2016/17	15.21	13.50	
2017/18	55.76	17.50	
2018/19	25.48	13.06	
2019/20	38.05	19.48	

Sources: * Nepal Government, Ministry of Industry, Department of Industry, # Nepal Rastra Bank

- 1.46 Government debt inflows increased by 99.5 percent to Rs.162.58 billion in the review year against a decreased of 18.3 percent in the last year. Similarly, principal repayment increased by 17.6 percent to Rs. 23.56 as compared to an increase of 7.8 percent in the last year.

Foreign Exchange Reserves

- 1.47 Total foreign exchange reserves increased by 34.9 percent to Rs. 1401.84 billion in mid-July 2020. Such reserves had decreased by 5.8 percent to Rs. 1038.92 billion in the previous year. In the US dollar term, the banking sector's total reserve increased by 22.6 percent to USD 11.65 billion. Such reserves had decreased by 5.8 percent in the previous year.

- 1.48 Foreign exchange reserves held by NRB increased by 35.9 percent to Rs. 1226.12 billion in mid-July 2020 from Rs.902.44 billion in mid-July 2019. Out of the total foreign exchange reserves, the share of reserves held by NRB stood at 87.5 percent. Out of the total foreign exchange reserve, the share of Indian currency stood at 22.8 percent as of mid-July 2020.

Reserve Adequacy Indicators

- 1.49 Based on the imports of 2019/20, the foreign exchange reserves of the banking sector remained sufficient to cover the prospective merchandise imports for 14.4 months, and merchandise and services imports for 12.7 months.
- 1.50 In the review year, the ratio of reserve-to-GDP, reserve-to-import, and reserve-to-M2 and reserve-to-reserve money stood at 35.5 percent, 105.7 percent, 33.1 percent and 158.2 percent respectively. Such ratios were 26.9 percent, 64.9 percent, 29.0 percent and 148.6 percent respectively a year ago.

**Table 1.4
Reserve Adequacy Indicators**

	2017/18	2018/19	2019/20
1. Foreign Exchange Reserve Sufficient for Financing Imports of Equivalent Months			
a. Merchandise	10.8	8.9	14.4
b. Merchandise and Services	9.4	7.8	12.7
2. Gross Foreign Exchange Reserve/GDP (%)	31.9	26.9	35.5
3. Gross Foreign Exchange Reserve/Imports* (%)	78.5	64.9	105.7
4. Gross Foreign Exchange Reserve/Broad Money Supply (%)	35.6	29.0	33.1
5. Gross Foreign Exchange Reserve/Reserve Money (%)	155.3	148.6	158.2

* Merchandise and Service Imports

Foreign Assets and Liabilities Position

- 1.51 As of mid-July 2020, foreign assets and liabilities of the country stood at Rs.1467.79 billion and Rs.1195.83 billion respectively. Accordingly, the net international investment position (IIP) remained a positive of Rs.271.96 billion in mid-July 2020 compared to Rs.188.86 billion in mid-July 2019.

Trend of Foreign Exchange Rate

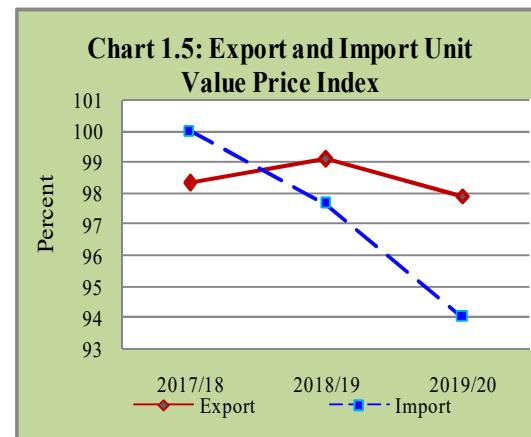
- 1.52 The exchange rate of Nepalese rupees vis-à-vis Indian rupees remained fixed in 2019/20 as well. As of mid-July 2020, Nepalese rupee depreciated by 9.15 percent against the US dollar, 8.92 percent against the pound sterling, 9.85 percent against the euro and 9.55 percent against Japanese yen as compared to mid-July 2019.

Table 1.5
Trend of Foreign Exchange Rate

Foreign Currency	Buying Rate in NPR			Overvaluation (+) Depreciation (-)	
	mid-July			Percentage	
	2018	2019	2020	2019	2020
1 US Dollar	109.34	109.36	120.37	-0.02	-9.15
1 Pound Sterling	144.71	137.25	150.69	5.44	-8.92
1 Euro	127.77	123.34	136.81	3.59	-9.85
10 Japanese Yen	9.73	10.14	11.21	-4.04	-9.55

Export Import Price Index

1.53 The y-o-y unit value export price index and import price index based on customs data decreased by 1.2 percent and 3.7 percent respectively in mid-July 2020. The y-o-y terms of trade (ToT index) increased by 2.6 percent in mid-July 2020 compared to an increase of 3.2 percent in mid-July 2019.



Fiscal Situation

1.54 As per the Constitution of Nepal 2072, budget for 2019/20 was presented in the Legislature-Parliament on May 2, 2019.

1.55 In the review year, the share of recurrent, capital, and financing expenditure in total expenditure remained 71.9 percent, 17.5 percent, and 10.6 percent respectively. The ratio of recurrent, capital, and financing expenditure to GDP stood at 19.9 percent, 4.9 percent, and 2.9 percent in the review year compared to 18.6 percent, 6.3 percent, and 4.0 percent respectively in the previous year.

Table 1.6
Major Government Finance Indicators
(Percent of GDP)

Particulars	2017/18	2018/19	2019/20
Total Expenditure	31.5	28.8	27.7
Recurrent Expenditure	20.2	18.6	19.9
Capital Expenditure	7.8	6.3	4.9
Financing Expenditure	3.5	4.0	2.9
Revenue	21.0	21.8	21.3
Tax Revenue	19.1	18.9	17.8
Fiscal Deficit	-8.8	-4.7	-6.8

Government Revenue

1.56 In 2019/20, government revenue (including other receipts) increased 0.2 percent to Rs.841.36 billion. In the previous year, the government revenue had increased 15.5 percent to Rs.839.66 billion. In the review year, ratio of revenue to GDP stood at 21.3 percent compared to 21.8 percent in the previous year.

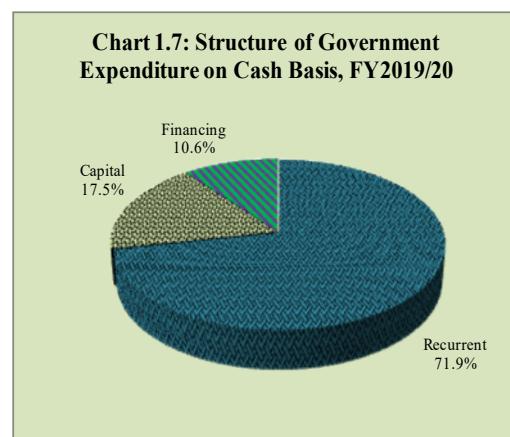
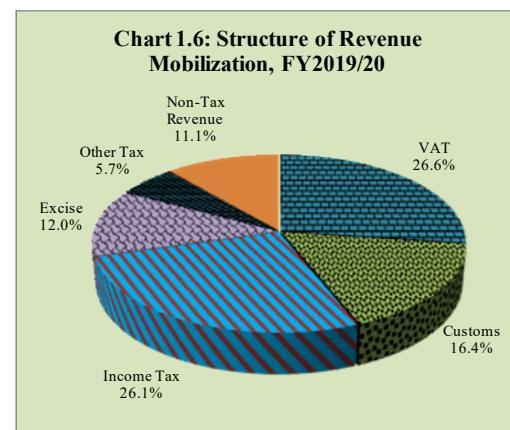
- 1.57 Value added tax (VAT) decreased by 7.3 percent to Rs. 224.07 billion in the review year compared to 16.8 percent increment to Rs. 241.61 billion in the previous year.
- 1.58 Income tax increased by 13.1 percent to Rs. 219.69 billion in the review year compared to an increase of 21.5 percent to Rs. 194.28 billion in the previous year.
- 1.59 In the review year, customs revenue decreased by 11.2 percent to Rs. 137.99 billion. Such revenue had increased by 12.8 percent to Rs. 155.37 billion in the previous year.
- 1.60 In the review year, excise duty decreased by 17.4 percent to Rs. 100.62 billion. Such revenue had increased by 18.8 percent to Rs. 121.86 billion in the previous year.
- 1.61 Of the total revenue mobilized (including other receipts) in the review year, the share of the VAT was the highest at 26.6 percent followed by income tax (26.1 percent) customs duty (16.4 percent), and excise duty (12.0 percent). These ratios were 28.8 percent, 23.1 percent, 18.5 percent and 14.5 percent respectively in the previous year.

- 1.62 In the review year, mobilization of non-tax revenue decreased by 6.8 percent to Rs. 93.73 billion. Such revenue had increased by 38.3 percent to Rs. 100.59 billion in the previous year.

- 1.63 Of the total revenue, the share of tax revenue, non-tax revenue, and other receipts stood at 83.2 percent, 11.1 percent and 5.7 percent respectively in the review year. Likewise, the share of direct and indirect tax revenue in the total tax revenue stood at 33.9 percent and 66.1 percent respectively. In the previous year, the share of tax revenue, non-tax revenue and other receipts in the total revenue had remained 86.8 percent, 12 percent and 1.2 percent respectively. Likewise, in the previous year, the share of direct and indirect tax revenue in the total tax revenue stood at 28.8 percent and 71.2 percent respectively.

Government Expenditure

- 1.64 In the review year, total government expenditure decreased by 1.5 percent to Rs. 1094.34 billion. In the previous year such expenditure had increased by 2.1 percent to Rs. 1110.46 billion.
- 1.65 In the review year, recurrent expenditure increased by 9.8 percent to Rs. 786.53



billion. Recurrent expenditure in the previous year had increased by 35 percent to Rs. 716.42 billion.

- 1.66 In the review year, capital expenditure decreased by 20.6 percent to Rs. 191.77 billion. Capital expenditure had decreased by 10.8 percent to Rs. 241.56 billion in the previous year.
- 1.67 In the review year, financing expenditure decreased by 23.9 percent to Rs. 116.04 billion in contrast to an increase of 27.4 percent in the previous year.

Budget Deficit

- 1.68 In the review year, government budget, on the basis of banking transaction, remained at a deficit of Rs. 267.45 billion. Such a budget deficit had amounted to Rs. 180.50 billion in the previous year.

Sources of Financing Budget Deficit

- 1.69 During the review year, mobilization of total domestic borrowings amounted to Rs. 194.64 billion which is 4.9 percent of GDP. Such borrowings had amounted to Rs. 96.38 billion in the previous year.
- 1.70 During the review year, the principal repayment on domestic debt amounted to Rs. 34.40 billion. GON maintained a cash surplus of Rs. 141.17 billion with NRB at the end of the review year. Such a surplus had amounted to Rs. 65.65 billion at the end of previous fiscal year.

Government Debt

- 1.71 As on mid-July 2020, the total outstanding external debt of the GON stood at Rs. 805.83 billion and domestic debt of Rs. 613.21 billion thereby total debt reached Rs. 1419.04 billion. Such a debt level at the end of previous fiscal year was Rs. 1047.58 billion. Total debt to GDP ratio reached 36.0 percent in the review year compared to 27.1 percent a year ago.

**Table 1.7
Government Debt Situation**

	Government Debt Indicators	2017/18	2018/19	2019/20
1.	Total Debt/Gross Domestic Product	26.5	27.1	36.0
2.	External Debt/Gross Domestic Product	15.2	15.4	20.4
3.	Domestic Debt/Gross Domestic Product	11.3	11.7	15.5
4.	External Debt/Exports	645.7	612.3	824.7
5.	External Debt Service/Exports	22.8	20.6	24.1
6.	Total Debt Service/Revenue	5.2	4.1	4.1
7.	Domestic Debt Service/Revenue	7.7	6.5	6.9
8.	External Debt Service/Revenue	2.6	2.4	2.8

Note: IMF promissory notes and overdraft from the NRB are not included in the domestic debt.

Source: FCGO and NRB

Provincial Government

- 1.72 Total expenditure of the provincial governments based on banking transactions stood at Rs. 153.87 billion in 2019/20. Resources mobilization of provincial governments was Rs. 148.83 billion in 2019/20. In the review period, the federal government transferred

Rs. 109.33 billion as grants and revenue from divisible fund to provincial governments. During this period, provincial governments mobilized the resource of Rs. 39.49 billion from province revenue and other receipts.

Policy Provisions Concerning Revenue

1.73 The Budget for 2019/20 aimed at developing a sustainable tax system by bringing about structural changes gradually shift import based tax system to domestic production based tax system. The objectives of revenue policies stated in the GON's budget for FY 2019/20 are as follows:

- Promoting productive industries and business and providing industrial protection by creating investment friendly environment through scientific, predictable and transparent revenue system.
- Broadening the tax base by bringing all taxable economic activities under the tax net and by controlling tax evasion and avoidance.
- Promoting exports by increasing domestic production and discouraging imports of goods that are unnecessary and harmful to human health and environment.
- Enhancing tax compliance by procedural simplification, use of information technology and development of efficient, professional, clean and taxpayer-friendly tax administration.
- Increasing the revenue mobilization by making non tax revenue rates updated, cost effective and transparent.

1.74 Major strategies and programs for implementing the revenue policy and improving existing tax system as stated in the budget are:

Indirect Tax

- Customs duty rates have been revised to promote domestic production and discourage import of goods that are unnecessary and harmful to health.
- Export duty has been removed on all goods except on alcohol and tobacco-based goods, raw materials that can be used domestically, and basic agricultural products, for the promotion of export trade.
- To promote the export trade, bonded warehouse facility has been arranged for all types of raw material imports for companies that export more than 20 percent of their production.
- Customs duty has been reduced on imports of raw materials by industries.
- Arrangement has been made to exempt 50 percent on transport equipment to be imported by agriculture-based cooperative industries.

- Arrangement has been made to levy only 1 percent customs duty on mills, machineries, spare parts and chemical imported by textile industries for their own use.
- The rate of customs duty has been reduced on imports of machineries and equipments made by industries having domestically adequate potential such as textile, thread, tea, basic medicines, sanitary pads and feed supplement industries.
- The rate of import duty on all means of waterways transport has been reduced from 15 percent to 5 percent.
- Arrangement has been made to allow Nepali passengers returning from abroad to import up to 100 grams of gold jewelry with them by paying duty.
- Customs duty has been increased on imports of tea, coffee, dairy products, ghee, poultry meat, peas, peanuts, potato chips, noodles, ice cream, juice, mineral water, chocolates made of sugar and jiggery, chewing gum, pasta, corrugated iron sheet, shoes, sandals, thread and tents for protecting domestic production of agriculture-based and industrial products in which the country has already become self-sufficient.
- Arrangement has been made to refund the Value Added Tax (VAT) credit remaining unadjusted within the period of last 4 months instead of 6 months.
- Provision has been made to exempt taxes, penalty, charges, fees and interests applicable for the period prior to 019/20 for entrepreneurs operating start-up businesses, if they come into the tax net by mid-January 2020.
- The rates of existing customs duty and excise duty on alcohol, cigarette, other tobacco-based products and goods that are harmful to human health, have been increased nominally.

Direct Tax

- Income tax rates for the year have been kept unchanged but the income tax exemption limit has been increased to Rs. 400,000 for individuals and Rs. 450,000 for couples.
- Provision has been made for acquiring Permanent Account Number (PAN) easily from any Inland Revenue Office for implementing the "One individual, One PAN policy."
- Arrangement has been made to compute capital gain tax on share transactions through weighted average cost method and continued the existing tax rate of 5 percent for natural person.
- The rate of capital gain tax imposed in the form of withholding tax on commercial real estate transactions has been reduced.

- Provision has been made to impose income tax to cooperatives performing financial transactions in municipalities at the rate of 5 percent and at the rate of 10 percent for those operating within the area of metropolitan and sub-metropolitan cities.
- Provision of tax has been removed on income of Social Security fund established under Contributory Social Security Fund Act, 2017.
- The existing period of tax exemption facility on merger of bank and financial or insurance business has been extended for an additional year. Provision has been made for not imposing VAT on accidental and health insurance.
- If income statement submitted by taxpayers on tax administration is found to be erroneous, legal provision has been made to correct those flaws within 30 days from the date of submission of that income statement.

Tax Administration

- Tax offices will be expanded to economic areas where there are remarkable economic activities.
- Biometric registration system will be operationalized from the next fiscal year. Taxpayers currently registered with VAT and income tax will have to update their details in the new system.
- Single Tax Code will be formulated to make tax laws simple, comprehensive and transparent. Custom bill will be tabled in the current session of the parliament. All the documents related to custom will be provisioned to submit through electronic means.
- The revenue amount to be deposited before applying for administrative review of amended tax assessment by the tax administration has been reduced from one third to one fourth of the disputed tax amount.
- Arrangement has been made to automatically deposit 10 percent of VAT reflected in the VAT invoice to the bank account of the consumers in purchase of goods and services in cases, if the payment is made through bank card or electronic means, there will be no withholding tax on the amount so deposited.
- Imports of goods of substandard quality, those not displaying quality standard and those harmful to health will be controlled.
- All types of revenue payments will be made through electronic means from the next fiscal year. Enforcement of VAT billing will be made effective through electronic means connected to the Central Billing Monitoring System located at the Inland Revenue Department.
- The income tax refund system has been simplified and arrangement has been made to refund it from the concerned Tax office.

- Provision for automatic generation of Tax Clearance Certificate through the system of Inland Revenue Department in case of taxpayers having no tax arrears has been made.
- Revenue Board will be established as a permanent mechanism for conducting revenue related studies and research, and for regularly providing policy and operational suggestions to government.

Tax Rates

1.75 For FY 2019/20, total number of import tariff rates have been made eight eight to 1, 5, 10, 15, 20, 30, 40 and 80 percent adding 40 percent rate in the prevailing seven import tariff rates of 1, 5, 10, 15, 20, 30, and 80 percent prevalent in FY 2018/19. Similarly, total number of excise rates applicable for FY 2019/20 has been made seventeen namely 2.5, 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 and 100 compared to prevailing sixteen excise rates applicable for FY 2018/19 namely 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 and 100. The threshold of taxable income from employment for natural person has been increased by Rs. 50,000 in FY 2019/20 but the taxations rates for natural person, corporate rates and threshold and other rates and threshold remained same.

**Table 1.8
Tax Rates**

Description	FY2018/19	FY2019/20
1. Import Duties (Percent)	1,5, 10, 15, 20, 30, 80	1, 5, 10, 15, 20, 30, 40, 80
2. Export Duties (Percent)	0, 200	0, 200
3. Excise (Percent)	5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 and 100	2.5, 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 and 100
4. VAT (Percent)	13 Percent	13 Percent
5. <u>Income Tax</u>		
(a) Exemption Threshold		
(i) Individual	Rs.3,50,000	Rs.4,00,000
(ii) Couple or Family	Rs.400,000	Rs.4,50,000
(b) Tax Rates (Percent)		
(i) Upto exemption threshold of taxable income from employment	1 Percent	1 Percent
(ii) After exemption threshold	First Rs.100,000: 10 Percent Next Rs.200,000: 20 Percent On residual amount: 30 Percent Above Rs.20 Lakhs: 36 Percent	First Rs.100,000: 10 Percent Next Rs.200,000: 20 Percent On residual amount: 30 Percent Above Rs.20 Lakhs: 36 Percent
<u>Corporate Tax</u>		
(a) Flat Rate on Corporate Net Income		
(i) Banks and Financial Institutions	30 Percent	30 Percent
(ii) Telecommunication & Internet, Remittance, Stockmarket, Merchant Banking and Commodity Broaker	30 percent	30 Percent
(ii) Others	25 Percent	25 Percent
(b) Partnership Firm	25 Percent	25 Percent
House 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	5 Percent

Provident Fund and Pension	5 Percent	5 Percent
Government Securities	5 Percent	5 Percent
Dividend Tax	5 Percent	5 Percent
Capital Gain Tax	5 percent	5 percent
Infrastructure Tax	Rs.5 per liter	Rs.5 per liter
In case of gold		
Up to 50 gram for each 10 gram	Rs.5,200	Rs.6,200
50-100 gram for each 10 gram	Rs.6,200	Rs.7,200
above 100 gram for each 10 gram	To be seized	Rs.9,000

Status of Public Enterprises

- 1.76 As of 2018/19, a total of 44 Public Enterprises (PEs) are in existence - 10 in Industrial Sector, 5 in Public Utility Sector, 5 in Trading Sector, 9 in Financial Sector, 5 in Social Sector and 10 in Services Sector. Among these legally existing PEs, only 33 are in operation. While analyzing the financial performance of these legally existing PEs, 26 earned net profit, 13 PEs were in net loss and 5 had no any financial transactions during 2018/19. The net profit of 26 PEs increased by 17.0 percent and the net loss by 306.58% by loss-making 13 PEs.

Table 1.9
Financial Condition of Public Enterprises

	Rs. in Billion			Growth Rate (%)	
	2017/18	2018/19	2019/20	2018/19	2019/20
Government Investment	31208	36479	46459	16.9	27.4
Share Investment	15957	20037	27184	25.6	35.7
Loan Investment	15251	16442	19275	7.8	17.2
Shareholders' Fund	28956	50456	61059	74.3	21.0
Unfunded Liabilities	3857	3883	4852	0.7	25.0
Operating Income	32206	39093	47026	21.4	20.3
Net Profit/Loss	4143	4341	4877	4.8	12.3
Retained Profit/Loss	2777	4008	5167	44.3	28.9

Source: Annual Performance Review of Public Enterprises, 2018, 2017, and 2016, Ministry of Finance, Government of Nepal

- 1.77 PEs recorded net profit of Rs. 48.77 billion in 2018/19 compared to net profit of Rs. 43.41 billion in 2017/18. Net profit of PEs increased due to increase in net profit of Nepal Electricity Authority (Rs.9.81 billion), Nepal Telecommunication Company (Rs.9.76 billion), Nepal Oil Corporations (Rs.8.75 billion), Rastriya Banijya Bank Ltd. (Rs.5.05 billion), Nepal Civil Aviation Authority (Rs.4.31 billion), Agricultural Development Bank (Rs.4.19 billion), Nepal Bank Limited (Rs.2.60 billion), Hydropower Investment and Development Company (Rs.1.10 billion) as well as net profit earned by some other PEs.
- 1.78 In 2018/19, total capital fund of PEs as well as GON's total investment in the form of equity and debt increased. The GON's investment in PEs recorded a rise of 27.4 percent over the previous year.
- 1.79 In 2018/19, GON received dividend of Rs.9.47 billion from PEs. This amount of dividend represented 3.48 percent of total share investment of the GON. The dividend received in the previous year had amounted to Rs.9.90 billion. In the review year, GON received dividend from Nepal Telecommunication Company Ltd., Nepal Oil Corporation, Nepal Civil Aviation Authority, Agricultural Development Bank Ltd.,

Credit and Deposit Guarantee Fund, Hydropower Investment and Development Company Ltd., The Timber Corporation of Nepal Ltd., and Citizenship Investment Trust.

- 1.80 Net accumulated profit of PEs as of mid-July 2019 amounted Rs. 51.67 billion compared to Rs. 40.08 billion in the previous year.
- 1.81 The share of unfunded liability in each of the PEs has been substantial on account of facility being provided to retiring PE staffs under various headings like gratuity, pension, medical care, insurance, and cash in lieu of leave, etc. In 2018/19, the unfunded liability increased by 25.0 percent to Rs. 48.52 billion compared to Rs.38.83 billion a year ago.

Monetary and Financial Situation

Monetary Situation

- 1.82 In 2019/20, broad money (M2) increased by 18.1 percent compared to an increase of 15.8 percent in the previous year. In the review year, narrow money (M1) increased by 17.8 percent in comparison to an increase of 8.6 percent in the previous year.
- 1.83 Currency in circulation increased by 15.9 percent in the review year compared to an increase of 1.7 percent in the previous year. Demand deposits increased by 19.7 percent in the review year compared to an increase of 20.6 percent in the previous year.
- 1.84 In the review year, net foreign assets (foreign exchange valuation gain/loss adjusted) increased by Rs. 282.41 billion (28.7 percent) compared to a decrease of Rs. 67.4 billion (6.4 percent) in the previous year.
- 1.85 In 2019/20, domestic credit expanded by 13.6 percent, compared to an increase of 21.1 percent in the previous year.
- 1.86 In the review year, net claims of monetary sectors' on GON expanded by 22.8 percent (Rs. 85.5 billion). Such claims had increased by 37.7 percent in the previous year. The GON's cash balance with NRB amounted to Rs. 141.17 billion at the end of the review year.
- 1.87 In the review year, the monetary sector's claims on private sector expanded by 12.6 percent (Rs. 366.62 billion), compared to an increase of 19.1 percent in the previous year.
- 1.88 In the review year, reserve money increased by 26.7 percent, compared to a decrease of 1.5 percent in the previous year.
- 1.89 Deposits at Banks and Financial Institutions (BFIs) increased by 18.7 percent in the review year, compared to an increase of 18.0 percent in the previous year. Similarly,

credit to the private sector from BFIs increased by 12.0 percent in the review year, compared to an increase of 19.4 percent in the previous year.

Inter-Bank Transactions and Use of Standing Liquidity Facility

- 1.90 In 2019/20, inter-bank transactions of commercial banks amounted to Rs. 1501.45 billion and those of other financial institutions (excluding transactions among commercial banks) stood at Rs. 129.40 billion. These respective transactions had amounted to Rs. 1,775.11 billion and Rs. 209.55 billion respectively in the previous year.

Table 1.10
Inter-Bank Transactions and Use of Standing Liquidity Facility

Particulars	2017/18	2018/19	2019/20
Inter-bank Transactions of Commercial Banks (Rs. in billion)	1161.31	1775.11	1501.45
Inter-bank Transaction Rate of Commercial Banks (In Percent) ¹	2.96	4.52	0.35
Inter-bank Transaction of Other Financial Institutions except among Commercial Banks (Rs. in billion)	49.43	209.55	129.40
Inter-bank Transaction Rate of Other Financial Institutions (In Percent) ¹	5.40	6.24	1.01
Use of Standing Liquidity Facility (Rs. in billion)	38.33	154.33	103.28

¹ Weighted average interest rate during period of mid June to mid-July

Liquidity Management

- 1.91 Liquidity management of the banking system has been conducted using the appropriate instruments (repo, reverse repo, outright sale, outright purchase, deposit collection and NRB bills) in accordance with the decision of the open market operation committee as per the NRB Open Market Operation Bylaw, 2014.
- 1.92 In 2019/20, instruments for absorption and injection of liquidity as necessitated have been used to address fluctuations in liquidity of banking system. To address the provision of interest rate corridor system as announced by monetary policy of this fiscal year, the two-week repo has been amended to overnight repo with the implementation of Interest Rate Corridor Procedure, 2076.
- 1.93 In 2019/20, liquidity amounting Rs. 78 billion (on turnover basis) was mopped up through open market operations. Out of the amount absorbed, Rs. 48 billion was mopped up through reverse repo auction and Rs. 30 billion through deposit collection auctions. Similarly, total liquidity amounting Rs. 219.16 billion was injected in the review year. Out of which Rs. 108.55 billion was injected through regular repo, Rs. 7.32 billion under interest rate corridor through 14 days repo and that of 103.28 billion through standing liquidity facility.

- 1.94 In 2019/20, liquidity worth Rs.103.28 billion was injected 103 times to manage short term liquidity to demanding BFIs through government bonds (T-bills and development bonds) and lending facilities against NRB bonds for 7 working days.

Foreign Exchange Transaction

- 1.95 In 2019/20, NRB injected net liquidity amounting Rs. 492.24 billion through the net purchase of US\$ 4.21 billion from foreign exchange market (commercial banks). In previous year, net liquidity amounting Rs. 368.63 billion was injected through the net purchase of US\$ 3.26 billion. In the review year, Indian currency (IC) equivalent to Rs. 442.13 billion was purchased by selling convertible currency worth US\$ 3.82 billion. In the previous year, IC equivalent to Rs. 516.97 billion was purchased by selling the convertible currencies of worth US\$ 4.24 billion.

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

(Rs. in billion)

Particulars	2017/18	2018/19	2019/20
1. US\$ Purchase	431.48	368.63	492.65
2. US\$ Sale	9.15	7.72	0.41
3. Net Liquidity Injection	422.34	360.91	492.24
4. Purchase of Indian Currency by Selling US\$	498.64	478.92	442.13
5. Purchase of Indian Currency by Selling other convertible currency	7.38	38.05	0.0

Short-Term Interest Rates

- 1.96 The 91-day weighted average T-bill rate and inter-bank rate among commercial banks both has decreased in the month of mid-July 2020 compared to the month of mid-July 2019. The 91-day weighted average T-bill rate in the month of mid-July 2020 stood at 1.27 percent in comparison to the rate of 4.97 percent in the same month of the previous year. Similarly, the weighted average inter-bank transaction rate among commercial banks stood at 0.35 percent in mid-July 2020, compared to an average rate of 4.52 percent in the previous year. Likewise, the weighted average inter-bank interest rate among other financial institutions stood at 1.01 percent in mid-July 2020 in comparison to an average of 6.24 percent in mid-July 2019.
- 1.97 Weighted average lending and deposit interest rates of commercial banks stood at 10.11 percent and 6.01 percent respectively in mid-July 2020. Such rates were 12.13 percent and 6.60 percent in mid-July 2019. Similarly, the average base rate (commercial banks) stood at 8.50 percent in mid-July 2020, compared to the rate of 9.57 percent in mid-July 2019.

Table 1.12
Interest Rate of Commercial Banks

Particulars	2017/18	2018/19	2019/20
Weighted Average Interest Rate of Loan	12.47	12.13	10.11
Weighted Average Interest Rate of Deposit	6.49	6.60	6.01
Average Base Rate	10.47	9.57	8.50

Status of Sources and Uses of Funds of Banks and Financial Institutions

Commercial Banks

- 1.98 In FY 2019/20, total assets/liabilities of commercial banks increased by 21 percent (Rs. 757.66 billion) to Rs. 4369.59 billion in comparison to an increase of 17.7 percent (Rs. 542.69 billion) in the previous year.
- 1.99 In FY 2019/20, total deposits mobilized by commercial banks increased by 21.9 percent (Rs. 622.10 billion) to Rs. 3465.15 billion in mid-July 2020 in comparison to an increase of 15.6 percent (Rs 383.84 billion) in the previous year. In the review year, the current, saving, and fixed deposits liabilities of commercial banks rose by 28.8 percent, 20.7 percent, and 27.6 percent respectively. Such growths were 21.6 percent, 11.0 percent and 19.8 percent respectively in the previous year.
- 1.100 The loans and advances of commercial banks in the review year increased by 19.1 percent (Rs.550.92 billion) to Rs. 3435.87 billion in mid-July 2020. The loans and advances of commercial banks had increased by 18.8 percent in the previous year. In the review year, claims on private sector increased by 16 percent (Rs. 393.54 billion) which had increased by 17.5 percent (Rs. 366.11 billion) in the previous year. The ratio of claims on private sector to GDP stood at 72.3 percent in mid-July 2020.
- 1.101 In 2019/20, loans and advances on priority sectors by commercial banks have reached to 28.98 percent (Rs. 809.10 billion) of the total loan disbursed. Among this, loan disbursed to agriculture sector is 9.8 percent and to non-agricultural sector—energy, tourism, small and medium enterprise, export industry, pharmaceuticals, cement industry and textiles industry sectors comprise 19.2 percent.
- 1.102 In the review year, commercial banks' investment in government securities increased by 38.5 percent (Rs. 136.49 billion) to Rs. 491.38 billion as in mid-July 2020. Such investment had increased by Rs. 79.02 billion in the previous year.
- 1.103 As in mid-July 2020, the liquid assets of commercial banks (including investment in government securities) amounted to Rs. 1023.58 billion. These liquid assets represented 29.5 percent of the total deposits this year as compared to 25.7 percent in the previous year. Among the components of liquid assets, liquid funds increased by 41.7 percent in the review period. Commercial Banks' balance held abroad increased by 26.7 percent (Rs. 36.02 billion) to Rs. 171 billion while balance with NRB

increased by 65.7 percent (Rs. 109.01 billion) to Rs. 274.91 billion as in mid-July 2020.

Development Banks

- 1.104 In the review year, total assets/liabilities of development banks decreased by 9.9 percent (Rs. 45.52 billion) to Rs. 412.14 billion as in mid-July 2020 in comparison to an increase of 28.3 percent (Rs. 100.82 billion) in the previous year. Due to the merger and acquisition of six development banks with commercial banks, the assets/liabilities of development banks decreased in the review period.
- 1.105 Total deposits, the major source of resource mobilization, contracted by 6.9 percent (Rs. 26.23 billion) to Rs. 351.96 billion in the review year. Likewise, liquid assets of development banks (including investment in government securities) as in mid-July 2020 amounted to Rs. 56.78 billion, accounting 16.1 percent of total deposits. Such asset was 10.3 percent in the previous year. Among the components of liquid assets, liquid funds expanded by 8.7 percent to Rs. 25.39 billion in the review year.
- 1.106 In the review year, loans and advances of development banks decreased by 9.5 percent (Rs. 39.77 billion) to Rs. 378.97 billion as in mid-July 2020 compared to an increase of 29.5 percent in the previous year. Among the components of loans and advances, claims on the private sector contracted by 16.2 percent to Rs. 286.80 billion as in mid-July 2020, accounting 7.3 percent of GDP.

Finance Companies

- 1.107 In the review year, total assets/liabilities of finance companies increased by 13.1 percent (Rs. 14.37 billion) to Rs. 124.39 billion as in mid-July 2020. Such assets/liabilities had expanded by 16.0 percent to Rs. 110.01 billion in the previous year. Deposit mobilization, the major source of resource mobilization, expanded by 16.1 percent (Rs. 12.04 billion) to Rs. 86.84 billion in mid-July 2020 in comparison to the expansion of 18.8 percent in the previous year.
- 1.108 Liquid assets of finance companies (including investment in government securities) in mid-July 2020 amounted to Rs. 18.68 billion, accounting 21.5 percent of total deposits. Such ratio was 15.5 percent in the previous year. Among the components of liquid assets, liquid funds contracted by 3.3 percent to Rs. 6.06 billion in mid-July 2020.
- 1.109 In the review year, loans and advances of finance companies expanded by 15.7 percent (Rs. 15.83 billion) to Rs. 116.82 billion in mid-July 2020 in comparison to the expansion of 16.1 percent in the previous year. Among the components of loans and advances, claims on private sector increased by 8.0 percent to Rs. 72.86 billion in mid-July 2020, accounting 1.8 percent of GDP.

Microfinance Financial Institutions

- 1.110 As of mid-July 2020, there are 85 microfinance financial institutions (MFIs) in operation. Among them, 81 are working as replicators of grameen (rural) banking system while 4 are carrying out wholesale microfinance lending transactions.
- 1.111 As of mid-July 2020, total assets/liabilities of MFIs expanded by 19.1 percent to Rs. 325.15 billion. Likewise, the total deposits and borrowings of MFIs reached Rs. 106.19 billion and Rs. 142.08 billion respectively while total loans and investment reached Rs. 262.73 billion and Rs.10.20 billion respectively.

Insurance Companies

- 1.112 As of mid-July 2020, there are 40 insurance companies in operation including 19 life insurance companies, 20 non-life insurance companies and 1 reinsurance company. Based on data received from Insurance Board, total assets/liabilities of insurance companies increased by 26 percent to Rs. 437.26 billion in mid-July 2020, compared to the amount of Rs. 347.16 billion in mid-July 2019.

Employees Provident Fund

- 1.113 In mid-July 2020, total assets/liabilities of the Employees Provident Fund (EPF) increased by 12 percent to Rs. 384.01 billion compared to an increase of 15.6 percent to Rs. 342.72 billion in the previous year. Provident fund of the employees expanded by 12.8 percent to Rs. 349.63 billion in mid-July 2020 compared to Rs. 309.85 billion in mid-July 2019.

Citizen Investment Trust

- 1.114 Based on data obtained from Citizen Investment Trust (CIT), total assets/liabilities of the trust rose by 8.2 percent to Rs. 161.08 billion in mid-July 2020, compared to Rs. 148.91 billion in the previous year. Fund collection, a major component in the liabilities side of CIT, increased by 12.1 percent to Rs. 141.30 billion in mid-July 2020 compared to the amount of Rs. 126 billion in the previous year. Loans and advances increased by 12.1 percent to Rs. 45.57 billion compared to the amount of Rs. 40.65 billion in the previous year.

Social Security Fund

- 1.115 Based on data obtained from Social Security Fund, Rs. 1.62 billion was collected from 168,242 contributors of 12,479 firms / companies and insurance claim amounting Rs. 6.9 million of 330 contributors was paid in mid- July 2020.

Postal Savings Bank

- 1.116 Among the 117 offices of Postal Saving Bank authorized for collecting deposits under Postal Services Department of GON, only 66 offices are presently involved in deposit

collection. As of mid-July 2020, total deposits of Postal Saving Bank amounted to Rs. 1.76 billion while the loans and advances amounted to Rs. 0.40 billion.

**Table 1.13
Transaction Details of Postal Saving Bank**

Particulars	Mid-July		
	2018	2019	2020
Number of Offices Licensed to accept Deposits	117	117	117
Number of Offices accepting Deposits	65	66	66
Number of Offices doing Investment	57	57	57
Number of Accounts	72,947	63,396	62,475
Total Deposits (Rs. in million)	3,403.2	1,327.3	1756.5
Total Investment Outstanding (Rs. in million)	593.6	377.8	403.3

Source: Department of Postal Services, GON

Deposit and Credit Guarantee Fund

- 1.117 The Deposit and Credit Guarantee Fund (DCGF) has been providing credit guarantee services for priority sector as well as for livestock, vegetable farming, foreign employment, micro and deprived sector, and small and medium-scale enterprises. The DCGF guaranteed total credit amounting to Rs. 62.15 billion and total deposits amounting to Rs. 689.49 billion as of mid-July 2020 (Table 1.13).

**Table 1.14
Transaction Details of Deposit and Credit Guarantee Fund**

Particulars	Mid-July			Percent Change	
	2018	2019	2020	2018/19	2019/20
Total Deposit Guaranteed (Rs. in billion)	430.74	603.38	689.49	40.08	14.3
Total Credit Guaranteed (Rs. in billion)	14.35	25.66	62.15	78.82	133.6

Source: Deposit and Credit Guarantee Fund

Credit Information Centre Limited

- 1.118 Total of 1,511,958 credit information were demanded by 27 commercial banks, 20 development banks, 22 finance companies and 85 micro finance financial institutions. According to information available from Credit Information Centre Limited, the number of blacklisted borrowers reached 12,291 in mid-July 2020 compared to 8,451 in mid-July 2019.

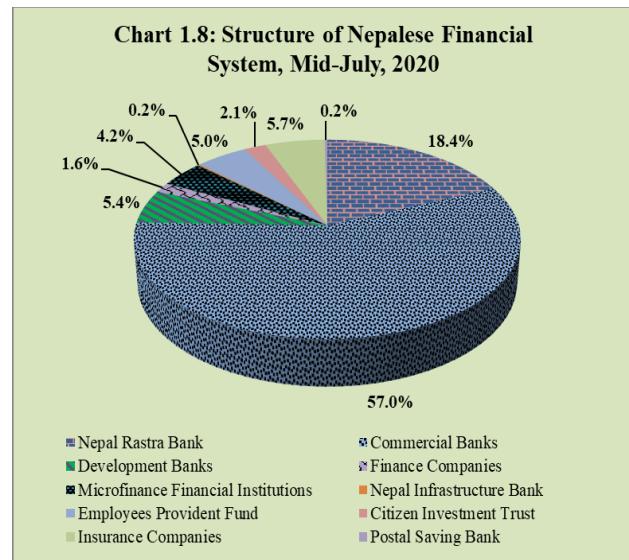
Financial Structure

- 1.119 As of mid-July 2020, there are total of 210 banks and non-bank financial institutions in operation including 167 BFIs (NRB licensed 155 and 12 others), 40 insurance companies, Employment Provident Fund, Citizen Investment Trust and Postal Saving Bank. The number of such institutions in operation were 225 in the previous year.

Table 1.15
Number of Banks and Financial Institutions

Banks and Financial Institutions	Mid-July		
	2018	2019	2020
Commercial Banks	28	28	27
Development Banks	33	29	20
Finance Companies	25	23	22
Microfinance Financial Institutions	65	90	85
Cooperatives Licensed by the NRB (performing limited banking transactions)	14	-	-
NGOs Licensed by the NRB (performing limited banking transactions)	24	-	-
Infrastructure Development Bank	-	1	1
Institutions Licensed by NRB to conduct banking transactions	189	171	155
Other Institutions	10	11	12
Insurance Companies	39	40	40
Employees Provident Fund	1	1	1
Citizen Investment Trust	1	1	1
Postal Saving Bank	1	1	1
Total	241	225	210

- 1.120 As of mid-July 2020, the share of NRB in total assets/liabilities of the financial system remained 18.4 percent. Likewise, the share of commercial banks in total financial system has been 57 percent, development banks' 5.4 percent, finance companies' 1.6 percent, microfinance financial institutions' 4.2 percent, infrastructure development bank's 0.2 percent, Employees Provident Fund's 5 percent, Citizen Investment Trust's 2.1 percent, and insurance companies' 5.7 percent. As of mid-July 2020, the ratio of total assets/liabilities of the banking system and GDP stood at 168.8 percent.



- 1.121 The number of BFIs licensed by NRB declined to 155 in mid-July 2020 compared to 171 in mid-July 2019. As of mid-July 2020, there were 27 commercial banks, 20 development banks, 22 finance companies, 85 micro-finance financial institutions(MFIs) and 1 infrastructure development bank.
- 1.122 Of the total 753 local levels, commercial banks extended their branches at 747 levels as of mid-July 2020 in comparison to 735 levels in mid-July 2019.

- 1.123 The total number of deposit accounts and borrowers has reached 32.45million and 1.54 million respectively in mid-July 2020. Such number was 27.87 million and 1.44 million respectively in mid-July 2019. Similarly, the number of depositors and borrowers in MFIs have reached 4.69 million and 2.78 million respectively in mid-July 2020. These MFIs have provided their services in all 77 districts.
- 1.124 The number of NGOs licensed by NRB carrying out limited banking operations were 12 as of mid-July 2020. Such number was 11 in mid-July 2019.

Securities Market

- 1.125 On y-o-y basis, the NEPSE index increased by 8.2 percent to 1362.4 points in mid-July 2020. Such an index was decreased by 3.8 percent to 1259 in mid-July 2019. Similarly, the NEPSE sensitive index also increased by 6.3 percent to 288.3 points in mid-July 2020 over 271.3 points in mid-July 2019. Similarly, the NEPSE float index also increased by 3.3 percent to 95.5 points in mid-July 2020 from 92.4 points as in mid-July 2019.
- Chart 1.9: Share Price Trend (NEPSE Index)**

Year	NEPSE Index
2014/15	~924
2015/16	~1700
2016/17	~1259
2017/18	~1580
2018/19	~1250
2019/20	~1362.4
- 1.126 Remarkable increase was recorded in the total amount of securities market transactions in the review year. Total share transactions increased by 36.3 percent to Rs. 150.04 billion in the review year from Rs. 110.07 billion in the previous year.
- 1.127 As of mid-July 2020, market capitalization on y-o-y basis increased by 14.4 percent to Rs. 1792.76 billion. The market capitalization to GDP ratio increased to 45.5 percent in mid-July 2020 from 40.6 percent a year ago. In the review year, the share of banks and financial institutions (including insurance companies), hydropower, manufacturing and processing, hotels, trading and others in stock market capitalization stood at 78.2 percent, 5.4 percent, 3.7 percent, 1.1 percent, 0.3 percent and 11.3 percent respectively.
- 1.128 The paid-up share value of listed companies in NEPSE increased by 14.8 percent to Rs. 473.39 billion in 2019/20. Total additional securities worth Rs 99.30 billion were listed which consisted of debentures of Rs. 31.94 billion, bonus shares of Rs. 28.15 billion, ordinary shares of Rs. 13.64 billion, mutual fund of Rs. 5.75 billion, right shares of Rs. 4.69 billion, and others of Rs. 15.14 billion.
- 1.129 The number of companies listed in Nepal Stock Exchange Limited has reached 212 in mid-July 2020. Such number was 215 in mid-July 2019. Among the listed companies, 147 are BFIs (including insurance companies) while 33 are hydro-power companies, 19 are manufacturing and processing industries, 4 each are hotels and trading companies, and 5 are categorized under the others.

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

	2018	2019	Projection	
			2020	2021
World Output	3.5	2.8	-4.4	5.2
Advanced Economies	2.2	1.7	-5.8	3.9
United States	3.0	2.2	-4.3	3.1
Euro Area	1.8	1.3	-8.3	5.2
Japan	0.3	0.7	-5.3	2.3
Emerging and Developing Economies	4.5	3.7	-3.3	6.0
Emerging and Developing Asia	6.3	5.5	-1.7	8.0
China	6.7	6.1	1.9	8.2
India	6.1	4.2	-10.3	8.8
Goods Price				
Fuel	29.4	-10.2	-32.1	12.0
Non-fuel	1.3	0.8	5.6	5.1
Consumer Price				
Advanced Economies	2.0	1.4	0.8	1.6
Emerging and Developing Economies	4.9	5.1	5.0	4.7
World Trade (Merchandise and Services)	3.9	1.0	-10.4	8.3

Source: International Monetary Fund, *World Economic Outlook*, October 2020

Table 2
Macroeconomic Indicators

S.N.	Description	Percent Change		
		2017/18	2018/19	2019/20
1	Producers' Prices:			
1.1	GDP at constant (2010/11) prices	7.62	6.66	-1.88
1.2	GDP at current prices	12.31	11.66	2.19
2	Basic Prices:			
2.1	GDP at constant (2010/11) prices	7.37	6.39	-1.99
2.2	GDP at current prices	10.68	11.01	4.13
3	GNI at Current Prices	11.92	12.08	2.33
4	Total Consumption	9.98	10.51	10.44
5	Gross Domestic Saving	27.94	18.30	-42.18
6	Gross National Saving	9.06	17.23	-15.95
7	Total Investment	19.00	14.78	-21.25
8	Gross Fixed Capital Formation	19.13	16.42	-4.85
9	Gross National Disposable Income	9.68	12.67	1.60
10	Money Supply (M1)	17.6	8.6	17.8
11	Broad Money Supply (M2)	19.4	15.8	18.1
12	Domestic Credit	26.5	21.1	13.6
13	Fixed Deposits	25.5	22.4	25.1
14	Total Exports	11.4	19.4	0.6
15	Total Imports	25.8	13.9	-15.6
16	Gross Foreign Exchange Reserve	2.1	-5.8	34.9
17	Government Revenue	18.6	15.5	0.2
18	Government Expenditure*	29.9	2.1	-1.5
19	National Consumer Price Index	4.2	4.6	6.2
20	Wholesale Price Index	1.7	6.2	6.9
As Percent of Nominal GDP at Producers' Prices				
1	Total Consumption	85.2	84.3	91.1
2	Gross Domestic Saving	14.8	15.7	8.9
3	Gross National Saving	40.5	42.5	34.9
4	Total Investment	39.5	40.7	31.3
5	Gross Fixed Capital Formation	32.4	33.8	31.5
6	Gross National Disposable Income	125.7	126.8	126.1
7	Money Supply (M1)	19.4	18.8	21.7
8	Broad Money Supply (M2)	89.5	92.8	107.3
9	Domestic Credit	79.7	86.5	96.2
10	Fixed Deposits	35.2	38.6	47.2
11	Total Exports	2.4	2.5	2.5
12	Total Imports	36.0	36.8	30.3
13	Foreign Exchange Reserve	31.9	26.9	35.5
14	Government Revenue	21.0	21.8	21.3
15	Government Expenditure	31.5	28.8	27.7
16	Government Budget Surplus/Deficit*	-8.8	-4.7	-6.8
17	Domestic Borrowings	-33.7	-34.2	-27.9
18	Trade Balance (-Deficit)	-7.1	-6.8	-0.9
19	Current Account Balance (-Deficit)	15.2	15.4	20.4
20	Total Outstanding External Debt	11.3	11.7	15.5

* On cash basis

Source: *Economic Survey, 2019.20; Financial Comptroller General Office*

Table 3
Sectoral Growth Rate of Gross Domestic Product
(at 2010/11 prices)

Description	Growth rate (percentage)		
	2017/18	2018/19	2019/20
1. Agriculture sector	2.61	5.16	2.23
Agriculture, forestry and fishing	2.61	5.16	2.23
2. Non agriculture sector	9.50	6.90	-3.73
A. Industry sector	10.36	7.38	-4.17
Mining and quarrying	9.40	17.62	-2.23
Manufacturing	9.21	6.52	-9.05
Electricity, gas, steam and air conditioning supply	10.38	9.61	25.58
Water supply, sewerage, waste management and remediation activities	4.57	1.22	2.14
Construction	12.10	7.48	-5.63
B. Service sector	9.25	6.76	-3.60
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.23	8.11	-10.69
Transportation and storage	11.68	8.77	-13.37
Accommodation and food service activities	12.21	9.92	-25.72
Information and communication	2.14	7.05	2.30
Financial and insurance activities	9.43	6.35	4.75
Real estate activities	1.56	3.75	2.37
Professional, scientific and technical activities	4.95	5.61	1.20
Administrative and support service activities	18.62	6.44	2.15
Public administration and defence; compulsory social security	4.71	5.12	6.16
Education	5.83	5.98	3.00
Human health and social work activities	5.87	6.69	5.20
Arts, entertainment and recreation; Other service activities; and Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	4.63	5.92	1.37

R = Revised estimate

P = Preliminary estimate

Source: Central Bureau of Statistics

Table 4
Province-wise Growth Rate and Share

Province	2018/19^R		2019/20^P	
	Growth Rate	Share	Growth Rate	Share
Province 1	7.4	15.7	3.4	15.8
Province 2	8.1	13.6	2.3	13.8
Bagmati	6.4	36.4	1.2	35.8
Gandaki	6.6	8.9	2.7	8.9
Lumbini	6.8	14.2	2.0	14.2
Karnali	8.1	4.2	3.6	4.3
Sudur-Paschim	6.9	7.0	4.1	7.2
National	7.0	100.0	2.3	100.0

R = Revised estimate

P = Preliminary estimate

Source: Central Bureau of Statistics

Table 5
National Consumer Price Index
(Annual Average)

(Base Year: 2014/15=100)

Groups/Sub-Groups	Weight %	2017/18	2018/19	2019/20	Percent Change	
					2018/19	2019/20
Overall Index	100.00	119.59	125.14	132.84	4.64	6.15
1. Food & Beverage	43.91	116.13	119.72	129.49	3.09	8.16
Cereal Grains & their Products	11.33	113.83	119.91	124.69	5.34	3.99
Legume Varieties	1.84	95.23	89.09	98.12	-6.45	10.14
Vegetables	5.52	119.74	116.32	143.03	-2.86	22.96
Meat & Fish	6.75	114.87	120.02	129.53	4.48	7.92
Milk Products & Eggs	5.24	121.90	124.91	131.92	2.47	5.61
Ghee & Oil	2.95	115.06	122.36	127.51	6.34	4.21
Fruits	2.08	114.73	121.86	135.90	6.21	11.52
Sugar & Sweets	1.74	122.33	118.24	124.13	-3.34	4.98
Spices	1.21	114.02	120.37	137.22	5.57	14.00
Soft Drinks	1.24	111.71	115.96	120.91	3.80	4.27
Hard Drinks	0.68	135.78	150.56	165.60	10.89	9.99
Tobacco Products	0.41	117.54	129.78	142.99	10.41	10.18
Restaurant and Hotel	2.92	122.77	128.73	134.83	4.85	4.74
2. Non-Food & Services	56.09	122.38	129.55	135.52	5.86	4.61
Clothing & Footwear	7.19	132.08	141.00	148.69	6.75	5.45
Housing & Utilities	20.30	130.32	140.33	146.98	7.68	4.74
Furnishing & Household Equipment	4.30	117.16	123.85	129.47	5.71	4.54
Health	3.47	107.65	110.06	114.88	2.24	4.38
Transport	5.34	102.86	109.30	111.00	6.26	1.56
Communication	2.82	105.38	103.81	105.64	-1.49	1.76
Recreation & Culture	2.46	111.90	116.91	119.41	4.48	2.14
Education	7.41	130.62	137.15	144.36	5.00	5.26
Miscellaneous Goods & Services	2.81	118.07	124.42	138.54	5.38	11.35
Consumer Price Index - Kathmandu Valley						
Overall Index	100.00	118.75	124.52	133.19	4.86	6.96
1. Food & Beverage	39.77	118.65	122.53	132.49	3.27	8.13
2. Non-Food & Services	60.23	118.82	125.85	133.65	5.92	6.20
Consumer Price Index - Terai						
Overall Index	100.00	118.35	123.39	131.15	4.26	6.29
1. Food & Beverage	44.14	114.27	116.83	127.03	2.24	8.73
2. Non-Food & Services	55.86	121.69	128.83	134.49	5.87	4.39
Consumer Price Index - Hills						
Overall Index	100.00	122.85	128.99	135.57	5.00	5.10
1. Food & Beverage	46.88	116.70	121.75	130.96	4.33	7.56
2. Non-Food & Services	53.12	128.55	135.74	139.78	5.59	2.98
Consumer Price Index - Mountain						
Overall Index	100.00	119.83	125.71	131.88	4.91	4.91
1. Food & Beverage	59.53	116.96	120.68	127.42	3.18	5.59
2. Non-Food & Services	40.47	124.17	133.51	138.73	7.52	3.91

Table 6
National Wholesale Price Index
(Annual Average)

(Base Year: 1999/2000=100)

Groups/Sub-Groups	Weight %	2017/18	2018/19	2019/20	Percent Change	
					2018/19	2019/20
1. Overall Index	100.00	100.0	106.23	113.52	6.23	6.87
1.1 Primary Commodities	33.59	100.0	106.12	118.89	6.12	12.03
Foodgrains	31.27	100.0	106.11	119.61	6.11	12.73
Non-food	2.31	100.0	106.27	109.10	6.27	2.66
1.2 Fuel and Power	8.76	100.0	112.65	113.78	12.65	1.00
Petroleum Products	5.66	100.0	119.58	121.34	19.58	1.47
Electricity	3.10	100.0	100.00	100.00	0.00	0.00
1.3 Manufactured Commodities	57.65	100.0	105.31	110.36	5.31	4.79
Food Beverages & Tobacco	15.16	100.0	105.29	118.77	5.29	12.80
Textiles	1.01	100.0	115.12	120.15	15.12	4.37
Leather and Leather-related Products	0.29	100.0	103.98	112.98	3.98	8.66
Wood and Wood-related Products	2.07	100.0	109.41	113.62	9.41	3.85
Paper and Paper Products	1.08	100.0	101.11	103.26	1.11	2.13
Chemical and Chemical Goods	6.55	100.0	100.22	105.88	0.22	5.65
Rubber and Plastic Products	1.92	100.0	105.24	108.45	5.24	3.06
Non-metalic Mineral Products	4.50	100.0	101.17	99.88	1.17	-1.28
Basic Metals	12.55	100.0	108.70	108.46	8.70	-0.23
Electric & Electronic Goods	4.45	100.0	99.91	98.33	-0.09	-1.58
Machinery and Goods	3.17	100.0	103.85	107.48	3.85	3.50
Transport, Equipment & Parts Goods	3.80	100.0	112.30	118.30	12.30	5.35
Others	1.08	100.0	104.00	109.64	4.00	5.43
Broad Economic Classification	100.00	100.00	106.23	113.52	6.23	6.87
Consumption Goods	32.90	100.00	105.54	114.46	5.54	8.45
Mediator Goods	56.30	100.00	107.27	114.45	7.27	6.70
Capital Goods	10.80	100.00	102.86	105.81	2.86	2.86
Construction Materials	14.03	100.00	107.97	103.82	7.97	(3.85)

Table 7
National Salary and Wage Rate Index

(2004/05 = 100)

	Groups/Sub-Groups	Weight %	2016/17	2017/18	2018/19	2019/20	Percent Change	
							2018/19	2019/20
	Overall Index	100.00	423.22	449.43	491.07	537.45	9.3	9.4
1.	Salary Index	26.97	336.36	368.58	393.14	446.04	6.7	13.5
	Officers	9.80	310.96	339.61	367.01	425.18	8.1	15.8
	Non-Officers	17.17	350.84	385.11	408.04	457.91	6.0	12.2
1.1	Civil Service	2.82	423.20	423.20	454.43	541.80	7.4	19.2
	Officers	0.31	350.73	350.73	358.83	421.45	2.3	17.5
	Non-Officers	2.51	432.00	432.00	466.03	556.41	7.9	19.4
1.2	Public Corporations	1.14	350.54	353.06	373.46	441.98	5.8	18.3
	Officers	0.19	295.23	297.21	310.54	393.40	4.5	26.7
	Non-Officers	0.95	361.60	364.23	386.05	451.70	6.0	17.0
1.3	Bank & Financial Institutions	0.55	494.92	523.21	529.24	653.50	1.2	23.5
	Officers	0.10	375.61	407.54	414.59	476.98	1.7	15.0
	Non-Officers	0.45	522.23	549.70	555.48	693.90	1.1	24.9
1.4	Army & Police Forces	4.01	410.85	410.85	443.95	483.76	8.1	9.0
	Officers	0.17	322.64	322.64	337.04	382.61	4.5	13.5
	Non-Officers	3.84	414.81	414.81	448.75	488.30	8.2	8.8
1.5	Education	10.55	362.42	383.36	422.69	466.92	10.3	10.5
	Officers	6.80	326.83	354.61	392.91	452.32	10.8	15.1
	Non-Officers	3.75	426.91	435.45	476.65	493.37	9.5	3.5
1.6	Private Institutions	7.90	219.68	299.36	299.36	350.97	0.0	17.2
	Officers	2.24	254.42	293.90	293.90	346.35	0.0	17.8
	Non-Officers	5.66	205.96	301.51	301.51	352.79	0.0	17.0
2.	Wage Rate Index	73.03	455.30	479.29	527.24	571.21	10.0	8.3
2.1	Agricultural Labourer	39.49	517.30	546.27	608.96	654.26	11.5	7.4
	Male	20.49	497.99	523.01	580.08	633.06	10.9	9.1
	Female	19.00	538.14	571.38	640.13	677.14	12.0	5.8
2.2	Industrial Labourer	25.25	374.60	391.76	419.04	464.88	7.0	10.9
	Highly Skilled	6.31	356.93	360.08	392.74	444.39	9.1	13.2
	Skilled	6.31	370.08	372.86	400.22	442.94	7.3	10.7
	Semi-Skilled	6.31	363.76	366.64	398.81	444.19	8.8	11.4
	Unskilled	6.32	407.58	467.40	484.33	522.37	3.6	7.9
2.3	Construction Labourer	8.29	405.72	426.73	467.43	498.53	9.5	6.7
	Mason	2.76	379.13	398.93	432.32	464.19	8.4	7.4
	Skilled	1.38	368.85	389.76	423.96	452.00	8.8	6.6
	Unskilled	1.38	389.41	408.10	440.68	476.37	8.0	8.1
	Carpenter	2.76	371.89	386.49	419.28	453.54	8.5	8.2
	Skilled	1.38	359.35	374.10	409.38	436.46	9.4	6.6
	Unskilled	1.38	384.44	398.88	429.18	470.61	7.6	9.7
	Worker	2.77	465.99	494.59	550.46	577.67	11.3	4.9
	Male	1.38	457.08	480.44	541.23	581.47	12.7	7.4
	Female	1.39	474.85	508.66	559.64	573.89	10.0	2.5

Table 8
Consumer Price Inflation in Nepal and India (Monthly Series)
(y-o-y changes)

Months	2017/18			2018/19			2019/20		
	Nepal	India	Deviation	Nepal	India	Deviation	Nepal	India	Deviation
August	2.3	3.4	-1.1	4.2	3.7	0.5	7.0	3.3	3.7
September	3.4	3.3	0.1	3.9	3.7	0.2	6.2	4.0	2.2
October	3.1	3.6	-0.5	4.7	3.4	1.3	6.2	4.6	1.6
November	3.9	4.9	-1.0	4.2	2.3	1.9	5.8	5.5	0.2
December	4.2	5.2	-1.0	3.7	2.1	1.6	6.6	7.4	-0.8
January	4.0	5.1	-1.1	4.6	2.1	2.5	6.8	7.6	-0.8
February	5.0	4.4	0.6	4.4	2.6	1.8	6.9	6.6	0.3
March	6.0	4.3	1.7	4.2	2.9	1.3	6.7	5.9	0.8
April	5.3	4.6	0.7	4.4	2.9	1.5	6.7	-	-
May	4.1	4.9	-0.8	5.3	3.1	2.2	5.8	-	-
June	4.1	5.0	-0.9	6.2	3.2	3.0	4.5	6.2	-1.7
July	4.6	4.2	0.4	6.0	3.2	2.9	4.8	6.9	-2.2
Average	4.2	4.4	-0.2	4.6	2.9	1.7	6.2	5.8	0.3

Table 9
Direction of Foreign Trade*

	2017/18	2018/19 ^R	2019/20 ^P	(Rs. in Million)	
				2018/19	2019/20
TOTAL EXPORTS	81359.8	97109.5	97709.1	19.4	0.6
To India	46719.8	62731.8	70108.9	34.3	11.8
To China	2437.7	2109.8	1191.2	-13.5	-43.5
To Other Countries	32202.3	32267.9	26409.0	0.2	-18.2
TOTAL IMPORTS	1245103.2	1418535.3	1196799.1	13.9	-15.6
From India	814101.6	917922.2	735294.8	12.8	-19.9
From China	159987.1	205518.6	181920.3	28.5	-11.5
From Other Countries	271014.5	295094.5	279583.9	8.9	-5.3
TOTAL TRADE BALANCE	-1163743.4	-1321425.8	-1099089.9	13.5	-16.8
With India	-767381.9	-855190.4	-665185.9	11.4	-22.2
with China	-157549.3	-203408.8	-180729.1	29.1	-11.1
With Other Countries	-238812.2	-262826.6	-253174.9	10.1	-3.7
TOTAL FOREIGN TRADE	1326463.0	1515644.9	1294508.2	14.3	-14.6
With India	860821.4	980654.1	805403.7	13.9	-17.9
With China	162424.8	207628.4	183111.5	27.8	-11.8
With Other Countries	303216.8	327362.4	305993.0	8.0	-6.5

(In Percent)

1. Ratio of Exports to Imports	6.5	6.8	8.2
India	5.7	6.8	9.5
China	1.5	1.0	0.7
Other Countries	11.9	10.9	9.4
2. Share in Total Exports			
India	57.4	64.6	71.8
China	3.0	2.2	1.2
Other Countries	39.6	33.2	27.0
3. Share in Total Imports			
India	65.4	64.7	61.4
China	12.8	14.5	15.2
Other Countries	21.8	20.8	23.4
4. Share in Trade Balance			
India	65.9	64.7	60.5
China	13.5	15.4	16.4
Other Countries	20.5	19.9	23.0
5. Share in Total Trade			
India	64.9	64.7	62.2
China	12.2	13.7	14.1
Other Countries	22.9	21.6	23.6
6. Share of Exports & Imports in Total Trade			
Export	6.1	6.4	7.5
Import	93.9	93.6	92.5

* Based on customs data

R= Revised, P= Provisional

Table 10
Exports of Major Commodities to India*

		Fiscal Year			Percent Change	
		2017/18	2018/19 ^R	2019/20 ^P	2018/19	2019/20
A.	Major Commodities	37775.9	51129.9	49790.2	35.4	-2.6
1	Aluminium Section	115.7	6.5	0.0	-94.4	-100.0
2	Biscuits	0.0	0.0	0.0	-	-
3	Brans	325.1	286.5	204.5	-11.9	-28.6
4	Brooms	0.6	0.4	0.0	-38.6	-100.0
5	Cardamom	4846.3	4283.9	4007.3	-11.6	-6.5
6	Catechue	0.0	0.0	0.0	-	-
7	Cattlefeed	467.9	492.7	195.4	5.3	-60.3
8	Chemicals	7.4	4.6	0.2	-38.6	-94.6
9	Cinnamon	93.8	82.1	61.9	-12.5	-24.6
10	Copper Wire Rod	950.2	971.2	487.9	2.2	-49.8
11	Fruits	16.2	2.6	4.4	-84.2	73.2
12	G.I. pipe	246.4	209.9	94.2	-14.8	-55.1
13	Ghee (Vegetable)	0.0	0.0	0.0	-	-
14	Ghee(Clarified)	119.4	82.7	1.7	-30.7	-97.9
15	Ginger	701.3	497.3	400.2	-29.1	-19.5
16	Handicraft Goods	39.2	50.9	53.9	30.1	5.8
17	Herbs	728.5	723.4	926.9	-0.7	28.1
18	Juice	4738.5	4549.9	3430.2	-4.0	-24.6
19	Jute Goods	4643.5	5811.4	5262.2	25.2	-9.5
	(a) Hessian	220.1	318.4	312.8	44.7	-1.8
	(b) Sackings	4419.4	5493.0	4949.4	24.3	-9.9
	(c) Twines	4.1	0.0	0.0	-100.0	-
20	Live Animals	68.7	10.1	9.2	-85.4	-8.5
21	M.S. Pipe	7.8	0.0	1.6	-100.0	-
22	Marble Slab	53.2	51.6	40.0	-3.2	-22.4
23	Medicine (Ayurvedic)	743.3	734.0	975.8	-1.2	32.9
24	Mustard & Linseed	31.6	29.8	26.1	-5.6	-12.6
25	Noodles	537.2	791.5	789.1	47.3	-0.3
26	Oil Cakes	1480.8	1608.1	1566.4	8.6	-2.6
27	Paper	1.9	42.3	4.4	-	-89.6
28	Particle Board	13.4	7.9	12.1	-41.5	54.0
29	Pashmina	80.2	113.5	87.8	41.4	-22.6
30	Plastic Utensils	22.1	2.6	22.9	-88.3	784.0
31	Polyester Yarn	3665.1	6159.6	4426.0	68.1	-28.1
32	Pulses	0.1	0.2	0.3	372.0	29.2
33	Raw Jute	0.0	0.8	0.4	-	-56.7
34	Readymade garments	147.5	174.4	171.2	18.2	-1.8
35	Ricebran Oil	11.5	0.0	0.0	-100.0	-
36	Rosin	1581.0	1385.6	812.1	-12.4	-41.4
37	Shampoos and Hair Oils	0.0	0.0	0.0	-	-
38	Shoes and Sandles	1247.6	906.5	755.2	-27.3	-16.7
39	Skin	274.5	189.9	70.8	-30.8	-62.7
40	Soap	1.0	0.7	0.8	-26.1	15.1
41	Stone and Sand	0.0	0.0	0.0	-	-
42	Turpentine	321.0	312.4	186.8	-2.7	-40.2
43	Textiles*	3204.0	3420.5	2873.7	6.8	-16.0
44	Thread	636.1	754.7	1015.4	18.6	34.5
45	Tooth Paste	762.7	815.9	733.3	7.0	-10.1
46	Turmeric	2.2	0.6	0.0	-74.1	-94.7
47	Vegetable	96.9	122.5	116.4	26.4	-5.0
48	Wire	1964.2	2154.3	617.6	9.7	-71.3
49	Zinc Sheet	2780.2	2951.0	1025.5	6.1	-65.2
50	Palm Oil	0.0	10333.2	18318.0	-	77.3
B.	Others	8943.9	11601.9	20318.7	29.7	75.1
	Total (A+B)	46719.8	62731.8	70108.9	34.3	11.8

Based on customs data

** Includes PP fabric

R= Revised, P= Provisional

Table 11
Imports of Major Commodities from India*

		Fiscal Year			Percent Change	
		2017/18	2018/19 ^R	2019/20 ^P	2018/19	2019/20
A.	Major Commodities	654326.8	729821.9	566019.4	11.5	-22.4
1	Agri. Equip.& Parts	4552.8	5456.9	4431.5	19.9	-18.8
2	Almuniun Bars, Rods, Profiles, Foil etc.	4986.6	5350.8	3927.2	7.3	-26.6
3	Baby Food & Milk Products	6711.0	6675.8	6069.7	-0.5	-9.1
4	Bitumen	2689.5	5807.7	5462.8	115.9	-5.9
5	Books and Magazines	1431.5	1362.9	792.0	-4.8	-41.9
6	Cement	31178.1	12971.2	4866.3	-58.4	-62.5
7	Chemical Fertilizer	1862.2	900.1	896.5	-51.7	-0.4
8	Chemicals	6112.6	7065.1	6367.6	15.6	-9.9
9	Coal	10871.5	13325.3	7513.5	22.6	-43.6
10	Coldrolled Sheet in Coil	10264.1	9848.2	6513.7	-4.1	-33.9
11	Cooking Stoves	591.2	681.0	525.4	15.2	-22.8
12	Cosmetics	3008.0	3309.0	2645.7	10.0	-20.0
13	Cuminseeds and Peppers	1487.7	1915.8	2275.5	28.8	18.8
14	Dry Cell Battery	2848.7	3520.3	2617.6	23.6	-25.6
15	Electrical Equipment	15946.8	21236.3	18909.9	33.2	-11.0
16	Enamel & Other Paints	2934.5	3668.7	3570.2	25.0	-2.7
17	Fruits	5731.1	10444.9	8628.1	82.2	-17.4
18	Glass Sheet and G.Wares	4610.7	5373.3	3633.6	16.5	-32.4
19	Hotrolled Sheet in Coil	24426.8	23354.4	23906.3	-4.4	2.4
20	Incense Sticks	885.0	1016.6	934.2	14.9	-8.1
21	Insecticides	2168.0	2550.3	3838.9	17.6	50.5
22	Live Animals	3314.9	2721.4	120.1	-17.9	-95.6
23	M.S. Billet	57943.3	66894.3	42236.7	15.4	-36.9
24	M.S. Wires, Rods, Coils, Bars	14285.6	17179.5	11139.4	20.3	-35.2
25	Medicine	24076.8	25518.4	25944.2	6.0	1.7
26	Molasses Sugar	67.2	94.1	124.3	39.9	32.1
27	Other Machinery & Parts	39276.5	48423.7	39859.4	23.3	-17.7
28	Other Stationery Goods	818.5	1123.1	890.6	37.2	-20.7
29	Paper	6418.2	6672.7	6308.2	4.0	-5.5
30	Petroleum Products	170134.4	213356.5	161482.1	25.4	-24.3
31	Pipe and Pipe Fittings	2769.7	2843.2	3222.7	2.7	13.3
32	Plastic Utensils	3384.3	3572.2	2915.4	5.6	-18.4
33	Radio, TV, Deck & Parts	1352.9	1511.9	1524.5	11.8	0.8
34	Raw Cotton	109.5	472.3	238.5	331.3	-49.5
35	Readymade Garments	5425.6	8049.6	6772.8	48.4	-15.9
36	Rice	28909.9	32215.0	33350.5	11.4	3.5
37	Salt	1181.9	1409.6	1527.0	19.3	8.3
38	Sanitaryware	2224.9	2594.0	2158.3	16.6	-16.8
39	Shoes & Sandles	1037.6	1070.0	609.5	3.1	-43.0
40	Steel Sheet	1250.6	1490.1	1638.4	19.2	9.9
41	Sugar	48.7	0.1	1.2	-99.9	-
42	Tea	105.3	102.4	69.9	-2.8	-31.8
43	Textiles	4844.4	7881.4	6784.8	62.7	-13.9
44	Thread	9382.2	11296.6	7538.9	20.4	-33.3
45	Tobacco	2640.8	2355.6	2687.7	-10.8	14.1
46	Tyre, Tubes & Flapes	7617.9	8894.7	7563.4	16.8	-15.0
47	Vegetables	11038.5	14609.4	13581.8	32.3	-7.0
48	Vehicles & Spare Parts	105974.1	97520.5	63812.9	-8.0	-34.6
49	Wire Products	3393.6	4115.1	3590.0	21.3	-12.8
B.	Others	159774.9	188100.3	169275.4	17.7	-10.0
	Total (A+B)	814101.6	917922.2	735294.8	12.8	-19.9

* Based on customs data

R= Revised, P= Provisional

Table 12
Exports of Major Commodities to China*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2017/18	2018/19 ^R	2019/20 ^P	2018/19	2019/20
A.	Major Commodities	1165.4	1103.1	426.5	-5.3	-61.3
1	Incense Sticks	12.6	7.4	5.5	-40.9	-25.6
2	Aluminium, Copper and Brass Utensils	0.0	0.0	0.0	-	-
3	Handicraft (Metal and Woolen)	319.3	292.7	87.5	-8.3	-70.1
4	Noodles	87.8	148.7	2.8	69.4	-98.1
5	Other handicraft goods	144.1	200.0	151.8	38.7	-24.1
6	Pashmina	77.7	42.0	13.4	-46.0	-68.0
7	Readymade Garments	107.6	100.3	19.3	-6.8	-80.8
8	Readymade Leather Goods	0.1	0.7	0.9	655.1	19.6
9	<i>Rudrakshya Beads</i>	0.0	0.0	0.0	-	-
10	Silverware and Jewelleries	1.5	0.6	0.0	-61.1	-97.7
11	Tanned Skin	101.4	85.7	0.6	-15.5	-99.3
12	Tea	28.9	15.8	4.2	-45.1	-73.6
13	Vegetables	0.0	0.0	0.0	-	-
14	Wheat Flour	25.1	13.9	3.2	-44.7	-77.0
15	Woolen Carpet	259.3	195.4	137.4	-24.7	-29.7
B.	Other	1272.4	1006.7	764.7	-20.9	-24.0
	Total (A+B)	2437.7	2109.8	1191.2	-13.5	-43.5

* Based on customs data
R= Revised, P= Provisional

Table 13
Imports of Major Commodities from China*

(Rs. in Million)

	A. Major Commodities	Fiscal Year			Percent Change	
		2017/18	2018/19^R	2019/20^P	2018/19	2019/20
1	Aluminium Scrap, Flake, Foil, Bars & Rods	1622.5	2299.4	2128.8	41.7	-7.4
2	Bags	842.0	1376.3	911.2	63.5	-33.8
3	Camera	582.6	729.4	763.6	25.2	4.7
4	Chemical	1675.9	1789.9	1511.2	6.8	-15.6
5	Chemical Fertilizer	8721.0	8322.4	9291.0	-4.6	11.6
6	Cosmetic Goods	665.6	1237.0	721.5	85.8	-41.7
7	Dry Cell Battery	181.2	209.0	543.3	15.4	159.9
8	Electrical Goods	10951.7	20325.1	16425.7	85.6	-19.2
9	Fastener	239.4	400.3	259.1	67.2	-35.3
10	Garlic	604.3	352.4	294.8	-41.7	-16.3
11	Ginger	0.0	0.0	0.0	-	-
12	Glasswares	1426.2	1750.3	1690.2	22.7	-3.4
13	Medical Equipment & Tools	1583.7	1619.7	3351.7	2.3	106.9
14	Medicine	915.1	1291.6	1131.8	41.1	-12.4
15	Metal & Wooden Furniture	1202.2	1644.4	1657.0	36.8	0.8
16	Office Equipment & Stationery	1103.3	1338.8	1137.5	21.3	-15.0
17	Other Machinery and Parts	18863.4	18927.3	19013.7	0.3	0.5
18	Other Stationeries	646.8	675.4	959.9	4.4	42.1
19	Paraffin Wax	6.8	14.2	6.2	109.9	-56.7
20	Pipe and Pipe Fittings	735.7	1096.9	830.3	49.1	-24.3
21	Plywood & Particle Board	359.7	452.9	355.0	25.9	-21.6
22	Polyethylene Terephthalate (Plastic pet chips/Pet Resin)	24.0	183.6	380.4	666.2	107.2
23	Raw Silk	1695.8	1921.0	1528.1	13.3	-20.5
24	Raw Wool	372.4	361.7	188.1	-2.9	-48.0
25	Readymade Garments	8763.7	20982.7	14682.8	139.4	-30.0
26	Seasoning Powder & Flavour for Instant Noodles	77.7	81.7	70.4	5.1	-13.8
27	Shoes and Sandals	2998.6	6485.9	4668.6	116.3	-28.0
28	Smart Cards	367.6	189.7	169.1	-48.4	-10.8
29	Solar Pannel	480.5	1065.3	1662.8	121.7	56.1
30	Steel Rod & Sheet	1215.4	1241.9	643.7	2.2	-48.2
31	Storage Battery	741.7	762.8	1087.2	2.9	42.5
32	Telecommunication Equipments and Parts	26825.0	22844.4	19332.2	-14.8	-15.4
33	Threads – Polyester	302.8	469.8	481.3	55.2	2.5
34	Toys	798.7	1453.8	1210.5	82.0	-16.7
35	Transport Equipment & Parts	4109.9	4311.6	4817.5	4.9	11.7
36	Tyre, Tubes and Flapes	179.3	241.2	332.1	34.5	37.7
37	Video Television & Parts	8993.5	10288.7	7221.3	14.4	-29.8
38	Welding Rods	638.2	748.2	580.8	17.2	-22.4
39	Wheat Products	293.6	296.4	235.7	1.0	-20.5
40	Writing & Printing Paper	751.6	840.1	689.2	11.8	-18.0
B. Other Commodities		47428.3	64895.4	58954.8	36.8	-9.2
Total (A + B)		159987.1	205518.6	181920.3	28.5	-11.5

* Based on customs data

R= Revised, P= Provisional

Table 14
Exports of Major Commodities to Other Countries*

(Rs. in Million)

		Fiscal Year		Percent Change	
		2017/18	2018/19 ^R	2019/20 ^P	2018/19
A.	Major Commodities	16397.6	16469.4	13159.0	0.4
1	Handicraft (Metal and Wooden)	89.2	146.4	115.1	64.2
2	Herbs	295.9	593.1	583.4	100.5
3	Nepalese Paper & Paper Products	312.8	281.7	312.8	-9.9
4	Pashmina	2124.3	1754.3	1662.4	-17.4
5	Pulses	896.3	1274.1	949.0	42.1
6	Readymade Garments	4368.1	3911.4	2611.1	-10.5
7	Readymade Leather Goods	295.4	285.4	137.6	-3.4
8	Silverware and Jewelleries	349.9	510.2	386.0	45.8
9	Tanned Skin	440.1	244.4	99.5	-44.5
10	Tea	363.7	304.0	284.6	-16.4
11	Woolen Carpet	6861.9	7164.4	6017.7	4.4
B.	Others	15804.7	15798.5	13250.0	0.0
	Total (A+B)	32202.3	32267.9	26409.0	0.2
					-18.2

* Based on customs data
R= Revised, P= Provisional

Table 15
Imports of Major Commodities from Other Countries*

(Rs. in Million)

		Fiscal Year		Percent Change	
		2017/18	2018/19 ^R	2019/20 ^P	2018/19
A.	Major Commodities	198886.1	217242.0	192587.9	9.2
1	Aircraft Spareparts	22356.7	23110.4	21369.0	3.4
2	Bags	81.5	42.9	35.6	-47.3
3	Betelnut	2035.4	1214.7	2828.7	-40.3
4	Button	0.7	0.4	0.3	-36.2
5	Camera	558.9	870.2	778.4	55.7
6	Chemical Fertilizer	4625.5	6929.7	8715.5	49.8
7	Cigarette Paper	58.8	39.0	52.1	-33.7
8	Clove	83.1	168.9	140.1	103.2
9	Coconut Oil	65.8	135.6	22.8	106.2
10	Computer and Parts	1853.7	2281.0	4221.9	23.1
11	Copper Wire Rod, Scraps & Sheets	2304.9	4380.6	4513.8	90.1
12	Cosmetic Goods	1329.8	1598.4	1437.1	20.2
13	Crude Coconut Oil	7.7	14.1	5.7	83.4
14	Crude Palm Oil	4689.2	11826.8	17991.2	152.2
15	Crude Soyabean Oil	15053.5	13450.8	18741.1	-10.6
16	Cuminseed	0.1	0.1	0.0	76.9
17	Door Locks	5.4	19.9	17.6	268.8
18	Drycell Battery	41.3	81.3	36.7	-54.8
19	Edible Oil	6514.3	8142.3	10425.2	25.0
20	Electrical Goods	2100.9	2193.0	1566.6	4.4
21	Fastener	1.8	0.5	0.7	-69.8
22	Flash Light	13.7	31.0	21.2	125.4
23	G.I.Wire	7.8	3.4	2.3	-56.5
24	Glasswares	414.1	538.7	597.2	30.1
25	Gold	32203.5	34633.9	13637.5	7.5
26	Insecticides	149.6	163.4	196.0	9.2
27	M.S. Billet	0.0	68.9	0.0	-
28	M.S.Wire Rod	0.0	0.0	0.0	-37.6
29	Medical Equipment & Tools	9044.0	6664.9	5639.8	-26.3
30	Medicine	4793.6	6260.2	3586.8	30.6
31	Office Equipment & Stationary	1022.0	1180.5	1087.6	15.5
32	Other Machinery & Parts	10943.9	11073.0	8221.8	1.2
33	Other Stationaries	660.8	1311.3	688.3	98.4
34	P.V.C.Compound	2528.6	2942.7	2756.3	16.4
35	Palm Oil	604.6	983.3	1099.1	62.6
36	Parafin Wax	11.1	18.0	5.8	62.7
37	Petroleum Products	2108.9	2404.1	2219.9	14.0
38	Pipe & Pipe Fittings	107.5	50.0	193.1	-53.5
39	Polythene Granules	13896.2	12168.3	10058.4	-12.4
40	Powder Milk	574.5	273.4	471.6	-52.4
41	Raw Silk	1.5	0.0	0.0	-97.9
42	Raw Wool	753.2	909.5	771.5	20.8
43	Readymade Garments	1024.3	1225.9	916.6	19.7
44	Shoes and Sandals	201.8	261.2	279.8	29.4
45	Silver	13354.2	13305.2	9491.6	-0.4
46	Small Cardamom	187.4	265.4	918.2	41.6
47	Steel Rod & Sheet	112.1	273.7	209.5	144.1
48	Storage Battery	521.8	652.9	429.4	25.1
49	Synthetic & Natural Rubber	257.5	222.6	341.1	-13.6
50	Synthetic Carpet	566.7	600.4	426.7	5.9
51	Telecommunication Equipment & Parts	6057.4	3236.0	2507.8	-46.6
52	Tello	194.1	113.5	68.9	-41.5
53	Textile Dyes	152.8	256.1	221.3	67.6
54	Textiles	743.3	724.8	538.2	-2.5
55	Threads	3473.1	4854.7	3622.4	39.8
56	Toys	399.6	214.9	198.2	-46.2
57	Transport Equipment & Parts	10779.4	8518.2	6873.3	-21.0
58	Tyre,Tube & Flaps	505.6	587.0	428.3	16.1
59	Umbrella and Parts	0.1	1.6	0.5	-
60	Video Television & Parts	3242.9	3472.8	3483.6	7.1
61	Watches & Bands	554.8	611.1	472.9	10.1
62	Writing & Printing Paper	2285.1	2541.9	2226.9	11.2
63	X-Ray Film	490.1	540.0	500.7	10.2
64	Zinc Ingots	507.4	384.2	402.6	-24.3
65	Coal	9666.6	16198.8	13875.4	67.6
B.	Others	72128.4	77852.5	86996.0	7.9
	Total (A+B)	271014.5	295094.5	279583.9	8.9
					-5.3

* Based on customs data

R= Revised, P= Provisional

Table 16
Summary of Balance of Payments

(Rs. in Million)

Particulars	Annual			Percent Change	
	2017/18	2018/19 ^R	2019/20 ^P	2018/19	2019/20
A. Current Account	-246822.2	-265359.6	-32057.1	7.5	-87.9
Goods: Exports f.o.b.	93473.6	113850.8	108016.3	21.8	-5.1
<i>Oil</i>	12134.1	15986.1	9590.2	31.7	-40.0
<i>Other</i>	81339.5	97864.7	98426.0	20.3	0.6
Goods: Imports f.o.b.	-1229272.3	-1398685.1	-1169615.2	13.8	-16.4
<i>Oil</i>	-173067.1	-215538.5	-166928.6	24.5	-22.6
<i>Other</i>	-1056205.2	-1183146.5	-1002686.6	12.0	-15.3
Balance on Goods	-1135798.7	-1284834.2	-1061598.9	13.1	-17.4
Services: Net	1690.7	-15226.0	1219.2	-1000.6	-108.0
Services: Credit	176631.0	186371.5	156350.4	5.5	-16.1
<i>Travel</i>	68521.7	75374.1	60886.0	10.0	-19.2
<i>Government n.i.e.</i>	22461.5	21842.0	12338.0	-2.8	-43.5
<i>Other</i>	85647.8	89155.4	83126.5	4.1	-6.8
Services: Debit	-174940.3	-201597.6	-155131.2	15.2	-23.0
<i>Transportation</i>	-62828.5	-65825.6	-66157.2	4.8	0.5
<i>Travel</i>	-79596.5	-89907.2	-53137.4	13.0	-40.9
<i>O/W Education</i>	-38089.5	-46321.1	-25813.2	21.6	-44.3
<i>Government Services:Debit</i>	-2483.5	-4703.6	-2408.3	89.4	-48.8
<i>Other</i>	-30031.8	-41161.2	-33428.4	37.1	-18.8
Balance on Goods & Services	-1134107.9	-1300060.3	-1060379.7	14.6	-18.4
Income: Net	22614.8	39915.5	46101.3	76.5	15.5
Income: Credit	69142.8	79916.7	68041.4	15.6	-14.9
Income: Debit	-46528.1	-40001.2	-21940.1	-14.0	-45.2
Balance on Goods,Services & Income	-1111493.2	-1260144.7	-1014278.4	13.4	-19.5
Transfers: Net	-864670.9	994785.1	982221.3	15.0	-1.3
Current Transfers: Credit	870475.7	1005588.1	987673.5	15.5	-1.8
<i>Grants</i>	60994.7	64621.1	51925.7	5.9	-19.6
<i>Workers' Remittances</i>	755058.6	879271.4	875027.0	16.5	-0.5
<i>Pensions</i>	54154.7	61528.1	57818.0	13.6	-6.0
<i>Other (Indian Excise Refund)</i>	267.7	167.5	2902.9	-37.4	1633.5
Current Transfers: Debit	-5804.8	-10803.0	-5452.3	86.1	-49.5
B. Capital Account (Capital Transfer)	17721.8	15458.7	14213.2	-12.8	-8.1
Total (Group A plus B)	-229100.4	-249901.0	-17843.9	9.1	-92.9
C. Financial Account (Excluding Group E)	102833.9	96448.9	271278.9	-6.2	181.3
Direct Investment in Nepal	17504.6	13064.8	19477.8	-25.4	49.1
<i>Foreign Direct Investment</i>	17959.5	16646.9	19677.5	-7.3	18.2
<i>Repatriation of Investment</i>	-454.9	-3582.1	-199.8	687.5	-94.4
Portfolio Investment	0.0	0.0	0.0	-	-
Other Investment: Assets	-40289.9	-27539.7	-6304.4	-31.6	-77.1
<i>Trade Credits</i>	4193.5	10570.4	-6083.4	152.1	-157.6
<i>Other</i>	-44483.4	-38110.1	-221.0	-14.3	-99.4
Other Investment: Liabilities	125619.1	110923.8	258105.5	-11.7	132.7
<i>Trade Credits</i>	54534.9	37107.4	82238.3	-32.0	121.6
<i>Loans</i>	84441.4	62987.3	142130.7	-25.4	125.6
General Government	81178.9	61438.1	139015.8	-24.3	126.3
<i>Drawings</i>	99768.1	81477.0	162576.3	-18.3	99.5
<i>Repayments</i>	-18589.2	-20038.9	-23560.5	7.8	17.6
Other Sectors	3262.5	1549.2	3114.9	-52.5	101.1
<i>Drawings</i>	5317.1	4891.3	5194.3	-8.0	6.2
<i>Repayments</i>	-2054.6	-3342.1	-2079.5	62.7	-37.8
Currency & Deposits	-13340.0	10637.7	33706.2	-179.7	216.9
Nepal Rastra Bank	-178.6	27.1	26.0	-115.2	-4.1
Deposit Money Banks	-13161.4	10610.6	33680.2	-180.6	217.4
Other Liabilities	-17.2	191.4	30.3	-1211.4	-84.2
Total (Group A through C)	-126266.5	-153452.1	253435.0	21.5	-265.2
D. Miscellaneous Items, Net	113886.8	96689.3	62680.8	-15.1	-35.2
Total (Group A through D)	-12379.7	-56762.8	316115.7	358.5	-656.9
E. Reserves & Related Items	12379.7	56762.8	-316115.7	358.5	-656.9
Reserve Assets	13350.4	57644.1	-315244.7	331.8	-646.9
<i>Nepal Rastra Bank</i>	-25781.8	80857.5	-276220.9	-413.6	-441.6
<i>Deposit Money Banks</i>	39132.2	-23213.4	-39023.8	-159.3	68.1
Use of Fund Credit and Loans	-970.7	-881.3	-871.0	-9.2	-1.2
Changes in Reserve Net (- increase)	-960.2	67400.5	-282409.5	-7119.5	-519.0

R= Revised, P= Provisional

Table 17
Gross Foreign Exchange Reserve

	Mid-July			Percent Change	
	2018	2019	2020	2018/19	2019/20
Rs. in Million					
Nepal Rastra Bank	989396.3	902443.9	1226122.3	-8.8	35.9
Convertible	737632.1	667902.2	921000.7	-9.5	37.9
Inconvertible	251764.2	234541.8	305121.6	-6.8	30.1
Commercial Banks	113188.9	136474.9	175713.9	20.6	28.8
Convertible	102007.4	125515.3	161285.7	23.0	28.5
Inconvertible	11181.5	10959.7	14428.2	-2.0	31.6
Total Reserve	1102585.2	1038918.9	1401836.3	-5.8	34.9
Convertible	839639.5	793417.4	1082286.4	-5.5	36.4
Inconvertible	262945.8	245501.4	319549.8	-6.6	30.2
US dollars in Million					
Nepal Rastra Bank	9048.8	8252.0	10186.3	-8.8	23.4
Convertible	6746.2	6107.4	7651.4	-9.5	25.3
Inconvertible	2302.6	2144.7	2534.9	-6.9	18.2
Commercial Banks	1035.2	1247.9	1459.8	20.6	17.0
Convertible	932.9	1147.7	1339.9	23.0	16.7
Inconvertible	102.3	100.2	119.9	-2.0	19.6
Total Reserve	10084.0	9500.0	11646.1	-5.8	22.6
Convertible	7679.2	7255.1	8991.3	-5.5	23.9
Inconvertible	2404.8	2244.9	2654.7	-6.7	18.3

Table 18
International Investment Position (IIP)

		(Rs. in Million)		
S.N.	Items	As in Mid-July (Rs. in Million)		
		2018	2019	2020
A	Assets	1138241.3	1080102.9	1467785.6
1	Direct Investment	-	-	-
2	Portfolio Investment	-	-	-
3	Other Investments	118135.0	143051.3	193571.9
	Other equity	8792.3	11685.3	11529.9
	Currency and deposits	47474.6	48371.2	87628.2
	Loans	3562.2	879.6	869.0
	Trade credit and advances	4193.5	10570.4	6083.4
	Other account receivable	54112.3	71544.9	87461.5
4	Official Reserve Assets	1020106.3	937051.6	1274213.7
B	Liabilities	856117.4	891246.5	1195830.4
1	Direct Investment	200547.5	182919.6	202397.3
2	Portfolio Investment	-	-	-
3	Other Investments	655569.9	708326.9	993433.1
	Other equity	-	-	-
	Currency and deposits	43498.9	44586.6	69764.7
	Loans	546906.2	616043.9	830186.4
	Trade credit and advances	54534.9	37107.4	82238.3
	Other account payable	154.6	120.7	44.6
	Special drawing rights	10475.5	10468.3	11199.0
Net IIP		282123.9	188856.4	271955.2

Table 19
Government Budgetary Operation⁺
(Based on banking transactions)
(As of Mid-July)

Heads	Amount			Percent Change	
	2017/18	2018/19*	2019/20	2018/19	2019/20
Total Expenditure	1066175.4	1067289.5	1038026.2	0.1	-2.7
Recurrent	693457.2	712043.1	-	2.7	-
a. Domestic Resources	635885.3	671045.4	-	5.5	-
b. Foreign Loans	32757.8	31821.1	-	-2.9	-
c. Foreign Grants	24814.1	9176.6	-	-63.0	-
Capital	263547.4	232308.5	-	-11.9	-
a. Domestic Resources	216396.1	172113.7	-	-20.5	-
b. Foreign Loans	39922.9	54702.8	-	37.0	-
c. Foreign Grants	7228.4	5492.0	-	-24.0	-
Financial	109170.8	122937.9	-	12.6	-
a. Domestic Resources	103326.3	122937.9	-	19.0	-
b. Foreign Loans	5510.4	0.0	-	-	-
c. Foreign Grants	334.1	0.0	-	-	-
Total Resources	760676.7	886784.8	770576.5	16.6	-13.1
Revenue and Grants	755156.3	886784.8	723001	17.4	-18.5
Revenue	726724.6	871781.8	793784.3	20.0	-8.9
Federal Government	-	-	704431.3	-	-
Province and Local Govt.(Transferable)	-	-	89353	-	-
Foreign Grants	28431.7	15003	18569.7	-47.2	23.8
Previous Year's Cash Balance & Beruju	5520.4	0	47575.5	-	-
Deficits(-) Surplus(+)	-305498.7	-180504.7	-267449.7	-	-
Sources of Financing	224234.8	170109.5	333781.2	-24.1	96.2
Internal Loans	142036.8	95619.4	193485.5	-32.7	102.3
Domestic Borrowings	144751.0	96382.0	194642.4	-33.4	101.9
(i) Treasury Bills	71958.7	26435.0	93000.0	-63.3	251.8
(ii) Development Bonds	72000.0	69947.0	100000.0	-2.9	43.0
(iii) National Savings Certificates	0.0	0.0	0.0	-	-
(iv) Citizen Saving Certificates	751.1	0.0	1605.2	-	-
(v) Foreign Employment Bond	41.2	0.0	37.1	-	-
Overdrafts	0.0	0.0	0.0	-	-
Others	-2714.2	-762.6	-1156.9	-	-
Principal Refund and Share Divestment	3235.3	3066.1	1788.2	-5.2	-41.7
Foreign Loans	78962.7	71424.0	138507.5	-9.5	93.9
Total resources available to the Government	-81263.9	-10395.2	66331.5	-	-
Province Government Expenditure	-	-	153871.0	-	-
Province Government Resources⁺⁺	-	-	148825.8	-	-
Grant and Revenue Transfer from Federal Government	-	-	109332.4	-	-
Revenue and Recovery	-	-	39493.4	-	-
Deficit (-)/Surplus (+) of Province Government	-	-	-5045.2	-	-
Change in Balance of Local Government	44059.8	-23811	16165.6	-	-
Balance of Govt. Office Account	20429.2	-17925.1	-1933.8	-	-
V. A. T. Fund Account	34.1	-42.7	-64.5	-	-
Customs Fund Account	-443.6	-156.7	-793.3	-	-
Reconstruction Fund Account	1248.5	-28287.1	0	-	-
Others	19590.2	10561.4	-1076	-	-
Current Balance (-Surplus)	-16774.9	-52131.3	75518.1	-	-
Last year's Cash Balance in the Treasury	106272.1	89497.8	65653.7	-15.8	-26.6
Adjustment	0.6	28287.2	0	-	-
Cash Balance of General Government	89497.8	65653.7	141171.8⁺⁺	-26.6	115.0

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

2 Expenditure includes Federal Government only whereas revenue mobilization includes Federal Government revenue plus the amount transferable to province and local governments.

++ Includes 50% Local Govt. Deposit With NRB which is 66767.0

+++ Province Government resources include grants and revenue transfer from Federal Government, and resources collected by province governments

Table 20
Outstanding Domestic Debt of Government of Nepal

(Rs. in Million)

S. N.	Bonds/Ownership	Amount			Amount Change		Percent Change	
		2017/18	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
1	Treasury Bills	144847.9	146793.0	215218.1	1945.1	68425.1	1.3	46.6
	a. Nepal Rastra Bank	26119.9	18473.1	21319.9	-7646.8	2846.8	-29.3	15.4
	b. Commercial Banks	118153.0	125094.9	183326.9	6941.9	58232.0	5.9	46.6
	c. Development Banks	420.0	2960.9	9572.1	2540.9	6611.2	605.0	223.3
	d. Finance Companies	155.0	262.1	719.2	107.1	457.1	69.1	174.4
	e. Others	0.0	2.0	280.0	2.0	278.0	-	-
2	Development Bonds	235900.0	297347.0	389947.0	61447.0	92600.0	26.0	31.1
	a. Nepal Rastra Bank	45287.0	44032.5	43556.5	-1254.5	-476.0	-2.8	-1.1
	b. Commercial Banks	157710.5	229793.3	308055.3	72082.8	78262.0	45.7	34.1
	c. Development Banks	7569.4	12715.1	21815.6	5145.7	9100.5	68.0	71.6
	d. Finance Companies	3532.7	5060.0	11904.4	1527.3	6844.4	43.2	135.3
	e. Others	21800.4	5746.1	4615.2	-16054.3	-1130.9	-73.6	-19.7
3	National Saving Certificates	906.5	0.0	0.0	-906.5	0.0	-	-
	a. Nepal Rastra Bank	262.2	0.0	0.0	-262.2	0.0	-	-
	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	644.3	0.0	0.0	-644.3	0.0	-	-
4	Citizen Saving Bonds	8716.3	8376.1	7642.0	-340.2	-734.2	-3.9	-8.8
	a. Nepal Rastra Bank (Secondary Market)	2907.5	2794.9	1945.6	-112.6	-849.3	-3.9	-30.4
	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	5808.8	5581.2	5696.4	-227.6	115.1	-3.9	2.1
5	Foreign Employment Bonds	528.0	454.6	405.0	-73.4	-49.7	-13.9	-10.9
	a. Nepal Rastra Bank	10.90	12.70	10.70	1.80	-2.00	16.5	-15.7
	b. Others	517.1	438.9	394.3	-78.2	-44.7	-15.1	-10.2
6	Total Domestic Debt	390898.7	452967.7	613212.0	62069.0	160244.3	15.9	35.4
	a. Nepal Rastra Bank	74587.5	65313.2	66832.7	-9274.3	1519.5	-12.4	2.3
	b. Commercial Banks	275863.5	354888.2	491382.2	79024.7	136494.0	28.6	38.5
	c. Development Banks	7989.4	15676.0	31387.7	7686.6	15711.7	96.2	100.2
	d. Finance Companies	3687.7	5322.1	12623.6	1634.4	7301.5	44.3	137.2
	e. Others	28770.6	11768.2	10985.8	-17002.4	-782.4	-59.1	-6.6
7	Balance at NRB (Overdraft(+)/Surplus(-))	-89497.8	-65653.7	-141172.8	23844.1	-75519.1	-	-

Memorandum Item

a. IMF Promissory Note	262.8	262.8	485.9
b. Foreign Debt	525351.3	594620.3	805829.2
c. Total Public Debt (Excluding IMF Promissory Note)	916250.0	1047588.0	1419041.2

Table 21
Monetary Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1054291.7	984783.1	1328349.0	-67400.5 ¹	-6.4	282409.5 ²	28.7
1.1 Foreign Assets	1133295.2	1073526.6	1449927.6	-59768.7	-5.3	376401.1	35.1
1.2 Foreign Currency Deposits	79003.5	88743.4	121578.6	9739.9	12.3	32835.1	37.0
(a) Deposits	77178.3	84490.3	106693.2	7312.0	9.5	22203.0	26.3
(b) Other	1825.2	4253.2	14885.3	2428.0	133.0	10632.1	250.0
2. Net Domestic Assets	2040174.9	2597354.5	2902620.7	555071.5 ¹	27.2	366422.6 ²	14.1
2.1 Domestic Credit	2755893.0	3338509.8	3792618.6	582616.8	21.1	454108.7	13.6
(a) Net Claims on Government	272630.3	375545.8	461044.3	102915.5	37.7	85498.5	22.8
<i>Claims on Government</i>	362128.1	441199.5	602216.1	79071.4	21.8	161016.6	36.5
<i>Government Deposits</i>	89497.8	65653.7	141171.8	-23844.1	-26.6	75518.1	115.0
(b) Claims on Non-Financial Govt Enterprises	10034.3	9693.1	8702.6	-341.2	-3.4	-990.5	-10.2
(c) Claims on Financial Enterprises	30444.4	42994.9	45979.6	12550.5	41.2	2984.7	6.9
<i>Government</i>	3827.2	1607.2	1560.4	-2219.9	-58.0	-46.8	-2.9
<i>Non-Government.</i>	26617.3	41387.7	44419.2	14770.4	55.5	3031.5	7.3
(D) Claims on Private Sector	2442784.0	2910275.9	3276892.0	467492.0	19.1	366616.0	12.6
2.2 Net Non-Monetary Liabilities	715718.1	741155.3	889997.8	27545.3 ¹	3.8	87686.1 ²	11.8
3. Broad Money Supply (M2)	3094466.6	3582137.7	4230969.8	487671.0	15.8	648832.1	18.1
3.1 Money Supply (M1+)	1878960.2	2093758.4	2368304.5	214798.1	11.4	274546.2	13.1
(a) Money Supply (M1)	669395.0	726642.8	856260.8	57247.8	8.6	129618.1	17.8
<i>Currency</i>	415985.4	423204.3	490396.4	7218.9	1.7	67192.1	15.9
<i>Demand Deposits</i>	253409.5	303438.4	365864.4	50028.9	19.7	62426.0	20.6
(b) Saving & Call Deposits	1209565.3	1367115.6	1512043.7	157550.3	13.0	144928.1	10.6
3.2 Time Deposits	1215506.4	1488379.3	1862665.2	272872.9	22.4	374286.0	25.1
4. Broad Money Liquidity (M3)	3171644.9	3666627.9	4337663.0	494983.0	15.6	671035.1	18.3

P = Provisional

1 Adjusting exchange valuation gain of Rs -2108.1 million

2 Adjusting exchange valuation gain of Rs. 61156.4 million

Table 22
Central Bank Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets	1020106.3	937051.6	1274213.7	-83054.7	-8.1	337162.1	36.0
1.1 Gold Investment	28078.5	31837.0	44996.9	3758.5	13.4	13159.9	41.3
1.2 SDR Holdings	165.1	349.9	420.1	184.8	111.9	70.1	20.0
1.3 IMF Reserve Position	2466.3	2420.8	2674.4	-45.6	-1.8	253.7	10.5
1.4 Foreign Exchange	989396.3	902443.9	1226122.3	-86952.4	-8.8	323678.4	35.9
2. Claims on Government	74587.5	65313.2	66822.5	-9274.3	-12.4	1509.3	2.3
2.1 Treasury Bills	26119.9	18473.1	21319.9	-7646.8	-29.3	2846.8	15.4
2.2 Development Bonds	45287.0	44032.5	43556.5	-1254.5	-2.8	-476.0	-1.1
2.3 Other Government Securities	3180.6	2807.6	1946.1	-373.0	-11.7	-861.5	-30.7
2.4 Loans and Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Claims on Non-Financial Government Enterprises	31.0	31.0	31.0	0.0	0.0	0.0	0.0
4. Claims on Non-Financial Institutions	2795.7	577.7	577.7	-2218.0	-79.3	0.0	0.0
4.1 Government Institutions	2779.7	577.7	577.7	-2202.0	-79.2	0.0	0.0
4.2 Non-Government Institutions	16.0	0.0	0.0	-16.0	-100.0	0.0	0.0
5. Claims on Banks and Financial Institutions	12230.3	22904.8	7487.5	10674.5	87.3	-15417.3	-67.3
5.1 Refinance	12230.3	22404.8	7487.5	10174.5	83.2	-14917.3	-66.6
5.2 Repo Lending and SLF	0.0	500.0	0.0	500.0	0.0	-500.0	-100.0
6. Claims on Private Sector	4796.1	3638.1	3515.7	-1158.0	-24.1	-122.4	-3.4
7. Other Assets	38810.4	43350.8	60458.0	4540.4	11.7	17107.2	39.5
Assets = Liabilities	1153357.4	1072867.3	1413106.1	-80490.1	-7.0	340238.8	31.7
8. Reserve Money	709884.5	699059.1	885865.9	-10825.4	-1.5	186806.8	26.7
8.1 Currency Outside ODCs	415985.4	423204.3	490396.4	7218.9	1.7	67192.1	15.9
8.2 Currency Held by ODCs	72207.4	82116.0	91393.7	9908.6	13.7	9277.7	11.3
8.3 Deposits of Commercial Banks	191080.6	165897.1	274907.3	-25183.5	-13.2	109010.3	65.7
8.4 Deposits of Development Banks	12843.8	14675.0	17466.2	1831.2	14.3	2791.2	19.0
8.5 Deposits of Finance Companies	4210.7	4809.9	4163.1	599.1	14.2	-646.8	-13.4
8.6 Other Deposits	13556.6	8356.8	7539.2	-5199.7	-38.4	-817.6	-9.8
9. Govt. Deposits	89497.8	65653.7	141171.8	-23844.1	-26.6	75518.1	115.0
10. Deposit Auction	44550.0	0.0	0.0	-44550.0	-100.0	0.0	0.0
11. Reverse Repo	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. NRB Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Foreign Liabilities	1825.2	954.7	109.6	-870.5	-47.7	-845.1	-88.5
14. Capital and Reserve	173512.2	195281.7	295357.3	21769.5	12.5	100075.6	51.2
15. Other Liabilities	134087.7	111918.1	90601.4	-22169.6	-16.5	-21316.7	-19.0

Table 23
Condensed Assets and Liabilities of Banks and Financial Institutions
(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	2742102.9	3235066.8	3839727.4	492963.8	18.0	604660.7	18.7
1.1 Demand Deposits	256298.4	312601.5	385837.9	56303.1	22.0	73236.4	23.4
(a) Domestic Deposits	239853.0	295081.6	358325.2	55228.7	23.0	63243.6	21.4
(b) Foreign Deposits	16445.4	17519.9	27512.6	1074.5	6.5	9992.7	57.0
1.2 Saving Deposits	946821.9	1060334.7	1224454.9	113512.8	12.0	164120.2	15.5
(a) Domestic Deposits	936435.0	1049099.8	1212050.4	112664.8	12.0	162950.6	15.5
(b) Foreign Deposits	10386.9	11234.9	12404.5	848.0	8.2	1169.6	10.4
1.3 Fixed Deposits	1228056.5	1497553.7	1867838.8	269497.2	21.9	370285.1	24.7
(a) Domestic Deposits	1193173.7	1464882.7	1838770.8	271709.0	22.8	373888.0	25.5
(b) Foreign Deposits	34882.7	32671.0	29068.1	-2211.7	-6.3	-3602.9	-11.0
1.4 Call Deposits	288593.5	341080.3	337701.3	52486.7	18.2	-3378.9	-1.0
(a) Domestic Deposits	273130.3	318015.8	299993.3	44885.5	16.4	-18022.5	-5.7
(b) Foreign Deposits	15463.2	23064.5	37708.0	7601.2	49.2	14643.6	63.5
1.5 Margin Deposits	22332.6	23496.6	23894.5	1163.9	5.2	397.9	1.7
2. Borrowings from NRB	12230.3	22904.8	7487.5	10674.5	87.3	-15417.3	-67.3
3. Foreign Liabilities	0.0	3298.5	14775.7	3298.5		11477.2	348.0
4. Other Liabilities	691418.7	847028.5	975330.6	155609.8	22.5	128302.2	15.1
4.1 Paid-up Capital	282509.2	305940.8	331602.8	23431.6	8.3	25662.0	8.4
4.2 General Reserves	151143.2	200127.4	246222.3	48984.3	32.4	46094.9	23.0
4.3 Other Liabilities	245453.9	314042.9	343829.6	68589.0	27.9	29786.6	9.5
Assets=Liabilities	3445751.9	4108298.5	4837321.2	662546.6	19.2	729022.7	17.7
5. Liquid Funds	393460.5	403971.4	563643.9	10510.9	2.7	159672.4	39.5
5.1 Cash in Hand	72207.4	82116.0	91393.7	9908.6	13.7	9277.7	11.3
5.2 Balance with NRB	208135.1	185381.9	296536.6	-22753.1	-10.9	111154.7	60.0
5.3 Foreign Currency in Hand	2685.0	2703.4	4686.7	18.4	0.7	1983.3	73.4
5.4 Balance Held Abroad	110396.3	133670.6	171011.4	23274.3	21.1	37340.8	27.9
5.5 Cash in Transit	36.8	99.6	15.5	62.8	170.5	-84.1	-84.4
6. Loans and Advances	2763288.2	3334704.5	3862859.4	571416.3	20.7	528154.9	15.8
6.1 Claims on Government	287540.6	375886.3	535393.6	88345.7	30.7	159507.3	42.4
6.2 Claims on Non-Financial Government Enterprises	10003.3	9662.1	8671.6	-341.2	-3.4	-990.5	-10.3
6.3 Claims on Financial Enterprises	27648.7	42417.2	45401.9	14768.5	53.4	2984.7	7.0
Government	1047.5	1029.5	982.7	-18.0	-1.7	-46.8	-4.5
Non-Government	26601.3	41387.7	44419.2	14786.4	55.6	3031.5	7.3
6.4 Claims on Private Sector	2437987.9	2906637.8	3273376.3	468650.0	19.2	366738.5	12.6
Principal	2399814.5	2866191.4	3209791.0	466376.9	19.4	343599.6	12.0
Interest Accrued	38173.4	40446.4	63585.3	2273.1	6.0	23138.9	57.2
6.5 Foreign Bills Purchased & Discounted	107.7	101.0	15.9	-6.7	-6.2	-85.1	-84.2
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	289003.2	369622.6	410818.0	80619.4	27.9	41195.4	11.1

P = Provisional

Table 24
Condensed Assets and Liabilities of Commercial Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	2459219.0	2843055.1	3465151.0	383836.1	15.6	622095.9	21.9
1.1 Demand Deposits	248045.6	301610.6	388445.9	53565.0	21.6	86835.2	28.8
(a) Domestic Deposits	231602.4	284093.2	360935.1	52490.8	22.7	76841.8	27.0
(b) Foreign Deposits	16443.2	17517.4	27510.8	1074.2	6.5	9993.4	57.0
1.2 Saving Deposits	811667.0	901296.1	1087516.8	89629.1	11.0	186220.7	20.7
(a) Domestic Deposits	801283.5	890065.1	1075115.7	88781.7	11.1	185050.5	20.8
(b) Foreign Deposits	10383.5	11231.0	12401.2	847.4	8.2	1170.2	10.4
1.3 Fixed Deposits	1068861.5	1280459.5	1633374.2	211598.1	19.8	352914.7	27.6
(a) Domestic Deposits	1033978.8	1247792.5	1604306.1	213813.7	20.7	356513.7	28.6
(b) Foreign Deposits	34882.7	32667.1	29068.1	-2215.6	-6.4	-3599.0	-11.0
1.4 Call Deposits	308479.0	336437.2	332086.9	27958.2	9.1	-4350.3	-1.3
(a) Domestic Deposits	293013.0	313372.1	294378.8	20359.1	6.9	-18993.3	-6.1
(b) Foreign Deposits	15466.0	23065.0	37708.0	7599.1	49.1	14643.0	63.5
1.5 Margin Deposits	22165.9	23251.7	23727.3	1085.7	4.9	475.6	2.0
2. Borrowings from NRB	11776.9	21304.2	7305.8	9527.3	80.9	-13998.4	-65.7
3. Foreign Liabilities	0.0	3298.5	14775.7	3298.5		11477.2	348.0
4. Other Liabilities	598235.3	744268.0	882356.4	146032.8	24.4	138088.3	18.6
4.1 Paid-up Capital	231457.6	252260.3	285293.4	20802.7	9.0	33033.1	13.1
4.2 General Reserves	132712.5	177623.9	223379.8	44911.4	33.8	45755.9	25.8
4.3 Other Liabilities	221752.7	287466.5	320457.2	65713.8	29.6	32990.7	11.5
Assets=Liabilities	3069231.2	3611925.8	4369588.9	542694.7	17.7	757663.0	21.0
5. Liquid Funds	367746.5	375666.9	532194.2	7920.4	2.2	156527.3	41.7
5.1 Cash in Hand	63741.4	72159.9	81731.8	8418.6	13.2	9571.8	13.3
5.2 Balance with NRB	191080.6	165897.1	274907.3	-25183.5	-13.2	109010.3	65.7
5.3 Foreign Currency in Hand	2500.5	2552.0	4534.0	51.5	2.1	1982.0	77.7
5.4 Balance Held Abroad	110388.9	134982.9	171006.1	24593.9	22.3	36023.2	26.7
5.5 Cash in Transit	35.2	75.0	15.0	39.9	113.4	-60.0	-80.0
6. Loans and Advances	2428141.7	2884954.4	3435870.5	456812.7	18.8	550916.1	19.1
6.1 Claims on Government	275863.5	354888.2	491382.3	79024.7	28.6	136494.1	38.5
6.2 Claims on Non-Financial Government Enterprises	9631.5	9244.1	7919.3	-387.5	-4.0	-1324.8	-14.3
6.3 Claims on Financial Enterprises	22577.2	33159.9	35890.6	10582.7	46.9	2730.7	8.2
Government	1047.5	1029.5	982.7	-18.0	-1.7	-46.8	-4.5
Non-Government	21529.7	32130.4	34907.9	10600.7	49.2	2777.5	8.6
6.4 Claims on Private Sector	2119961.7	2487561.2	2900662.4	367599.5	17.3	413101.2	16.6
(a) Principal	2090479.1	2456591.8	2850128.2	366112.7	17.5	393536.3	16.0
(b) Interest Accrued	29482.7	30969.4	50534.2	1486.7	5.0	19564.8	63.2
6.5 Foreign Bills Purchased & Discounted	107.7	101.0	15.9	-6.7	-6.2	-85.1	-84.2
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	273343.0	351304.5	401524.2	77961.6	28.5	50219.7	14.3

P = Provisional

Table 25
Condensed Assets and Liabilities of Development Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	288346.0	378193.0	351960.2	89846.9	31.2	-26232.8	-6.9
1.1 Demand Deposits	7304.0	9123.4	9178.6	1819.4	24.9	55.2	0.6
(a) Domestic Deposits	7301.7	9120.8	9176.7	1819.1	24.9	55.9	0.6
(b) Foreign Deposits	2.3	2.5	1.9	0.3	11.5	-0.7	-26.4
1.2 Saving Deposits	114735.9	135365.8	113123.0	20629.8	18.0	-22242.8	-16.4
(a) Domestic Deposits	114732.6	135361.8	113119.7	20629.3	18.0	-22242.1	-16.4
(b) Foreign Deposits	3.4	4.0	3.4	0.6	17.4	-0.6	-15.4
1.3 Fixed Deposits	124816.2	178879.6	187415.9	54063.5	43.3	8536.2	4.8
(a) Domestic Deposits	124816.2	177557.8	187415.9	52741.7	42.3	9858.0	5.6
(b) Foreign Deposits	0.0	1321.8	0.0	1321.8		-1321.8	-100.0
1.4 Call Deposits	41371.1	54635.1	42077.5	13263.9	32.1	-12557.6	-23.0
(a) Domestic Deposits	41371.1	54635.0	42077.5	13263.9	32.1	-12557.5	-23.0
(b) Foreign Deposits	0.0	0.0	0.0	0.0		0.0	-100.0
1.5 Margin Deposits	118.8	189.1	165.2	70.3	59.2	-23.9	-12.7
2. Borrowings from NRB	221.0	1406.4	135.9	1185.4	536.4	-1270.5	-90.3
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	68272.9	78061.0	60047.7	9788.1	14.3	-18013.3	-23.1
4.1 Paid-up Capital	38003.8	39899.8	31964.1	1896.0	5.0	-7935.7	-19.9
4.2 General Reserves	12080.4	15618.4	14569.9	3538.1	29.3	-1048.6	-6.7
4.3 Other Liabilities	18188.7	22542.7	13513.7	4354.0	23.9	-9029.0	-40.1
Assets=Liabilities	356839.9	457660.4	412143.8	100820.4	28.3	-45516.6	-9.9
5. Liquid Funds	20198.3	23358.4	25389.0	3160.1	15.6	2030.6	8.7
5.1 Cash in Hand	7161.6	8521.4	7765.0	1359.7	19.0	-756.4	-8.9
5.2 Balance with NRB	12843.8	14675.0	17466.2	1831.2	14.3	2791.2	19.0
5.3 Foreign Currency in Hand	184.3	151.2	152.5	-33.2	-18.0	1.4	0.9
5.4 Balance Held Abroad	7.4	9.7	5.3	2.3	31.6	-4.4	-45.6
5.5 Cash in Transit	1.2	1.2	0.0	0.0	0.0	-1.2	-97.1
6. Loans and Advances	323376.8	418744.5	378970.8	95367.7	29.5	-39773.7	-9.5
6.1 Claims on Government	7989.4	15676.0	31387.7	7686.6	96.2	15711.7	100.2
6.2 Claims on Non-Financial Government Enterprises	75.2	234.2	366.6	159.0	211.4	132.5	56.6
6.3 Claims on Financial Enterprises	61535.0	58588.2	56719.7	-2946.8	-4.8	-1868.6	-3.2
Government	0.0	0.0	0.0	0.0		0.0	
Non-Government	61535.0	58588.2	56719.7	-2946.8	-4.8	-1868.6	-3.2
6.4 Claims on Private Sector	253777.1	344246.1	290496.9	90469.0	35.6	-53749.3	-15.6
(a) Principal	252107.6	342111.1	286801.5	90003.5	35.7	-55309.6	-16.2
(b) Interest Accrued	1669.5	2135.0	3695.4	465.5	27.9	1560.4	73.1
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	13264.9	15557.4	7783.9	2292.6	17.3	-7773.6	-50.0

P = Provisional

Table 26
Condensed Assets and Liabilities of Finance Companies

(Rs. in Million)

	Mid-July			Annual Change			
				2018/19		2019/20	
	2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	62946.9	74793.3	86837.0	11846.4	18.8	12043.7	16.1
1.1 Demand Deposits	3974.8	6155.3	4253.2	2180.6	54.9	-1902.1	-30.9
(a) Domestic Deposits	3974.8	6155.3	4253.2	2180.6	54.9	-1902.1	-30.9
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Saving Deposits	20425.4	23680.8	23816.1	3255.4	15.9	135.3	0.6
(a) Domestic Deposits	20425.4	23680.8	23816.1	3255.4	15.9	135.3	0.6
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3 Fixed Deposits	34512.6	39671.3	49766.4	5158.7	14.9	10095.2	25.4
(a) Domestic Deposits	34512.6	39671.3	49766.4	5158.7	14.9	10095.2	25.4
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4 Call Deposits	3986.2	5230.1	8999.3	1243.9	31.2	3769.1	72.1
(a) Domestic Deposits	3986.2	5230.1	8999.3	1243.9	31.2	3769.1	72.1
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5 Margin Deposits	47.9	55.8	2.0	7.9	16.5	-53.7	-96.4
2. Borrowings from NRB	232.4	194.2	45.8	-38.2	-16.4	-148.4	-76.4
3. Foreign Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other Liabilities	31684.4	35026.1	37503.5	3341.7	10.5	2477.5	7.1
4.1 Paid-up Capital	13047.8	13780.7	14345.2	732.9	5.6	564.5	4.1
4.2 General Reserves	6350.2	6885.1	8272.7	534.8	8.4	1387.6	20.2
4.3 Debentures	0.0	0.0	450.0	0.0	0.0	450.0	0.0
4.4 Other Liabilities	12286.3	14360.3	14435.6	2074.0	16.9	75.3	0.5
Assets=Liabilities	94863.7	110013.6	124386.3	15149.9	16.0	14372.7	13.1
5. Liquid Funds	5515.7	6268.1	6060.6	752.4	13.6	-207.5	-3.3
5.1 Cash in Hand	1304.4	1434.7	1896.9	130.3	10.0	462.2	32.2
5.2 Balance with NRB	4210.7	4809.9	4163.1	599.1	14.2	-646.8	-13.4
5.3 Foreign Currency in Hand	0.1	0.2	0.2	0.1	130.3	0.0	-16.1
5.4 Balance Held Abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.5 Cash in Transit	0.4	23.3	0.4	22.9	5155.3	-22.9	-98.1
6. Loans and Advances	86952.7	100984.9	116815.8	14032.2	16.1	15830.9	15.7
6.1 Claims on Government	3687.7	5322.1	12623.6	1634.4	44.3	7301.5	137.2
6.2 Claims on Non-Financial Government Enterprises	296.6	183.9	385.7	-112.7	-38.0	201.8	109.8
6.3 Claims on Financial Enterprises	18719.4	20648.4	21589.4	1928.9	10.3	941.0	4.6
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government	18719.4	20648.4	21589.4	1928.9	10.3	941.0	4.6
6.4 Claims on Private Sector	64249.0	74830.5	82217.1	10581.5	16.5	7386.6	9.9
(a) Principal	57227.8	67488.5	72861.4	10260.7	17.9	5372.9	8.0
(b) Interest Accrued	7021.2	7342.0	9355.7	320.8	4.6	2013.6	27.4
6.5 Foreign Bills Purchased & Discounted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. NRB Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Other Assets	2395.4	2760.6	1509.9	365.3	15.2	-1250.7	-45.3

P = Provisional

Table 27
Sectorwise Outstanding Loan of Commercial Banks

(Rs. in Million)

		Mid-July			Annual Change			
					2018/19		2019/20	
		2018	2019	2020 ^P	Amount	Percent	Amount	Percent
1.	Agriculture	135756.6	193457.4	225772.4	57700.9	42.5	32315.0	16.7
2.	Mining	5033.3	7313.2	6453.8	2280.0	45.3	-859.5	-11.8
3.	Production	397853.5	478560.9	533668.2	80707.4	20.3	55107.2	11.5
4.	Construction	253154.6	309417.5	347419.8	56262.9	22.2	38002.3	12.3
5.	Metal Production, Machinery & Electrical Tools and Fitting	33148.5	37075.2	46073.2	3926.7	11.8	8998.0	24.3
6.	Transportation, Equipment Production and Fitting	36935.8	42909.3	49822.0	5973.5	16.2	6912.7	16.1
7.	Transportation, Communication and Public Service	133168.1	176813.7	209752.9	43645.6	32.8	32939.2	18.6
8.	Wholesalers and Retailers	532019.2	615449.6	662828.2	83430.4	15.7	47378.6	7.7
9.	Finance, Insurance and Fixed Assets	203034.8	233846.7	252637.9	30811.9	15.2	18791.2	8.0
10.	Service Industry	197151.3	245022.6	299277.4	47871.2	24.3	54254.9	22.1
11.	Consumption Loan	87156.8	90104.7	91347.8	2947.9	3.4	1243.0	1.4
12.	Local Government	1553.5	1569.1	1583.1	15.6	1.0	14.0	0.9
13.	Other	406812.9	480356.9	539375.5	73543.9	18.1	59018.6	12.3
	Total	2422778.8	2911896.8	3266011.9	489118.0	20.2	354115.1	12.2

P = Provisional

Table 28
Outstanding Amount of Refinance Facility Provided by Nepal Rastra Bank to Banks and Financial Institutions

(Rs. in Million)

S.N.	Institutions	2017/18	2018/19	2019/20
1.	Commercial Banks	11756.9	21281.4	7302.9
2.	Development Banks	221.0	906.2	138.8
3.	Finance Companies	210.4	200.8	45.8
	Total	12188.3	22388.4	7487.5

Table 29
Sources and Uses of Funds of Microfinance Institutions

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2018	2019	2020 ¹	2018/19	2019/20
Sources					
Capital Funds	17,443.60	25,503.40	33,412.20	46.2	31.0
Deposits	49,548.80	85,631.90	106,191.20	72.8	24.0
Borrowings	87,683.70	126,482.20	142,092.30	44.2	12.3
Others	13,282.20	28,951.20	38,021.30	118.0	31.3
P/L Account	4,029.30	6,493.70	5,437.00	61.2	-16.3
Sources=Uses	171,987.70	273,062.40	325,154.00	58.8	19.1
Uses					
Liquid Funds	16,383.10	19,306.90	30,379.80	17.8	57.4
Investment	2,495.50	2,573.60	10,199.40	3.1	296.3
Loans & Advances	145,951.50	235,153.40	262,732.30	61.1	11.7
Others	7,096.10	15,982.10	21,754.90	125.2	36.1
P/L Account	61.40	46.40	87.70	-24.5	88.9

1 Unaudited

Table 30
Sources and Uses of Funds of Insurance Companies

(Rs. in Million)

Particulars	Mid-July			2018/19		2019/20	
	2018	2019 ¹	2020 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	35,981.00	44,749.90	50,409.50	8,768.90	24.4	5,659.60	12.6
Reserve Funds	203,743.60	283,912.80	363,675.80	80,169.20	39.3	79,763.00	28.1
Other Liabilities	20,591.60	18,493.30	23,175.60	- 2,098.30	-10.2	4,682.30	25.3
Sources=Uses	260,316.20	347,156.00	437,260.90	86,839.80	33.4	90,104.90	26.0
Uses							
Bank & Cash Balances	6,900.20	9,317.20	11,018.60	2,417.00	35.0	1,701.40	18.3
Investment	227,774.30	301,932.10	380,036.20	74,157.80	32.6	78,104.10	25.9
Fixed Assets	3,626.90	4,255.20	4,371.90	628.30	17.3	116.70	2.7
Other Assets	22,014.80	31,651.20	41,834.20	9,636.40	43.8	10,183.00	32.2

1 Unaudited

Source: Insurance Board Nepal

Table 31
Sources and Uses of Funds of Employees Provident Fund
(Rs. in Million)

Particulars	Mid-July			2018/19		2019/20	
	2018	2019 ¹	2020 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	278,753.00	309,848.40	340,631.40	31,095.30	11.2	39,783.00	12.8
Reserve Funds	29,949.10	28,487.40	29,703.50	-1,461.70	-4.9	1,216.10	4.3
Other Liabilities	3,447.70	4,387.90	4,674.50	940.20	27.3	286.60	6.5
Sources=Uses	312,149.80	342,723.60	384,009.30	30,573.80	9.8	41,285.70	12.0
Uses							
Bank & Cash Balance	353.00	3,214.50	2,974.50	2,861.50	810.5	-240.00	-7.5
Investment	93,325.30	101,310.40	124,735.30	7,985.10	8.6	23,425.00	23.1
<i>Fixed Deposits</i>	54,689.20	78,318.10	101,897.50	23,628.90	43.2	23,479.40	30.1
<i>GON Securities</i>	14,461.20	525.70	776.00	-13,935.50	-96.4	250.30	47.6
<i>Housing Plan</i>	-	-	-	-	-	-	-
<i>Share Investment</i>	24,174.90	22,466.60	22,061.90	-1,708.30	-7.1	-404.80	-1.8
<i>Other Investment</i>	-	-	-	-	-	-	-
Loans and Advances	213,133.00	233,067.10	252,329.40	19,934.10	9.4	19,262.30	8.3
<i>Project Loan</i>	45,896.10	52,280.40	61,413.20	6,384.30	13.9	9,132.8	17.5
<i>Depositor Loan</i>	167,236.90	180,786.70	190,916.20	13,549.80	8.1	10,129.40	5.6
Fixed Assets	1,173.00	1,227.80	1,250.50	54.90	4.7	22.60	1.8
Other Assets	4,165.50	3,903.70	2,719.60	-261.80	-6.3	-1,184.10	-30.3

1 Unaudited

Source: Employees Provident Fund

Table 32
Sources and Uses of Funds of Citizen Investment Trust

Particulars	Mid-July			2018/19		2019/20	
	2018	2019 ¹	2020 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
1. Paid-up Capital	903.10	1,102.30	1,640.70	199.20	22.1	538.40	48.8
2. Reserve Funds	3,738.50	4,228.80	7,685.30	490.30	13.1	3,456.50	81.7
3. Fund Collection	107,605.20	126,003.00	141,299.40	18,397.80	17.1	15,296.40	12.1
4. Other Liabilities	1,814.50	17,574.20	10,450.40	15,759.70	868.5	-7,123.8	-40.5
Sources=Uses	114,061.30	148,908.30	161,075.80	34,847.00	30.6	12,167.50	8.2
Uses							
1. Liquid Assets	1,825.00	6,032.90	1,153.50	4,207.90	230.6	-4,879.40	-80.9
2. Investment	77,817.10	84,229.60	101,080.60	6,412.50	8.2	16,851.00	20.0
3. Loans & Advances	26,040.00	40,650.30	45,565.00	14,610.30	56.1	4,914.70	12.1
4. Other Assets	8,379.20	17,995.50	13,276.70	9,616.30	114.8	-4,718.80	-26.2

1 Unaudited

Source: Citizen Investment Trust

Table 33
Structure of Nepalese Financial System

(Rs. in Million)

Particulars	2017/18			2018/19			2019/20		
	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)
Financial Institutions	4,912,997.0	87.7	161.4	5,538,679.0	86.8	160.1	6,658,347.0	86.9	176.8
Nepal Rastra Bank	1,153,357.0	20.6	37.9	1,072,867.0	16.8	31.0	1,413,106.0	18.4	37.5
Commercial Banks	3,069,231.0	54.8	100.8	3,611,926.0	56.6	104.4	4,369,589.0	57.0	116.0
Development Banks	356,840.0	6.4	11.7	457,660.0	7.2	13.2	412,144.0	5.4	10.9
Finance Companies	94,864.0	1.7	3.1	110,014.0	1.7	3.2	124,386.0	1.6	3.3
Microfinance FIs	171,988.0	3.1	5.6	273,062.0	4.3	7.9	325,154.0	4.2	8.6
Nepal Infrastructure Bank	0.0	0.0	0.0	13,150.0	0.2	0.4	13,968.0	0.2	0.4
Cooperatives	42,287.0	0.8	1.4	-	-	-	-	-	-
Microfinance NGOs	24,430.0	0.4	0.8	-	-	-	-	-	-
Contractual Saving Institutions	686,527.0	12.3	22.5	838,788.0	13.1	24.3	982,346.0	12.8	26.1
Provident Fund	312,150.0	5.6	10.3	342,724.0	5.4	9.9	384,009.0	5.0	10.2
Citizen Investment Trust	114,061.0	2.0	3.7	148,908.0	2.3	4.3	161,076.0	2.1	4.3
Insurance Companies	260,316.0	4.6	8.5	347,156.0	5.4	10.0	437,261.0	5.7	0.5
Postal Saving Bank	1,914.0	-	0.1	1,446.0	-	-	18,570.0	0.2	0.5
Total	5,601,438.0	100.0	184.0	5,601,438.0	100.0	184.4	7,659,263.0	100.0	203.3
GDP (Rs. in billion)			3,044.93			3,458.79			3,767.04
Market Capitalization of Securities Market (Rs. in billion)			1,435.14			1,567.50			1,792.76
Ratio of Market Capitalization to GDP (%)			47.1			45.3			47.6

Table 34
Stock Market Indicators

Particulars	Mid-July			Percent Change	
	2018	2019	2020	2018/19	2019/20
1 Number of Listed Companies	196	215	212	9.7	-1.4
2 Paid-up Capital of the Listed Companies (Rs. in million)	352094.55	412280.73	473389.58	17.1	14.8
3 Total Market Capitalization (Rs. in million)	1435137.67	1567499.39	1792762.67	9.2	14.4
4 Annual Turnover (Rs. in million)	121,391.00	110,075.00	428,522.00	-9.3	289.3
5 Market Days	233	246	182	5.6	-26.0
6 Number of Companies Traded	263	278	268	5.7	-3.6
7 Number of Transactions	1,311,034	1,422,791	1,848,773	8.5	29.9
8 Number of Listed Shares (in '000)	3,598,745	4,206,602	4,827,582	16.9	14.8
9 Number of Shares Traded (in '000)	293,818	387,507	428,522	31.9	10.6
10 Ratio of Paid-up Capital to GDP (%)	11.6	11.9	12.6	3.1	5.4
11 Ratio of Turnover to Paid-up Capital (%)	34.5	26.7	90.5	-22.6	239.0
12 Ratio of Turnover to Market Capitalization (%)	8.5	7.0	23.9	-17.0	240.4
13 Ratio of Market Capitalization to GDP (%)	47.1	45.3	47.6	-3.8	5.0
14 NEPSE Index (closing)	1,212.4	1,259.0	1,362.4	3.8	8.2
15 NEPSE Sensetive Index (closing)	255.2	271.3	288.3	6.3	6.3
16 NEPSE Float Index (closing)	87.2	92.4	95.5	6.1	3.3

* Not Available

Source: Nepal Stock Exchange Limited

Table 35
Securities Listed at Nepal Stock Exchange Limited

	2018/19			2019/20		
	No. of Shares ('000)	Amount (Rs. in Million)	Share %	No. of Shares ('000)	Amount (Rs. in Million)	Share %
Institutionwise						
Commercial Banks	243,699.0	33,682.4	41.0	359,898.0	64,331.2	53.1
Development Banks	38,762.5	3,876.3	7.0	69,078.3	6,907.8	7.8
Insurance Companies	42,864.0	4,286.4	6.0	60,857.9	6,085.8	10.1
Finance Companies	20,174.2	2,017.4	1.3	8,904.7	1,295.5	0.2
Microfinance Companies	37,553.8	3,755.4	3.3	21,422.0	2,142.2	1.8
Productive and Processing Companies	44,000.0	4,400.0	0.0	1,928.2	192.8	0.0
Hotels	8,062.5	806.3	0.4	537.2	53.7	0.1
Trading Organizations	307.4	30.7	0.0	0.0	0.0	0.0
Hydropower Companies	223,612.2	22,361.2	41.1	123,058.7	12,305.9	17.9
Others	1,992.3	199.2	0.0	576,925.2	5,987.5	8.9
Total	661,028.0	75,415.3	100.0	1,222,610.2	99,302.4	100.0
Securitywise						
Ordinary Shares	289,705.4	28,970.5	50.2	136,426.3	13,642.6	19.9
Right Shares	108,849.2	10,884.9	19.6	46,860.8	4,686.1	4.8
Bonus Shares	252,126.2	25,212.6	24.7	281,489.4	28,148.9	27.0
Government Bonds	0.0	0.0	0.0	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	10,347.3	10,347.3	5.5	31,940.4	31,940.4	29.1
Mutual Funds	0.0	0.0	0.0	574,500.0	5,745.0	10.8
Others	0.0	0.0	0.0	151,393.4	15,139.3	8.4
Total	661,028.0	75,415.3	100.0	1,222,610.2	99,302.4	100.0

Source: Nepal Stock Exchange Limited

Table 36
Listed Companies and Market Capitalization

Particulars	No. of Listed Companies			Market Capitalization (Rs. In Million)					Share Price		
	Mid-July 2018	Mid-July 2019	Mid-July 2020	Mid-July 2018		Mid-July 2019		Mid-July 2020		Percent Change	
				Price	Share %	Price	Share %	Price	Share %	2018/19	2019/20
Financial Institutions	147	154	147	1155762.2	80.5	1230665.1	78.5	1402330.8	78.2	6.5	13.9
Commercial Banks	27	27	26	744021.1	51.8	830790.0	53.0	868998.1	48.5	11.7	4.6
Development Banks	34	32	24	72578.9	5.1	82101.0	5.2	85570.9	4.2	13.1	-8.0
Finance Companies	27	26	24	18187.5	1.3	20526.4	1.3	21486.9	1.2	12.9	4.7
Microfinance institutions	37	47	51	97052.9	6.8	92661.7	5.9	166769.5	9.3	-4.5	80.0
Insurance Companies	22	22	22	223921.8	15.6	204586.0	13.1	269505.5	15.0	-8.6	31.7
Construction and Processing Companies	18	19	19	40172.0	2.8	65509.9	4.2	65536.7	3.7	63.1	0.0
Hotels	4	4	4	24419.4	1.7	28078.3	1.8	19405.7	1.1	15.0	-30.9
Trading Organizations	4	4	4	1141.7	0.1	1511.5	0.1	5096.0	0.3	32.4	237.1
Hydropower Companies	19	30	33	67397.5	4.7	93281.8	6.0	97259.6	5.4	38.4	4.3
Others	4	4	5	146245.0	10.2	148452.8	9.5	203133.9	11.3	1.5	36.8
Total	196	215	212	1435137.7	100.0	1567499.4	100.0	1792762.7	100.0	9.2	14.4

Source: Nepal Stock Exchange Limited

Appendix 1.1
Lists of Banks and Financial Institutions Licensed for
Financial Transactions
(As in mid-July 2020)

1. Commercial Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Nepal Bank Ltd.	Dharmapath, Kathmandu	1937/11/15	11,282.8	National Level
2	Agriculture Development Bank Ltd.	Ramshahpath, Kathmandu	1968/01/21	14,989.2	National Level
3	Nabil Bank Ltd.	Beena Marg, Kathmandu	1984/07/12	10,097.5	National Level
4	Nepal Investment Bank Ltd.	Durbarmarg, Kathmandu	1986/03/09	14,249.0	National Level
5	Standard Chartered Bank Nepal Ltd.	Nayabaneshwor, Kathmandu	1987/02/28	8,011.4	National Level
6	Himalayan Bank Ltd.	Kamaladi, Kathmandu	1993/01/18	9,372.3	National Level
7	Nepal SBI Bank Ltd.	Kesharmahal, Kathmandu	1993/07/07	8,956.2	National Level
8	Nepal Bangladesh Bank Ltd.	Kamaladi, Kathmandu	1994/06/06	8,495.8	National Level
9	Everest Bank Ltd.	Lazimpat, Kathmandu	1994/10/18	8,510.2	National Level
10	Kumari Bank Ltd.	Durbarmarg, Kathmandu	2001/04/03	13,002.9	National Level
11	Laxmi Bank Ltd.	Hattisar, Kathmandu	2002/04/03	9,812.6	National Level
12	Citizens Bank International Ltd.	Narayanhiti Path, Kathmandu	2007/04/20	9,089.8	National Level
13	Prime Commercial Bank Ltd.	Kamalpokhari, Kathmandu	2007/09/24	13,985.2	National Level
14	Sunrise Bank Ltd.	Gairidhara, Kathmandu	2007/10/12	8,967.8	National Level
15	Century Commercial Bank Ltd.	Putalisadak, Kathmandu	2011/03/10	8,415.5	National Level
16	Sanima Bank Ltd.	Nagpokhari, Kathmandu	2012/02/15	8,801.4	National Level
17	Machhapuchhre Bank Ltd.	Lazimpat, Kathmandu	2012/07/09*	8,458.5	National Level
18	NIC Asia Bank Ltd.	Thapathali, Kathmandu	2013/06/30*	9,717.7	National Level
19	Global IME Bank Ltd.	Kamaladi, Kathmandu	2019/09/04*	18,975.9	National Level
20	NMB Bank Ltd.	Babarmahal, Kathmandu	2019/09/28*	13,951.0	National Level
21	Prabhu Bank Ltd.	Babarmahal, Kathmandu	2016/02/12*	10,315.5	National Level
22	Siddhartha Bank Ltd.	Hattisar, Kathmandu	2016/07/21*	9,787.8	National Level
23	Bank of Kathmandu Ltd.	Kamalpokhari, Kathmandu	2016/07/14*	8,546.9	National Level
24	Civil Bank Ltd.	Kamaladi, Kathmandu	2016/10/17*	8,003.4	National Level
25	Nepal Credit and Commerce Bank Ltd.	Bagbazar, Kathmandu	2017/01/01*	9,353.9	National Level
26	Rastriya Banijya Bank Ltd.	Singhadurbar Plaza, Kathmandu	2018/05/02*	9,004.8	National Level
27	Mega Bank Nepal Ltd.	Kamaladi, Kathmandu	2018/05/13*	13,138.6	National Level

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2020.

2. Development Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Narayani Development Bank Ltd.	Ratna Nagar, Chitawan	2001/10/17	55.60	1-3 District Level (Nawalparasi, Chitwan, Makwanpur)
2	Karnali Bikash Bank Ltd.	Nepalgunj, Banke	2004/02/18	502.80	1-3 District Level (Banke, Bardiya, Dang)
3	Excel Development Bank Ltd.	Birtamod, Jhapa	2005/07/21	811.10	1-5 District Level (Ilam, Jhapa, Morang, Sunsari, Panchthar)
4	Miteri Development Bank Ltd.	Dharan, Sunsari	2006/10/13	693.40	1-5 District Level (Jhapa, Morang, Sunsari, Dhankuta, Udaypur)

5	Muktinath Bikas Bank Ltd.	Kamaladi, Kathmandu	2007/01/03	4,325.00	National Level
6	Corporate Development Bank Ltd.	Birgunj, Parsa	2007/11/07	410.00	1-3 District Level (Parsa, Makwanpur, Kavrepalanchowk)
7	Sindhu Bikas Bank Ltd.	Barhabise, Sindhupalchowk	2010/09/09	557.50	1-5 District Level (Sindhupalchowk, Kavre, Dolka, Makawanpur, Chitwan)
8	Sahara Bikas Bank Ltd.	Malangawa, Sarlahi	2010/10/27	163.40	1 District Level (Sarlahi)
9	Salapa Bikash Bank Ltd.	Diktel, Khotang	2012/07/16	28.00	1 District Level (Khotang)
10	Green Development Bank Ltd.	Pokhara, Kaski	2013/08/25	500.00	1-5 District Level (Baglung, Myagdi, Kaski, Tanahu, Nawalparasi East)
11	Sangrila Development Bank Ltd.	Baluwatar, Kathmandu	2014/07/13*	2,606.60	National Level
12	Kanchan Development Bank Ltd.	Mahendranagar, Kanchanpur	2009/09/19	584.40	1-5 District Level (Kailali, Kanchanpur, Dadeldhura, Baitadi, Doti)
13	Shine Resunga Development Bank Ltd.	Butwal, Rupandehi	2013/03/17*	3,016.30	National Level
14	Jyoti Bikas Bank Ltd.	Kamaladi, Kathmandu	2016/08/12*	3,495.30	National Level
15	Garima Bikas Bank Ltd.	lazimpat, Kathmandu	2016/09/20*	3,238.70	National Level
16	Mahalaxmi Bikas Bank Ltd.	Durbar Marg, Kathmandu	2017/07/02*	3,072.10	National Level
17	Lumbini Bikas Bank Ltd.	Dillibazar, Kathmandu	2017/07/09*	3,716.30	National Level
18	Kamana Sewa Bikas Bank Ltd.	Gyaneshwor, Ktm.	2017/08/04*	2,540.20	National Level
19	Saptakoshi Development Bank Ltd.	Dhankuta, Koshi	2019/07/07*	834.30	1-7 District Level (Morang, Ilam, Panchthar, Jhapa, Sunsari, Dhankuta, Terhathum)
20	Tinu Bikas Bank Ltd.	Butwal, Rupandehi	2006/11/01	1,813.10	1-7 District Level (Rupandehi, Nawalparasi East, Nawalparasi West, Chitwan, Palpa, Dang, Kapilvastu)

* Joint operation date after merger

Paid-up capital based on the financial statement of mid-July 2020.

3. Finance Companies

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Nepal Finance Ltd.	Kamaladi, Kathmandu	1993/01/06	135.80	National Level
2	Nepal Share Markets and Finance Ltd.	Ramshahapath, Kathmandu	1993/10/19	233.30	National Level
3	Goodwill Finance Ltd.	Hattisar, Kathmandu	1995/05/15	800.00	National Level
4	Lalitpur Finance Co. Ltd.	Lagankhel, Lalitpur	1995/12/14	187.90	National Level
5	United Finance Co. Ltd.	Durbarmarg, Kathmandu	1996/01/26	1,040.80	National Level
6	Progressive Finance Co. Ltd.	Newroad, Kathmandu	1996/02/26	800.10	National Level
7	Janaki Finance Co. Ltd.	Janakpurdham, Dhanusha	1997/03/07	600.40	1-3 District Level (Dhanusha, Mahottari, Siraha)
8	Pokhara Finance Ltd.	Pokhara, Kaski	1997/03/16	917.30	National Level
9	Multipurpose Finance Co. Ltd	Rajbiraj, Saptari	1998/04/15	224.10	1 District Level (Saptari)
10	Shrijana Finance Ltd.	Biratnagar, Morang	1999/12/14	847.80	1-3 District Level (Morang, Sunsari, Saptari)
11	Samriddhi Finance Co. Ltd.	Hetauda, Makwanpur	2001/08/10	182.00	National Level
12	Capital Merchant Banking & Finance Co. Ltd.	Battisputali, Kathmandu	2002/02/01	935.10	National Level
13	Crystal Finance Ltd.	Thapathali, Kathmandu	2002/03/13	70.00	National Level
14	Guheshwori Merchant Banking & Finance Ltd.	Pulchowk, Lalitpur	2002/06/13	800.00	National Level
15	ICFC Finance Ltd.	Bhatbhateni, Kathmandu	2004/07/15	926.50	National Level

16	City Express Finance Co. Ltd.	Durbarmarg, Kathmandu	2006/03/24	400.00	National Level
17	Manjushree Financial Institution Ltd.	Nayabaneshwor, Kathmandu	2007/10/17	818.10	National Level
18	Reliance Finance Ltd.	Pradarsani Marg, Kathmandu	2014/05/08*	832.40	National Level
19	Gorkhas Finance Ltd.	Dillibazar, Kathmandu	2016/04/10*	868.00	National Level
20	Shree Investment & Finance Co. Ltd.	Dillibazar, Kathmandu	2017/02/01*	829.00	National Level
21	Central Finance Ltd.	Kupandole, Lalitpur	2017/03/23*	823.40	National Level
22	Best Finance Ltd.	Chabahil, Kathmandu	2018/08/02*	828.90	National Level

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2020.

4. Microfinance Development Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	Naxal, Kathmandu	1999/07/17	1,500.00	National Level
2	RMDC Laghubitta Bittiya Sanstha Ltd.	Putalisadak, Kathmandu	1999/12/06	899.30	National Level
3	Deprosc Laghubitta Bittiya Sanstha Ltd.	Bharatpur, Chitwan	2001/07/03	1,005.40	National Level
4	Chhimek Laghubitta Bittiya Sanstha Ltd.	Old Baneshwor, Kathmandu	2001/12/10	1,500.00	National Level
5	Shawalamban Laghubitta Bittiya Sanstha Ltd.	Baluwatar, Kathmandu	2002/02/22	792.40	National Level
6	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.	Subidhanagar, Kathmandu	2002/03/11	1,000.20	National Level
7	Nerude Laghubitta Bittiya Sanstha Ltd.	Biratnagar, Morang	2007/06/15	457.30	National Level
8	Naya Nepal Laghubitta Bittiya Sanstha Ltd.	Dhulikhel, Kavre	2009/03/20	100.80	4-10 District Level (Kavre, Ramechhap, Sindhuli, Mahottari, Dhanusha, Siraha, Saptari, Sunsari, Morang, Jhapa)
9	Mithila Laghubitta Bittiya Sanstha Ltd.	Dhalkebar, Dhanusha	2009/04/29	105.90	10+5 District Level (Sindhuli, Mahottari, Dhanusha, Siraha, Sarlahi, Saptari, Rautahat, Udayapur, Bara, Ramechhap, Sindhupalchok, Kavrepalanchowk, Nuwakot, Dolakha, Okhaldhunga)
10	Summit Laghubitta Bittiya Sanstha Ltd.	Birtamod, Jhapa	2009/05/20	254.30	10+5 District Level (Jhapa, Morang, Sunsari, Tapplejung, Ilam, Panchthar, Udayapur, Saptari, Siraha, Dhankuta, Bhojpur, Sankhuwasava, Solukhumbu, Okhaldhunga, Khotang)
11	Sworojagar Laghubitta Bittiya Sanstha Ltd	Banepa, Kavre	2009/12/16	341.60	National Level
12	First Microfinance Laghubitta Bittiya Sanstha Ltd	Gyaneshwor, Kathmandu	2009/12/28	800.70	National Level
13	Nagbeli Laghubitta Bittiya Sanstha Ltd	Birtamod, Jhapa	2010/02/04	211.30	4-10 District Level (Jhapa, Morang, Ilam, Panchthar, Tapplejung, Terhathum, Dhankuta, Sunsari, Saptari, Udayapur)
14	Kalika Laghubitta Bittiya Sanstha Ltd.	Waling, Syangja	2020/01/08*	252.30	National Level
15	Mirmire Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2010/09/23	195.40	25 District Level (Rasuwa, Nuwakot, Dhading, Dolakha, Gulmi, Kavrepalanchowk, Makwanpur, Chitwan, Nawalparasi, Palpa, Rukum, Rolpa, Salyan, Arghakhanchi, Pyuthan, Solukhumbu, Okhaldhunga, Khotang, Sindhuli, Surkhet, Bara, Parsa, Rupandehi, Banke, Kailali)

16	Janauththan Samudayik Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2010/11/09	63.40	19 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Kapilvastu, Rupandehi, Nawalparasi East, Nawalparasi West, Chitwan, Parsa, Surkhet, Dadeldhura, Gulmi, Palpa, Tanahun, Arghakanchi, Pyuthan, Salyan)
17	Womi Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2019/12/16*	277.80	National Level
18	Laxmi Laghubitta Bittiya Sanstha Ltd.	Maharajgunj, Kathmandu	2012/06/04	278.30	National Level
19	Civil Laghubitta Bittiya Sanstha Ltd.	Chuchepati, Kathmandu	2012/07/05	119.80	National Level
20	Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd.	Chitlang, Makwanpur	2012/12/25	121.00	National Level
21	Vijaya Laghubitta Bittiya Sanstha Ltd.	Gaidakot, Nawalparasi	2013/03/28	224.00	National Level
22	NMB Laghubitta Bittiya Sanstha Ltd.	Pokhara-Hemja, Kaski	2013/03/31	453.60	National Level
23	FORWARD Community Microfinance Bittiya Sanstha Ltd.	Duhabi Bhaluwa, Sunsari	2013/05/17	500.40	National Level
24	Global IME Laghubitta Bittiya Sanstha Ltd.	Besisahar, Lamjung	2013/05/19	259.60	National Level
25	Mahuli Laghubitta Bittiya Sanstha Ltd.	Bakdhuwa, Saptari	2013/06/15	122.40	10+5 District Level (Saptari, Siraha, Udaypur, Khotang, Sunsari, Bhojpur, Okhaldhunga, Sindhuli, Dhankuta, Ramechhap, Terhathum, Sankhuwasabha, Solukhumbu, Sarlahi, Mahottari)
26	Suryodaya Laghubitta Bittiya Sanstha Ltd.	Putalibazar, Syanja	2020/02/22*	215.00	23 District Level (Baglung, Myagdi, Parbat, Syangja, Manang, Lamjung, Mustang, Gulmi, Pyuthan, Rolpa, Nawalparasi East, Nawalparasi West, Rupandehi, Kapilbastu, Dang, Banke, Bardiya, Salyan)
27	Meromicrofinance Laghubitta Bittiya Sanstha Ltd.	Battar, Nuwakot	2013/07/18	855.10	National Level
28	Samata Laghubitta Bittiya Sanstha Ltd.	Pipra, Simara	2013/08/25	191.10	10 District Level (Bara, Rautahat, Sarlahi, Mahottari, Sindhuli, Parsa, Sunsari, Dhanusha, Udaypur, Chitwan)
29	RSDC Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2013/09/11	671.50	National Level
30	Samudayik Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2014/04/13	100.00	4-10 District Level (Sindhupalchowk, Kavrepalanchowk, Dolakha, Ramechhap, Solukhumbu, Okhaldhunga, Nuwakot, Khotang, Bhojpur, Sankhuwasabha)
31	National Microfinance Bittiya Sanstha Ltd.	Nilkantha, Dhading	2014/07/02	264.00	National Level
32	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2014/08/15*	982.50	National Level
33	Nepal Sewa Laghubitta Bittiya Sanstha Ltd.	Phataksila, Sindhupalchowk	2014/10/26	60.00	Province No. 3
34	Unnati Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2020/07/10*	149.50	10+5 District Level (Rupandehi, Palpa, Pyuthan, Kapilvastu, Arghakhanchi, Gulmi, Parbat, Baglung, Myagdi, Mustang, Syangja, Kaski, Rolpa, Salyan, Surkhet)
35	Swadeshi Lagubitta Bittiya Sanstha Ltd.	Itahari, Sunsari	2014/12/31	276.00	National Level
36	NADEP Laghubitta Bittiya Sanstha Ltd.	Gajuri, Dhading	2015/05/15	368.00	National Level
37	Support Microfinance Bittiya Sanstha Ltd.	Hasposa, Itahari	2015/07/12	66.00	4-10 District Level (Sunsari, Terhathum, Dhankuta, Panchthar, Bhojpur, Udaypur, Khotang, Sindhuli, Ramechhap, Makwanpur)

38	Arambha Chautari Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2016/01/03	263.40	10+5 District Level (Nawalparasi, Rupandehi, Kapilvastu, Gulmi, Arghakhanchi, Palpa, Rolpa, Dang, Salyan, East Rikum, West Rukum, Jajarkot, Surkhet, Syangja)
39	Ghodighoda Laghubitta Bittiya Sanstha Ltd.	Sripur Belauri, Kanchanpur	2016/06/12	27.60	4-10 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Surkhet, Doti, Dadeldhura, Baitadi, Darchula)
40	Asha Lagubitta Bittiya Sastha Ltd.	Madanpur, Nuwakot	2016/08/29	232.30	National Level
41	Nepal Agro Microfinance Bittiya Sastha Ltd.	Pokhara, Kaski	2016/09/20	57.20	4-10 District Level (Kaski, Parbat, Baglung, Gulmi, Pyuthan, Rolpa, Tanahun, Salyan, Palpa, Lamjung)
42	Gurans LaghuBitta Bittiya Sastha Ltd.	Dhankutabazaar, Dhankuta	2016/11/16	83.40	Province No. 1
43	Ganapati Microfinance Bittiya Sastha Ltd.	Shuklagandaki, Tanahu	2016/12/09	110.70	National Level
44	Infinity Laghubitta Bittiya Sanstha Ltd	Gaidakot, Nawalparasi	2017/01/20	228.10	National Level
45	Adhikhola Laghubitta Bittiya Sanstha Ltd.	Bhirkot, Syangja	2017/02/12	100.00	4-10 District Level (Syangja, Kaski, Lamjung, Tanahun, Nawalparasi, Rupandehi, Palpa, Arghakhanchi, Gulmi, Kapilvastu)
46	Swabhiman Laghubitta Bittiya Sanstha Ltd.	Tilottama, Rupandehi	2017/05/22	76.70	4-10 District Level (Rupandehi, Gulmi, Rolpa, Salyan, Syangja, Palpa, Arghakhanchi, Nawalparasi, Kapilbastu, Pyuthan)
47	Sparsha Laghubitta Bittiya Sanstha Ltd.	Pokhara Lekhnath, Kaski	2017/07/13	93.70	4-10 District Level (Kaski, Baglung, Myagdi, Lamjung, Tanahun, Nawalparasi, Parbat, Gulmi, Arghakhanchi, Gorkha)
48	Sabaiko Laghubitta Bittiya Sanstha Ltd.	Bandipur, Tanahu	2017/07/14	186.50	National Level
49	Sadhana Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2017/10/30	217.80	National Level
50	NIC Asia Laghubitta Bittiya Sanstha Ltd.	Bherimalika, Jajarkot	2017/11/21	1,480.00	National Level
51	Sarathi Laghubitta Bittiya Sanstha Ltd.	Byas, Tanahun	2019/12/20*	134.60	National Level
52	Manakamana Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2018/02/18	68.30	4-10 District Level (Rupandehi, Kapilbastu, Syangja, Palpa, Gulmi, Arghakhanchi)
53	Sajeelo Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2018/02/07	140.00	National Level
54	Buddha Jyoti Laghubitta Bittiya Sanstha Ltd.	Lumbini sanskritik, Rupandehi	2018/06/20	12.00	4-10 District Level (Palpa, Arghakhanchi, Gulmi, Baglung, Rupandehi, Nawalparasi, Kapilvastu, Mustang, Myagdi, Rukum)
55	Samaj Laghubitta Bittiya Sanstha Ltd.	Malangawa, Sarlahi	2018/05/15	11.40	1-3 District Level (Sarlahi, Mahottari, Dhanusha)
56	Grameen Swayamsewak Laghubitta Bittiya Sanstha Ltd.	Hariwan, Sarlahi	2018/10/01	42.00	Province No. 2
57	Mahila Laghubitta Bittiya Sanstha Ltd.	Banepa, Sanga, Kavrepalanchowk	2018/10/18	60.00	National Level
58	Manushi Laghubitta Bittiya Sanstha Ltd.	Banepa, Bhaisepati, Kavrepalanchok	2018/11/17	70.00	National Level
59	Adarsha Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavrepalanchowk	2018/12/16	14.00	Province No. 3
60	Unique Nepal Laghubitta Bittiya Sanstha Ltd.	Kohalpur, Banke	2018/12/16	63.00	4 - 10 District (Bardiya, Banke, Kailali, Kanchanpur, Dang, Kapilvastu, Rupandehi, Nawalparasi, Surkhet, Dadeldhura)
61	Smart Laghubitta Bittiya Sanstha Ltd.	Ghorahi, Dang	2019/02/10	14.00	4 - 10 District (Dang, Pyuthan, Rolpa, Rukum, Salyan, Banke, Bardiya, Kailali, Arghakhanchi, Kapilvastu)
62	Mahila Samudayik Laghubitta Bittiya Sanstha Limited	Ghorahi, Dang	2019/02/27	42.00	10 District (Dang, Pyuthan, Rolpa, Rukum, Salyan, Banke, Bardiya, Kailali, Kapilbastu, Rupandehi)

63	Jalpa Laghubitta Bittiya Sanstha Limited	Pokhara, Kaski	2019/03/15	70.00	10 District (Kaski, Tanahun, Lamjung, Gorkha, Syangja, Dhading, Chitwan, Nawalparasi, Rupandehi, Palpa)
64	Solve Laghubitta Bittiya Sanstha Limited	Dhankuta-5	2019/02/13	42.00	Province No. 1
65	Rastral Utthan Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/02/20	175.00	National Level
66	WEAN Laghubitta Bittiya Sanstha Limited	Galchhi, Dhading	2019/04/08	14.60	Province No. 3
67	Upakar Laghubitta Bittiya Sanstha Limited	Kohalpur, Banke	2019/03/27	42.00	Province No. 5
68	Dhaulagiri Laghubitta Bittiya Sanstha Limited	Baglung -2 , Baglung	2019/02/19	70.00	National Level
69	CYC Nepal Laghubitta Bittiya Sanstha Limited	Baglung -3, Baglung	2019/03/15	70.00	National Level
70	NESDO Samriddha Laghubitta Bittiya Sanstha Limited	Kushma, Parbat	2019/03/05	70.00	National Level
71	Swastik Laghubitta Bittiya Sanstha Limited	Lahan, Siraha	2019/03/26	12.00	Province No. 2
72	Garibi Nyunikaran Laghubitta Bittiya Sanstha Limited	Rajbiraj, Saptari	2019/03/11	14.00	Province No. 2
73	Shrijanshil Laghubitta Bittiya Sanstha Limited	Golbazar, Siraha	2019/03/15	70.00	National Level
74	NRN Laghubitta Bittiya Sanstha Limited	Dhangadhi, Kailali	2020/07/13*	392.80	National Level
75	Jiban Bikash Laghubitta Bittiya Sanstha Limited	Katahari , Morang	2019/02/28	140.00	National Level
76	Gharelu Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/03/12	70.40	National Level
77	Janakpur Laghubitta Bittiya Sanstha Limited	Janakpurdham, Dhanusha	2019/03/15	34.80	Province No. 2
78	BPW Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/04/15	20.30	Province No. 3
79	Aatmanirbhar Laghubitta Bittiya Sanstha Limited	Ghorahi, Dang	2019/04/15	42.00	Province No. 5
80	Shaligram Laghubitta Bittiya Sanstha Limited	Beni, Myagdi	2019/08/20	16.80	Gandaki Province
81	Super Laghubitta Bittiya Sanstha Limited	Tulshipur, Dang	2020/01/15	19.50	Province No. 5
82	Aviyan Laghubitta Bittiya Sanstha Limited	Panauti, Kavre	2019/12/17	152.50	National Level
83	Deurali Laghubitta Bittiya Sanstha Limited	Butwal, Rupandehi	2020/01/25	24.00	Province No. 5
84	Nawa Kiran Laghubitta Bittiya Sanstha Limited	Dhulikhel, Kavre	2020/03/15	67.60	National Level
85	Khaptad Laghubitta Bittiya Sanstha Limited	Godawari, Kailali	2020/07/31	26.80	Province No. 7

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2020.

5. Other Institutions

S.No.	Name	Office	Contact Office	Date
1	Rastriya Sahakari Bank Ltd.	Kupandole, Lalitpur	Baneshwor, Kathmandu	2067/04/04
2	Mashreq Bank PSC	Dubai , UAE	Thapathali, Kathmandu	2067/06/26
3	Hydroelectricity Investment & Development Company Ltd.	Babarmahal, Kathmandu	Babarmahal ,Kathmandu	2069/03/26
4	Omni Pvt.Ltd. ^{\$}	Adarshnagar, Birgunj	Adarshanagar, Birgunj	2071/01/24
5	Hulas Investment Pvt.Ltd. ^{\$}	Ganabahal, Kathmandu	Ganabahal, Kathmandu	2071/04/18
6	Sipradi Hire Purchase Pvt. Ltd. ^{\$}	Thapathali, Kathmandu	Thapathali, Kathmandu	2071/07/20
7	MAW Investment Pvt. Ltd. ^{\$}	Biratnagar, Morang	Teku, Kathmandu	2071/09/30
8	Batas Investment Co. Pvt. Ltd. ^{\$}	Pokhara, Kaski	Gairidhara, Kathmandu	2071/10/21
9	Syakar Investment Pvt. Ltd. ^{\$}	Kantipath, Kathmandu	Kantipath, Kathmandu	2073/03/10
10	Jagadamba Credit & Investment Pvt. Ltd. ^{\$}	Naxal, Kathmandu	Naxal, Kathmandu	2073/09/17

11	Doha Bank	Doha , Qatar	Thapathali, Kathmandu	2074/01/11
12	Venture Hire Purchase Pvt. Ltd. ^s	Panipokhari, Kathmandu	Panipokhnari, Kathmandu	2076/08/03
13	ICICI Bank Limited	Mumbai, India	Thapathali, Kathmandu	2076/10/21
14	Manokamana Hire Purchase Pvt. Ltd. ^s	Kantipath, Kathmandu	Kantipath, Kathmandu	2076/09/27

\$ For the purpose of hire purchase.

6. Infrastructure Development Bank

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital (Rs. in Million)	Working Area
1	Nepal Infrastructure Bank Limited	New Baneshwor, Kathmandu	2019/03/11	20,000.00	National Level

PART – 2

ACTIVITIES OF NEPAL RASTRA BANK

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PART – TWO

ACTIVITIES OF NEPAL RASTRA BANK

Monetary Policy for Fiscal Year 2019/20

- 2.1 In accordance with the provision made in the NRB Act, 2002, NRB has been formulating and implementing monetary policy with the objective of maintaining economic stability and sustainable development of the economy through price and BOP stability along with enhancing of financial access and consolidation. To attain these objectives, the bank has been focusing on the functions that include effective liquidity management, promotion of competitive financial resources for productive use, effective foreign exchange reserve management, expansion of access to finance and developing modern, secure and efficient payment system.
- 2.2 In this context, NRB announced the monetary policy for 2019/20 on 24 July 2019 with the main objective of maintaining macroeconomic stability and facilitating the achievement of targeted economic growth in line with GON's policies and programs enunciated through its budget statement. The first quarter review of the monetary policy for 2019/20 was published on 12 November 2019, half-yearly review on 2 March 2019 and the third quarter review on 2 June 2019.

Objectives and Targets

- 2.3 The main objectives of monetary policy were to conduct effective monetary management to check the demand side pressure on price and external sector stability arising from expanding economic activities, promote employment, develop entrepreneurship, and mobilize financial resources towards priority sectors to facilitate the targeted growth.
- 2.4 The monetary policy for 2019/20 set the target of containing average annual consumer inflation at 6 percent. Besides, the monetary policy targeted to maintain foreign exchange reserve sufficient to cover the prospective merchandise import of goods and services for at least 7 months and to manage adequate monetary liquidity to facilitate the targeted 8.5 percent economic growth.
- 2.5 Due to the impact of Covid-19, GDP for 2019/20 contracted by 1.88 percentages. In the review year, with decrease in petroleum product prices and lower global inflation, the annual average inflation limited to 6.15 percent. In the review year, due to decrease in imports, BOP remained surplus of Rs. 282.41 billion. As of mid-July 2020, the foreign exchange reserve in the banking sector was sufficient to cover import of goods and services for 12.7 months.

Table 2.1
Inflation and Balance of Payments Surplus

Particulars	2017/18	2018/19	2019/20	
			Target	Actual
Annual Average Inflation (in percent)	4.16	4.64	6.0	6.15
Balance of Payments (Rs. billion) (+Surplus/-Deficit)	0.96	-67.40	10.00	282.41

Intermediate and Operating Targets of Monetary Policy

- 2.6 Adopting price stability as the primary objective, fixed exchange rate with the Indian currency was continued as the nominal anchor of monetary policy in 2019/20. While attaining the targeted economic growth, the objectives and targets of monetary policy have been determined considering the expenditures of local, provincial, and federal governments and the domestic and international economic outlook. For this purpose, the growth rate of broad money supply (M2) has been considered as the intermediate target and interbank rate among commercial banks as an operating target of monetary policy.
- 2.7 The M2 increased by 18.1 percent in comparison to the initial projection of 18.0 percent for 2019/20. Likewise, domestic credit grew by 13.6 percent in comparison to the projection of 24 percent and the credit to private sector grew 12.6 percent in comparison to the projection of 21 percent. (Table 2.2).

Table 2.2
Money Supply and Domestic Credit

Particulars	2017/18	2018/19	2019/20	
			Target	Actual
Growth rate of broad money supply (in percent)	19.4	15.8	18	18.1
Growth rate of narrow money supply (in percent)	17.6	8.6	15	17.8
Growth rate of domestic credit (in percent)	26.5	21.1	24	13.6
Growth rate of credit to private sector (in percent)	22.3	19.1	21	12.6

Instruments of Monetary Policy

- 2.8 Consistent with the stance of monetary policy for 2019/20 and to facilitate the attainment of economic and monetary objectives, the operating target and instruments of monetary policy were selected. With an objective of interest rate stabilization and modernization of liquidity management through minimizing the fluctuation in the liquidity of the banking sector, the lower limit of interest rate corridor was fixed at 3 percent and upper limit of the corridor was fixed at 6 percent. Repo rate for the two-week period was 4.5 percent.
- 2.9 The provision of Cash Reserve Ratio (CRR) for banks and financial institutions kept unchanged at 4 percent. Likewise provision of SLR, 10 percent for commercial banks, 8 percent for development banks and 7 percent for finance companies continued. The

bank rate applied for the purpose of Lender of Last Resort (LOLR) facility and to discount securities has been reduced to 6 percent from 6.5 percent.

Table 2.3
CRR and SLR to be Maintained by BFIs (Percent)

Headings	2017/18	2018/19	2019/20
Cash Reserve Ratio			
“A” Class Institutions	6.0	4.0	4.0*
“B” Class Institutions	5.0	4.0	4.0*
“C” Class Institutions	4.0	4.0	4.0*
Statutory Liquidity Ratio			
“A” Class Institutions	12.0	10.0	10.0
“B” Class Institutions	9.0	8.0	8.0
“C” Class Institutions	8.0	7.0	7.0

* CRR has been reduced to 3 percent from 29 March 2020.

- 2.10 Hedging Procedure has been formulated to implement the Hedging Bylaw 2019.
- 2.11 The minimum limit of investment has been set Rs. 300 million for infrastructure development bank.
- 2.12 Financial consumer protection unit has been established at the bank to prepare financial consumer protection procedure inorder to protect the interest of financial clients, manage the grievance of depositors and borrowers and enhance the credibility of financial sector.
- 2.13 The provision requiring commercial banks, development banks and finance companies to extend their total credit to the deprived sector has been continued at 5.0 percent.
- 2.14 The existing provision for commercial banks to extend at least 10 percent credit to agriculture and 15 percent to energy and tourism sector has been continued.
- 2.15 The maximum limit for deposit mobilization in local currency from single institution by the BFIs has been set to 10 percent .
- 2.16 The provision has been made to BFIs to issue debentures compulsorily up to mid July 2020. The total amount mobilized through debenture could be used for the lending.
- 2.17 Commercial banks are required to maintain the spread rate of 4.4 percent between the lending and deposit rate by mid-July 2020.
- 2.18 GON has issued Unified Procedure for Interest Subsidy on Concessional Loan (Third Amendment), 2076 to promote production and entrepreneurship. Arrangement has been made to provide concessional loans under nine different headings.

Public Debt Management

Issue and Management

- 2.19 Public Debt Management Department of NRB is responsible for raising domestic debt, managing it and using government securities as tools for liquidity as well as monetary management in accordance with the 'Public Debt Act, 2002', 'Public Debt Rules, 2003' (Second Amendment), 'Management of Primary and Secondary Market of Securities Rules, 2005', 'Public Debt Management Guidelines, 2017' and 'Nepal Rastra Bank Open Market Transaction Bylaw, 2014' and other bylaws and manuals.
- 2.20 Since the enactment of 'Raising of Public Debt Act, 2002', domestic debt has been mobilized in accordance with the GON-approved annual domestic debt issue calendar and auction calendar for raising domestic debt as arranged in each annual budgets of GON.
- 2.21 The NRB has been presently conducting domestic debt management on behalf of GON by issuing treasury bills, development bonds, citizen saving bonds, national saving bonds and foreign employment saving bonds.

Treasury Bills

- 2.22 In 2019/20, treasury bills worth Rs.93 billion was issued consisting Rs. 5 billion of 28-days, Rs. 20 billion of 91-days, Rs. 50 billion of 182-days and Rs. 18 billion of 364-days. Similarly, treasury bills issued in the past and outstanding till mid-July 2020 amounting to Rs. 235.16 billion was renewed from time to time as per the repayment schedule. During the review year, treasury bills amounting to Rs. 24.57 billion was redeemed by GON.

Table 2.4
New Issue of Treasury Bills

S.N.	Treasury Bill	Series Number	Issue Amount (In Rs. Millions)	Discount Rate
1	28 Days	282	5,000.0	0.1144
2	91 Days	1520	10,000.0	2.5522
3	91 Days	1522	10,000.0	1.5032
4	182 Days	295 "Ka"	20,000.0	4.1545
5	182 Days	298 "Ka"	10,000.0	4.8322
6	182 Days	299 "Ka"	10,000.0	4.7611
7	182 Days	300 "Ka"	10,000.0	4.3799
8	364 Days	1511 "Ka"	5,000.0	4.0100
9	364 Days	1519 "Ka"	10,000.0	4.1975
10	364 Days	1525 "Ka"	3,000.0	2.2574
Total			93,000.0	3.5779

Development Bonds

2.23 In 2019/20, development bonds amounting Rs. 100 billion was issued. At the end of 2019/20, outstanding amount of Development Bonds stood at Rs. 389.95 billion. The payment period of the outstanding development bonds ranges between 3 to 15 years. The details of development bonds issued in 2019/20 have been presented in the Table 2.5.

**Table 2.5
Issue of Development Bond (2019/20)**

S.N.	Development Bond	Period (Year)	Issued Amount (Rs. in Million)	Interest Rate (Percent)
1	2081 "Gha"	5	30,000.0	6.97
2	2080 "Gha"	3	35,000.0	6.89
3	2082 "Gha"	5	35,000.0	6.49
Total			100,000.0	

Citizen/National/Foreign Employment Saving Bonds

- 2.24 In 2019/20, the Citizen Saving Bonds amounting Rs. 1.61 billion was issued. The outstanding Citizen Saving Bond in mid-July 2019 was Rs. 8.38 billion, out of which Rs. 2.34 billion was redeemed during 2019/20 and Rs. 7.64 billion remained outstanding as of mid-July 2020.
- 2.25 In 2019/20, the Foreign Employment Saving Bonds amounting Rs. 37.1 million was issued. Outstanding Foreign Employment Saving Bonds as of mid-July 2019 was Rs. 451.5 million, out of which Rs. 83.7 million was redeemed during 2019/20 and Rs. 405 million remained outstanding as of mid-July 2020.

**Table 2.6
Outstanding Citizen Saving Bond and Foreign Employment Saving Bonds**

Particulars	Citizen Saving Bond	Foreign Employment Saving Bonds	(Rs. in Million)
Outstanding Bonds in mid-July 2019	8,376.1	451.5	
New issue in 2019/20	1,605.2	37.1	
Redeemed during 2019/20	2,339.4	83.7	
Outstanding Bonds in mid-July 2020	7642.0	405.0	

Net Domestic Debt Issue

- 2.26 In 2019/20, gross domestic debt amounting to Rs. 194.64 billion was raised through various instruments while redemption amounted to Rs. 34.40 billion. Net domestic debt stood Rs. 160.24 billion in 2019/20.

Table 2.7
Net Domestic Debt Issue

(Rs in Million)

Description	2017/18	2018/19	2019/20	Ratio with GDP (%)		
				2017/18	2018/19	2019/20
(A) Total Issue	144,750.9	96,382.0	194,642.4	4.75	2.79	5.17
Treasury Bill	71,958.7	26,435.0	93,000.0	2.36	0.76	2.47
Development Bond	72,000.0	69,947.0	100,000.0	2.36	2.02	2.65
National Saving Bond	-	-	-	0.00	0.00	0.00
Citizen Saving Bond	751.1	-	1,605.2	0.02	0.00	0.04
Foreign Employment Bond	41.2	-	37.1	0.00	0.00	0.00
(B) Payment	37,562.9	34,313.1	34,397.9	1.23	0.99	0.91
Treasury Bill	37,520.0	24,490.0	24,574.8	1.23	0.71	0.65
Development Bond	-	8,500.0	7,400.0	0.00	0.25	0.20
National Saving Bond	-	906.5	-	0.00	0.03	0.00
Citizen Saving Bond	-	340.2	2,339.4	0.00	0.01	0.06
Foreign Employment Bond	42.9	76.4	83.7	0.00	0.00	0.00
(C) Net Domestic Debt	107,188.1	62,068.9	160,244.4	3.52	1.79	4.25
Treasury Bill	34,438.7	1,945.0	68,425.2	1.13	0.06	1.82
Development Bond	72,000.0	61,447.0	92,600.0	2.36	1.78	2.46
National Saving Bond	-	-906.5	-	0.00	-0.03	0.00
Citizen Saving Bond	751.1	-340.2	-734.2	0.02	0.01	-0.02
Foreign Employment Bond	-1.7	-76.4	-46.6	0.00	0.00	0.00
(D) Total Outstanding Domestic Debt	390,898.7	452,967.6	613,212.0	12.84	13.10	16.28
Gross Domestic Product	3,044,927.0	3,458,793.0	3,767,040.0			

Outstanding Domestic Debt Liabilities of GON

- 2.27 The domestic debt liability of GON reached Rs. 613.21 billion in mid-July 2020 in comparison to Rs. 452.97 billion a year ago. In the review period, debt mobilization through bonds have increased compared to the previous year since the amount mobilized by the GON through treasury bills and development bonds is higher than the payments made in the same year.

Table 2.8
Domestic Debt Liabilities of GON

(Rs in Million)

SN	Type of Bill/Bond	2017/18	2018/19	2019/20	Percentage Change	
		Amount	Amount	Amount	2018/19	2019/20
1.	Treasury Bill	144,847.9	146,792.9	215,218.1	1.34	46.61
2.	Development Bond	235,900.0	297,347.0	389,947.0	26.04	31.14
3.	National Saving Bond	906.5	0.0	0.0	-	-
4.	Citizen Saving Bond	8,716.3	8,376.1	7,642.0	5.12	-8.76
5.	Foreign Employment Bond	528.0	451.5	405.0	-14.74	-10.31
Total		390,898.7	452,967.6	613,212.0	15.87	35.38

Government Bonds owned by Nepal Rastra Bank

- 2.28 Citizen/national/foreign employment saving bonds, development bonds and treasury bills get transferred to the ownership of NRB through the securitization of overdraft, direct repurchase auction during OMO, purchase of securities pledged as collateral

from secondary market when the BFIs fail to repay SLF loan, and purchase of securities from the market makers on their request. Among the government securities held by the NRB, the share of development bond remained highest in 2019/20.

Table 2.9
Details of Government Securities in the Ownership of NRB

(Rs. in Million)

SN	Type of Bill/Bond	2017/18	2018/19	2019/20	Percentage Change	
		Amount	Amount	Amount	2018/19	2019/20
1.	Treasury Bill	26,119.9	18,473.1	21,319.9	-29.3	15.41
2.	Development Bond	45,287.0	44,032.5	43,556.5	-2.8	-1.08
3.	National Saving Bond	262.2	0.0	0.0	-	-
4.	Citizen Saving Bond	2,907.5	2,794.9	1,945.6	-3.9	-30.4
5.	Foreign Employment Bond	10.9	12.7	11.0	16.5	-15.7
Total		74,587.5	65,313.3	66,832.8	-12.4	2.3

Financial Sector Reform, Enhancing Financial Access and Regulation

Financial Access Promotion Program

2.29 Financial access has been widening with the expansion of BFIs network. In accordance with the government's objective of ensuring the presence of at least a branch of commercial bank in each local level, the presence of commercial bank branches increased to 747 out of 753 local levels at the end of review year compared to 735 at the end of 2018/19.

Table 2.10
Province-wise Commercial Bank Network at Local Level
(July 2020)

Province	No. of Local Level	No. of Local Level with Access of Network	
		Mid-July 2019	Mid-July 2020
I	137	136	136
II	136	134	136
Bagmati	119	117	117
Gandaki	85	84	85
V	109	109	109
Karnali	79	73	78
Sudur-Paschim	88	82	86
Total	753	735	747

2.30 The number of branches of the BFIs increased to 9,765 till mid-July 2020, including 4,436 of A class, 1,029 of B class, 243 of C class and 4057 of D class. Per branch population declined to 3,072 as of mid-July 2020.

2.31 NRB has continued to give priority to branchless banking services with a view to enhance financial access. The number of branchless banking centers has reached 1,574 by the end of the review year.

2.32 As of mid-July 2020, the number of deposit accounts stood 32.45 million while the number of creditors stood 1.54 million in A, B and C class BFIs.

**Table 2.11
Branches of Banks and Financial Institutions (mid-July)**

Banks and Financial Institutions	Mid-July				
	2016	2017	2018	2019	2020
Branches of Commercial Banks	1,869	2,274	3,023	3,585	4,436
Branches of Development Banks	852	769	993	1,267	1,029
Branches of Finance Companies	175	130	186	206	243
Branches of Microfinance Institutions	1,376	1,895	2,449	3,629	4,057
Total	4,272	5,068	6,651	8,687	9,765
No. of Deposit Account ('000)	16,836	19,754	23,545	27,866	32,454
No. of Borrowers ('000)	1,097	1,216	1,301	1,439	1,544
No. of Branchless Banking Centre	812	1,008	1,285	1,530	1,574

Resource Mobilization through Bonds and Debenture

2.33 Eighteen banks were granted permission to issue bonds worth Rs. 47.80 billion for long term resource mobilization between mid-July 2019 to mid-July 2020.

Merger/Acquisition of BFIs

2.34 In the review year, 41 BFIs were involved in the process of merger and acquisition resulting into 19 BFIs. Among them, 11 were involved in merger process and 8 were involved in acquisition. Till the end of mid-July 2020, 196 BFIs (including A, B, C and D class) participated in the process of merger and acquisition thereby forming 46 BFIs.

**Table 2.12
Merged/Acquired Banks and Financial Institutions**

BFIs	Up to 2011	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Commercial Banks	2	2	3	4	2	8	12	3	1	9
Development Banks	1	6	12	6	12	13	37	13	8	11
Finance Companies	6	7	12	8	6	7	14	3	3	1
Microfinance Institutions		-	-	-	5	0	0	0	2	20
Merged/Acquired BFIs	9	15	27	18	25	28	63	19	14	41
BFIs Created after Merger/Acquisition	4	7	11	8	9	11	24	9	7	19

License for Financial Transactions

- 2.35 The license for conducting financial transactions was provided to 5 MFIs in the review year.

Table 2.13
Institutions Granted Letter of Intent

S.N.	Institutions	Address	Operation Region
1	Shaligram Laghubitta Bittiya Sanstha Limited	Beni, Myagdi	Gandaki Province
2	Abhiyan Laghubitta Bittiya Sanstha Limited	Panauti, Kavrepalanchowk	National Level
3	Deurali Laghubitta Bittiya Sanstha Limited	Butwal, Rupandehi	Province No. 5
4	Nawakiran Laghubitta Bittiya Sanstha Limited	Dhulikhel, Kavrepalanchowk	National Level
5	Khaptad Laghubitta Bittiya Sanstha Limited	Godawari, Kailali	Sudur Paschim Province

Refinance Facility and Concessional Loans

- 2.36 In the review year, Rs. 24.62 billion was provided under refinance facility to the licensed BFIs. As of mid-July 2020, outstanding general refinance stood Rs. 589.5 million and refinance provided to earthquake victims stood Rs. 1.61 billion totaling Rs. 2.20 billion as outstanding.
- 2.37 Loan amounting to Rs. 59.56 billion to 32,448 borrowers remain outstanding as of mid-July 2020 under Unified Manual Related to Interest Rate Subsidy for Concessional Loan, 2075. Among them, Rs. 54.11 billion to 24,763 borrowers under Agriculture and Livestock Loan and Rs. 5.45 billion to 7,685 borrowers under Others Loan. Interest rate subsidy amounting to Rs. 2.89 billion was provided in the review year.
- 2.38 According to provisions made by Interest Rate Subsidy Benchmark for Cold House and Food Storage House Construction Program 2073, Rs 239.7 million was provided in interest subsidy to 11 different cold house and food storage house.
- 2.39 In 2018/19, commercial banks, development banks, and finance companies were required to extend 5.0 percent of their total credit to the deprived sector. As of mid-July 2020, the credit extended to the deprived sector as the percent of total credit remained 6.25 percent for the commercial banks, 9.95 percent for the development banks and 7.86 percent for the finance companies.

Grievance Management

- 2.40 Grievance Management Committee was formed, as per the decision of the Council of Ministers dated December 15, 2006, under the convenorship of Deputy Governor comprising representative from Ministry of Finance (MOF) and President of Nepal Bankers Association as members and representative from Federation of Nepalese

Chambers of Commerce and Industry (FNCCI) as observer for hearing grievances if any party feels aggrieved in transactions between the BFI and the borrower.

- 2.41 Among the 77 grievances and complaints received in the review year, hearing by the Grievance Management Committee was undertaken for 24 cases while in the case of remaining 53 complaints, necessary correspondence was made with concerned BFIs and attempts have been underway for their solutions by coordinating between the applicants and the concerned parties. Likewise, more than 200 complaints received informally have been addressed in the review year.

The bank has established Financial Consumer Protection Unit. It has helped in resolving the problems that have arisen between the banks and the borrowers and in reducing the problems related to the banking and financial sector including the management of the grievances of all the financial customers.

Approval of Loans for Margin Lending

- 2.42 Upon recommendation of Nepal Stock Exchange Ltd (NEPSE), approval has been granted to 11 share broker institutions to provide margin lending facility per the section 76 of Nepal Rastra Bank Act, 2002. NEPSE has to oversee whether they are complying to prevailing laws and are operating within the bound of policy and direction of Security Board of Nepal as well as provisions outlined in Manual Related to Margin Lending, 2018.

Supervision of Banks and Financial Institutions

Supervision of Commercial Banks

- 2.43 In 2019/2020, following the method of risk-based supervision, full scope onsite inspection of 11 commercial banks, targeted onsite inspection of 10 commercial banks, and 20 special onsite inspections on the basis of complaints, grievances, justification and need have been carried out. The task of correcting the weaknesses identified from onsite inspection and evaluation of banks on the basis of received details kept continued.
- 2.44 The bank has been monitoring Cash Reserve Ratio (CRR) over every two weeks, Credit to Core Capital cum Deposit ratio (CCD) ratio on a daily basis, loan as per the purpose of Statutory Liquidity Ratio (SLR) and details regarding spread rate on a regular basis. Loans disbursed to the deprived sector and stress testing results are being monitored on a quarterly basis.
- 2.45 Approval has been granted to all 27 commercial banks to publish their financial statements of the previous year prepared according to Nepal Financial Reporting Standard(NFRS). While providing such an approval, commercial banks were directed to

improve and not to repeat the remarks found from on-site inspection and off-site supervision and pointed out by external audit.

- 2.46 Regular monitoring has been done based on the compliance of the direction issued against the remarks mentioned in the report prepared by conducting full scope, targeted, special onsite inspection as well as regular off-site supervision by the bank. Further, inspection report has been prepared on semi-annual basis for all commercial banks.
- 2.47 Regarding the development and implementation of SIS system for addressing the various problems related to collection, security, monitoring, analysis and publication of data regularly obtained from BFIs, almost all of the modules of the SIS system has been built and they have been implemented as Pilot Test in "A" class commercial banks and Nepal Infrastructure Bank Ltd. since Mid-January 2020.
- 2.48 A supervisory tool to control money laundering and terrorism financing "BFI's ML Vulnerability Assessment Tool" has been developed and this is included in the new manual which has been written by this bank and presented for approval repealing the existing AML/CFT Supervision Manual.
- 2.49 Draft of IT Risk Supervision Framework with objective to effectively monitor and evaluate IT risks in the bank and financial institutions and adopting necessary strategies has been prepared and is in the process of discussion and approval.
- 2.50 Regarding the follow of BCP (Basel Core Principles), Partial self-assessment for following four principles of BCP (Principles: 14 to 17) was completed and the report relating that was approved.
- 2.51 Preliminary draft for Auditing of licensed bank and financial institutions' branch bylaw was prepared after deciding the scope of audit, method of branch selection, qualification of auditor etc to audit the branches of selected commercial banks (Branch Audit).
- 2.52 Annual bank supervision report incorporating results obtained from full-scope supervision of commercial banks and analysis of financial situation along with timely issues was published for the 2019/20.
- 2.53 One commercial bank was penalized for one time for failing to maintain the CRR ratio stipulated by this bank. In addition, one commercial bank was taken action under Anti money laundering and combating financing of terrorism.

Table 2.14
Key Indicators of Commercial Banks (Unaudited)

S.N.	Indicators	Mid-July 2019	Mid-July 2020
a.	No. of Banks	28	27
b.	Total Paid-up Capital (Rs. in billion)	252.00	285.00
c.	Primary Capital (Rs. in billion)	392.00	426.00
d.	Total Capital (Rs. in billion)	442.00	506.00
e.	Total Deposit (Rs. in billion)	2879.00	3489.00
f.	Total Loan (Rs. in billion)	2498.00	2904.00
g.	Primary Capital Ratio (in percent)	12.39	11.78
h.	Total Capital Ratio (in percent)	13.96	14.01
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	77.04	70.14
j.	Net Liquidity Ratio (in Percent)	27.47	29.96
k.	Statutory Liquidity Ratio (in percent)	20.27	24.02
l.	Non-performing Loan Ratio (in percent)	1.43	1.81
m.	Deprived Sector Loan Ratio (in percent)	6.09	6.26

Supervision of Development Banks

- 2.54 In the context of successively implementing the risk based supervision system, on-site inspection of 4 national level development banks was completed applying the risk based supervision system for 2019/20. Since 2019/20 the computation and monitoring of capital fund of all development banks has been done according to BASEL II, Capital Adequacy Framework, 2007 (Updated July 2008).
- 2.55 Regular monitoring of implementation of the concept of 'Base Rate' in "B" class financial institutions has been carried out. As in previous fiscal years, special on-site inspection of some institutions was carried out in this fiscal year also to monitor the existing base rate computation method and system.
- 2.56 In the period of Mid-July 2019 to Mid-July 2020, full scope on-site supervision of 9 "B" class financial institutions, risk based supervision of 4 institutions was completed. Likewise, 7 special inspections, 4 follow-up inspections and 1 targeted inspection was completed in the review year.
- 2.57 Attention was drawn while issuing approval to publish annual financial statements to the Board and Chief Executive Officers of 10 institutions who failed to maintain the spread between deposit and credit interest rate not more than 5 percent as stipulated by this bank.
- 2.58 From 2019/20, development banks have to prepare their financial statements following NFRS and provision has been made to approve financial statements presented accordingly.

- 2.59 Off-site supervision has been conducted for development banks on a regular basis. Off-site supervision reports have been prepared for the fourth quarter of 2018/19 and first, second and third quarters of 2019/20 followed by key financial indicators; annual supervision report of development banks have been prepared and uploaded in the NRB website.
- 2.60 In the context of situation created by Covid-19, mechanism has been developed for regular off-site monitoring for the compliance of directives issued by this bank and Potential risks and monthly off-site watch list monitoring report has been prepared since Mid-April 2020.
- 2.61 While monitoring the CRRs of "B" class financial institutions in 2019/20, cash penalty was imposed for 8 development banks because of failing to comply with the stipulated cash reserve ratio.
- 2.62 While monitoring the deprived sector credit of "B" class financial institutions up to mid-July 2020, all financial institutions except for one complied with the provision of deprived sector credit ratio as directed by the NRB.

**Table 2.15
Key Indicators of Development Banks (Unaudited)**

S.N.	Indicators	Mid-July 2019	Mid-July 2020
a.	Total Number	29	20
	National Level	10	8
	Province/District Level	19	12
b.	Total Paid-up Capital (Rs. in billion)	40.04	31.96
c.	Primary Capital (Rs. in billion)	54.04	39.53
d.	Total Capital (Rs. in billion)	57.99	43.19
e.	Total Deposit (Rs. in billion)	398.33	354.78
f.	Total Loan (Rs. in billion)	345.17	287.14
g.	Primary Capital Ratio (in percent)	14.87	13.15
h.	Total Capital Ratio (in percent)	15.96	14.37
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	76.49	73.01
j.	Net Liquidity Ratio (in Percent)	26.30	29.47
k. Liquidity Ratio (in percent)	12.75	15.74
l.	Non-performing Loan Ratio (in percent)	0.92	1.6
m.	Deprived Sector Loan Ratio (in percent)	10.23	9.95

Supervision of Finance Companies

- 2.63 In 2019/20, onsite supervision of 17 finance companies out of 19 finance companies in operation was completed. Also, follow-up inspection of one finance company and special inspection of one finance company was done.

- 2.64 Second semi-annual enforcement report of 2018/19, first semi-annual enforcement report of 2019/20, fourth quarterly off-site supervision report of 2018/19 and first, second and third quarterly off site supervision report of 2019/20 have been prepared.
- 2.65 Provision of reporting according to Nepal Financial Reporting Standards (NFRS) for finance companies has been introduced.
- 2.66 Annual supervision and inspection report of finance companies for 2019/20 has been prepared and published in the website of the bank.
- 2.67 Quarterly reports were prepared by monitoring Cash Reserve Ratio, Statutory Liquidity Ratio, Credit/ Core Capital plus Deposit Ratio, Base Rate, Spread Rate, Sectoral credit. Along with this monthly report were prepared after monitoring for capital adequacy used for supervisory purpose including Prompt Corrective Action (PCA).

Table 2.16
Key Macroeconomic Indicators of Finance Companies (Unaudited)

S.N.	Indicators	Mid-July 2019	Mid-July 2020
a.	Total Number	22	22
	National Level	19	19
	Province/District Level	3	3
b.	Total Paid-up Capital (Rs. in billion)	11.99	12.86
c.	Primary Capital (Rs. in billion)	14.10	14.97
d.	Total Capital (Rs. in billion)	14.87	16.31
e.	Total Deposit (Rs. in billion)	77.32	87.51
f.	Total Loan (Rs. in billion)	66.66	71.13
g.	Primary Capital Ratio (in percent)	18.92	18.59
h.	Total Capital Ratio (in percent)	19.97	20.24
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	73.52	66.11
j.	Net Liquidity Ratio (in Percent)	30.96	33.65
k.	Statutory Liquidity Ratio (in percent)	18.11	19.57
l.	Non-performing Loan Ratio (in percent)	3.10	2.97
m.	Deprived Sector Loan Ratio (in percent)	9.08	8.27

Note : Aforementioned indices do not include data from problematic Financial Institutions

There were 5 problematic Finance companies as of Mid-July 2019

There were 3 problematic Finance companies as of Mid-July 2020

Supervision of Microfinance Financial Institutions (MFIs)

- 2.68 In 2019/20, full scope onsite supervision of 32 MFIs and targeted inspection of 5 MFIs was completed. Likewise follow-up and special onsite supervision of 3 MFIs was completed.

Foreign Exchange Management

Regulation and Inspection

- 2.69 As of mid-July 2020, the total number of companies and firms that have taken approval to deal in foreign exchange stood at 3,465. It includes 235 Hotels, 966 Travel Agencies, 1,618 Trekking Agencies, 64 Cargo Companies, 73 Airlines, 369 Money Changers, 51 Remittance Companies, 27 Commercial Banks, 16 Development Banks, 4 Finance Companies, Nepal Infrastructure Development Bank, Nepal Clearing House Limited, and 40 other entities. Among these, 3,123 companies are operating within Kathmandu valley whereas 342 companies are located outside Kathmandu valley.
- 2.70 During 2019/20, regular inspection of 159 companies was conducted out of total companies licensed to deal in foreign exchange comprising of 11 Banks and Financial Institutions, 89 Money Changers, 7 Remittance Companies, 33 Hotels, 11 Travel Agencies, 2 Trekking Agencies, 1 Airline and 5 Casinos.
- 2.71 Previously issued circular directing licenced bank and financial institutions, remittance companies and other licenced institutions not to be involved in any transactions with Max Money Sdn, Bhd, Malaysia has been rescinded and accordingly, the restriction on transactions with these institutions have been lifted.

Foreign Investment Facilitation

- 2.72 "Operation Manual of Foreign Exchange Facilitation Unit, 2076" was in the process of amendment to increase the effectiveness of One-stop Service Center, Foreign Exchange Facilitation Unit functioning under Department of Industry for facilitation of activities related to foreign investment approval, foreign investment accounting and repatriation of dividend and profit by foreign investors
- 2.73 In the review year, 367 applications related to foreign direct investment (FDI) have been processed. Approval equivalent to Rs.11.44 billion and Rs.165 billion was granted for FDI inflows and foreign loans respectively during the review year.
- 2.74 During the review year, accounting was done for foreign direct investment (FDI) inflows equivalent to Rs. 14.07 billion and foreign loans equivalent to Rs.22.67 billion. In addition, exchange facility equivalent to Rs.18.87 billion was provided. for return of FDI, payment of interest and principal of foreign loans, repatriation of dividend on FDI, payment of royalty related to technology transfer and other fees associated with foreign investment.

Exchange Facility Management

- 2.75 During the review year, 2,812 files were processed requesting foreign exchange facility for payment of services provided as per the agreement between foreign companies and domestic companies that exceeded the limit of such a facility provided by the commercial banks. Foreign exchange facility equivalent to Rs.27.24 billion was provided under such applications.
- 2.76 Provision has been made for third country foreign citizens working in companies and institutions to send upto 75 percent of earnings as per the employment contract after deducting the applicable tax and upto USD 60,000 annually with monthly rate of USD 5,000, or equivalent convertible currency to their respective countries through commercial banks.
- 2.77 Provision has been made to provide foreign exchange facility for the payment of insurance fees through the agent registered in Nepal in name of related insurance company or related university for Nepali students going aboard for studies in countries other than India and family members of student going abroad on dependent visas.
- 2.78 Provision has been made to provide foreign exchange facility upon request of students studying abroad for tuition fees and living expenses from second time onwards from the same commercial bank, that provided exchange facility for such in first time, based on the original ‘No Objection Letter’ present at that bank given there is no duplication of such payments.
- 2.79 Provision has been made for companies, institutions registered in Nepal to seek agreement/approval or recommendation from respective regulatory authority for payment of servcies exceeding USD 3,000.
- 2.80 Provision has been made to repatriate the profit earned from the work done under the contract with the government agency by foreign agency or repatriate the profit earned by contractor under the sub-contract given by the main contrator to various foreign companies to their parent company subject to the specified conditions.

Reserve Management

- 2.81 The foreign exchange reserve investment stood at USD 9.81 billion in mid-July 2020 as compared to USD 8.04 billion in mid-July 2019.
- 2.82 For effective management of foreign exchange reserve in line with NRB's policy of gradually prioritizing investment security, liquidity and returns; foreign exchange reserve investment was made on time deposits, US treasury bills and notes, treasury bills and bonds issued by Government of India and China, financial instruments of Bank for International Settlements and unallocated gold.

- 2.83 NRB invested in seven types of convertible foreign currency investable instruments including US Dollar, Euro, Pound Sterling, Australian Dollar, Canadian Dollar, Chinese Yuan and Japanese Yen. As of mid-July 2020, 58.51 percent of the bank's total foreign exchange reserves investment was in US dollars and the rest in other currencies.
- 2.84 The processs of establishing Relationship Management Application with Qatar National Bank, Doha has been forwarded to facilitate the payment of external liabilities of the GON in Kuwaiti Dinar in smooth and economical manner.

Resource Management

- 2.85 International Finance Corporation (IFC) has been granted permission to bring on convertible foreign currency through the issuance of NPR Denominated Offshore Bond worth USD 20 million in the international market.
- 2.86 To help mobilize financial resources in foreign currency by commercial banks and national level development banks, they have been allowed to mobilize fixed deposit for a minimum of 2 years in foreign currency from institutional foreign depositors and Non-resident Nepalese.
- 2.87 Provision has been made for licensed A, B, C and D category banks and financial institutions under prescribed conditions to avail loan in convertible foreign currencies from foreign banks and financial institutions as well as authorized foreign pension funds, hedge funds, and other institutions
- 2.88 Provision has been made for Nepalese individuals, firms and organizations under prescribed conditions to avail loan upto USD 1 million and INR 100 million (for India) from their relatives in foreign countries, other foreign individuals and Non-resident Nepalese for the purpose of establishing or expanding their business by the prior approval from this bank.

Miscellaneous

- 2.89 Provision has been made for goods of India and third countries to be exported to countries other than Nepal directly through intermediary trade without entering Nepal through various ports on the basis of proof of foreign exchange received in advance from abroad.
- 2.90 Notice for public interest has been issued to inform that the use of informal sector for the receipts and payments of foreign currency through advertisements in internet and social networking sites like Facebook, Twitter, Youtube is illegal and thus not to involve in such transactions.
- 2.91 Ferro Silico Manganese, Harmonic Code 7202.30.00 has been included in the list of items that can be imported through LC from India by payment of convertible foreign currency.

- 2.92 While commercial transactions between members of ACU other than between Nepal and India of USD/Euro 500 or more are to be conducted through ACU. Such transactions can now be done in Japanese Yen.
- 2.93 Necessary amendment in ‘Gold Import and Distribution Guidelines, 2068’ has been made by keeping the allowed quantity of daily import of gold at 10 kilograms.
- 2.94 Issuing banks has been allowed to make payments based on copy documents for imports through LC till corona virus (COVID 19) pandemic remains.
- 2.95 Provision has been made under conditions prescribed to allow companies employing Nepali workers in different countries in collaboration with foreign banks and financial institutions to deposit workers’ remuneration in the bank account, remit the requested amount on the request of the employing company in the beneficiary account in Nepal and making payment to the beneficiary by remittance provides till corona virus (COVID 19) pandemic remains.
- 2.96 During the review period, reimbursement of cash subsidy in exports worth Rs. 855.6 million was provided for the payment made to various exporting firms, company or institution by commercial banks in order to encourage export trade.

Payment Systems

- 2.97 Real Time Gross Settlement (RTGS) System has been officially started from 12 September 2019. In the initial stage, only commercial banks participated with the help of UKaid Sakchyam, Access to Finance. Development Banks and Finance Companies were gradually added in this system.
- 2.98 Retail Payment Strategy has been formulated for developing a healthy, capable and secured payment system.
- 2.99 Payment System Oversight Report, 2019 on the overall status of the payment system has been published in the bank’s website.
- 2.100 Payments and Settlement Bylaw, 2020 has been issued in accordance with Payments and Settlement Act, 2019.
- 2.101 Five companies among those seeking license to operate as Payment System Operator (PSO) have been granted license. Likewise, eight companies have been granted license to operate as Payment Service Provider (PSP).
- 2.102 Till mid-July 2020, 9 payment service operators and 14 payment service providers got license to operate.
- 2.103 In 2019/20, 11 companies seeking approval for Payment System Operator/ Payment Service Provider were granted Letter of Intent for establishing institution related to

payment transaction. Among them, 1 company was a payment system operator and the rest 10 were payment service providers.

- 2.104 Necessary process has been forwarded to establish National Payment Switch through Nepal Clearing House Limited. The work has been included in the annual action plan for operating the national payment switch within fiscal year 2020/21.
- 2.105 On-site inspection of 4 different payment service providers was carried out after obtaining licenses from this bank to perform payment related work.

Information Technology

- 2.106 The Bank has implemented Human Resource Information System (HRIS) by replacing Human Resource Management Information System Software (HRMISS). Similarly, different old software systems have been replaced by Web Based System.
- 2.107 The construction of Modern Data Center in cooperation with DFID has been completed which is now fully operational.
- 2.108 Bank's new website incorporating Content Management System (CMS) has been launched.
- 2.109 The process of replacing bank's current email system with Microsoft Exchange reached final stage.
- 2.110 The process of establishing Security Information and Event Management (SIEM) and additional firewall also reached.
- 2.111 Bank's different software systems have been gradually connected with DR Site and have been made operational.
- 2.112 Preparation of Technical Specification for the procurement of required computers and related equipments and the review of Technical Specification of procured equipments has been done.
- 2.113 Inspection of IT related physical infrastructure of BFIs in the process of establishment and those relocating their offices and of the payment service providers was done. Likewise, onsite supervision of IT related infrastructure of different Bank and Financial Institution was done.

Currency Management

- 2.114 In 2019/20, 134.8 million pieces of Rs.50, 120 million pieces of Rs.100 and 26 million pieces of Rs.1000 denomination notes were printed and deposited in NRB vault.
- 2.115 Master Plan on Note Printing (Procurement), 2017 and Master Plan on Coin Minting, 2017 based on provisions of Public Procurement Act, 2007 and Nepal Rastra Bank,

Note Printing and Minting Directives, 2009 have been updated and implemented from 14 April 2020.

- 2.116 Contract Agreement for printing 300 million pieces of Rs.5, 340 million pieces of Rs.10, 240 million pieces of Rs. 20 denomination notes was done among the 6 companies able to be listed in pre-qualification in the current cycle. Rebidding for the printing of 190 million pieces of Rs.500 denomination notes was done on 2 April 2020.

Table 2.17
Details of Currency Notes Stock

Denomination(Rs.)	2017/18	2018/19	2019/20 (Rs. in Million)
2	5.30	5.30	5.30
5	694.75	362.75	97.25
10	1263.00	545.50	1.50
20	199.00	353.00	185.00
50	3232.50	507.50	1247.50
100	3260.00	770.00	0.00
500	16500.00	19600.00	2450.00
1000	76550.00	44350.00	150.00
Total Amount	101704.55	66494.05	4136.55

- 2.117 From mid-July 2019 to mid-July 2020, 508.2 million pieces of various denomination new notes were issued for circulation. The note printing expenses amounted to Rs.1089.6 million in the same period.

Table 2.18
Details of Currency Notes Issued from Note Stock and Printing Expenses in 2019/20

Denomination (Rs.)	Notes in Circulation (Pieces in Million)	Printing Expenses (in Million)
5	77.2	101.9
10	93.35	155.7
20	53.35	68.2
50	40.45	75.2
100	78.55	227.7
500	106.8	336.1
1000	58.5	124.8
Total Amount	508.2	1089.6

- 2.118 The total currency in circulation increased by 15.97 percent to Rs. 588.06 billion in mid-July 2020 compared to that of Rs. 507.06 billion in mid-July 2019. The details of currency in circulation as of mid-July 2020 are presented as follows:

Table 2.19
Details of Currency Notes in Circulation (Mid-July 2020)

Denomination (Rs.)	Notes in Circulation (Pieces)	Amount (Rs. in Million)
1	16,10,20,139	161.0
2	9,26,51,273	185.3
5	58,79,61,535	2939.8
10	46,09,45,029	4609.4
20	27,40,69,680	5481.4
25	22,88,578	57.2
50	21,64,77,467	10,823.9
100	20,30,45,972	20304.6
250	3,49,705	87.4
500	30,20,92,965	151,046.5
1000	39,23,63,432	392,363.4
Total	2,69,32,65,775	5,88,060.0

- 2.119 In order to make the supply system of the Nepalese currency effective as well as ensure the supply of currency as required for payment of GON's expenditure, NRB has been supplying Nepalese notes and withdrawing the soiled notes through the 79 currency chests across the nation which comprises of NRB's one chest in the valley and one each in seven provisional offices, Rastriya Banijya Bank's 45 and Nepal Bank Limited's 26. In the review year, two new currency chest have been established one each in Rukumkot of Rukum district and Kusma of Parbat district.
- 2.120 Notices has been published in the NRB's website for stakeholders and general public with objective of informing about the secured use of bank notes and withdraw soiled notes from circulation. The first amendment of Clean Note Policy, 2019 has done so as to address the situation emerged due to COVID-19 pandemic.
- 2.121 International bid was called for the procurement of 8 (for central office and provincial offices) Banknote Shredding and Briquetting System in order to mechanize the process of destruction of bank notes for gradual modernization and mechanization of the existing currency management system.
- 2.122 Soiled, mutilated and non-usable notes of various denominations in the possession of banks and financial institutions and the general public amounting to Rs.48.60 billion were collected and consigned to ashes during the review year.

Table 2.20
Details of Consigned Notes Ineligible for Circulation in 2019/20

Denominations (Rs.)	Consigned to Ashes (in Thousand)	Amount (Rs. Million)
1	25	0.025
2	59	0.12
5	22885	114.4
10	24666	246.7
20	27637	552.7
25	1	0.04
50	34204	1710.2
100	29164	2916.4
250	0.006	0.001
500	24214	12107.2
1000	30953	30952.7
Total	193808	48600.4

2.123 Mint Division has been selling medallions and coins of gold, silver and other metals on a regular basis. In mid-July 2019, the outstanding amount of Re. 1 and Rs.2 coin stood at Rs 19.87 million and Rs.29.81 million respectively of which Re.1 coin worth Rs. 13.18 million and Rs 2 coin worth Rs.10.49 million were sold during the review period. At the end of Mid-July 2020, the outstanding amount of Re.1 coin and Rs.2 coin was Rs.6.69 million and Rs.19.31 million respectively.

Human Resource Management

2.124 As of mid-July 2020, there are total of 1043 staffs in the bank, consisting of 951 administrative and 92 technical staffs. Of the total human resources, 494 are officer level, 440 are assistant level and 109 are office subordinate level staffs. The ratio of officers to assistants (including office subordinates) is 0.90:1 in mid-July 2020. Such a ratio was 1:0.95 a year ago.

Table 2.21
Five Years' Details of Human Resources Information

S. N.	Level	Mid-July 2016			Mid-July 2017			Mid-July 2018			Mid-July 2019			Mid-July 2020		
		Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total
1	Officer Special	12	0	12	9	0	9	17	0	17	16	0	16	17	0	17
2	Officer First	41	0	41	47	1	48	31	1	32	39	1	40	44	1	45
3	Officer Second	138	20	158	140	21	161	115	14	129	139	13	152	157	12	169
4	Officer Third	469	36	505	413	28	441	325	24	349	296	22	318	243	20	263
	Total Officer	660	56	716	609	50	659	488	39	527	490	36	526	461	33	494
5	Assistant First	43	15	58	42	16	58	51	8	59	87	8	95	120	17	137
6	Assistant Second	172	47	219	165	38	203	161	34	195	211	40	251	243	39	282
7	Assistant Third	68	14	82	53	10	63	36	7	43	24	6	30	18	3	21
	Total Assistant	283	76	359	260	64	324	248	49	297	322	54	376	381	59	440
8	Office Assistant (Class)	53	0	53	44	0	44	30	0	30	35	0	35	27	0	27
9	Office Assistant (Class)	31	0	31	29	0	29	35	0	35	25	0	25	24	0	24
10	Office Assistant (Class)	8	0	8	8	0	8	1	0	1	1	0	1	1	0	1
11	Office Assistant (Class)	62	0	62	61	0	61	61	0	61	61	0	61	57	0	57
	Total O.A.	154	0	154	142	0	142	127	0	127	122	0	122	109	0	109
	Total	1097	132	1229	1011	114	1125	863	88	951	934	90	1024	951	92	1043

Table 2.22
Details of Existing Human Resources Information

Level	Staff Composition as in mid-July 2019		
	Administration	Technical	Total
Officer Special	17	—	17
Officer First	44	1	45
Officer Second	157	12	169
Officer Third	243	20	263
Total	461	33	494
Assistant First	120	17	137
Assistant Second	243	39	282
Assistant Third	18	3	21
Total	381	59	440
Office Assistant (Class-less) First	27	—	27
Office Assistant (Class-less) Second	24	—	24
Office Assistant (Class-less) Third	1	—	1
Office Assistant (Class-less) Fourth	57	—	57
Total	109	—	109
Grand Total	951	92	1,043

- 2.125 During 2019/20, 80 employees (assistants) entered into the Bank service. Similarly, 61 employees left the Bank service, out of which 59 employees left due to the provision of compulsory retirement and 2 employees resigned.
- 2.126 With the objective of effective human resource management three-year "Human Resources Plan (2019/20-2021/22)" is in the process of implementation.

2.127 During 2019/20, altogether 66 vacancies were fulfilled by means of evaluation and 37 from internal examination while fulfilling 67 vacancies from open competition is in process. Likewise, 2 civil engineers, 1 architect engineer, 1 dispensary and 7 drivers have been recruited on contract basis.

Table 2.23
Details of Vacancies Fulfilled in 2019/20

S.N.	Level	Service Type	External Competition	Performance Appraisal	Internal Competition
1	Officer Special	Administration	-	5	-
2	Officer First	Administration	-	9	4
3	Officer First	Technical	-	-	-
4	Officer Second	Administration	-	27	11
5	Officer Second	Technical	-	-	-
6	Officer Third	Administration	36*	-	-
7	Officer Third	Technical	-	-	-
8	Assistant First	Administration	13	21	15
9	Assistant First	Technical	-	-	-
10	Assistant Second	Administration	31*	4	-
11	Assistant Second	Technical	2	-	-
12	Assistant Third	Administration	-	-	-
13	Office Assist. 4th	Administration	-	-	-
Total			15	66	30

* Result yet to be publish.

Table 2.24
Details of Vacancies Fulfilled in Five Years

		2015/16	2016/17	2017/18	2018/19	2019/20	Total
Executive Director	Evaluation	6	4	12	7	5	34
	Evaluation	6	6	8	11	9	40
Director	Internal Competition	3	2	4	5	4	18
	Technical		1				1
Deputy Director	Evaluation	13	15	23	36	27	114
	Internal Competition	6	6	10	16	11	49
	Technical		3				3
Assistant Director	Evaluation	7	7		4		18
	Internal Competition	3	3	3			9
	Open Competition	23	10	45	33	36*	111
Assistant First	Evaluation	8	4	12	25	21	70
	Internal Competition	6	2	8	16	15	47
	Technical		4			13	17
Assistant Second	Evaluation	6		12	8	4	30
	Internal Competition	3					3
	Open Competition			96	68	31*	164
	Technical		2	10		2	14
Office Assistant	Evaluation			7	10		17
Total		90	69	250	239	111	759

* Result yet to be published

Miscellaneous

Budget Management, Corporate Risk Mitigation and Strategic Plan

Budgetary Management

- 2.128 With the objective of effective implementation of budget related works the Nepal Rastra Bank Budget Formulation, Implementation, and Monitoring Directive, 2015, was replaced by the Nepal Rastra Bank Budget Formulation, Implementation, and Monitoring Directive, 2020 and implemented after the approval of board of directors meeting on 2020/04/15.
- 2.129 As per the provision of Nepal Rastra Bank Budget Formulation, Implementation and Monitoring Directive, 2020, the board of directors approved the NRB's income and expenditure (budget) for 2020/21 on 2020/07/07. Financial information unit has been recognized as a separate budget center since this fiscal year and amount apportionment has been made accordingly.
- 2.130 A 23 points directive by the board of directors at the time of budget approval and the Nepal Rastra Bank Budget Formulation, Implementation and Monitoring Directive, 2020, has been issued with the view of making the implementation of the annual income and expenditure (budget) more effective, efficient and outcome-oriented.

Implementation of Risk Management

- 2.131 NRB's third strategic plan (2017-2021) has come into implementation with a view of carrying out Bank's activities in a planned manner. This includes altogether 186 functions including continuous functions and functions to be completed within strategic plan period.

Implementation of Annual Work Plan

- 2.132 Bank has been conducting regular and special nature works of each fiscal year in a planned way by formulating and implementing the approved programs.

Implementation of Financial Sector Development Strategy

- 2.133 Financial Sector Development Strategy (2016/17-2020/21) has come into implementation after approval from GON, Council of Ministers on January 6, 2017 to be implemented by the GON, regulatory bodies of financial sector, private sector and development partners to develop and consolidate the financial sector. Among 158 works targeted for 2019/20, 93 works have been completed, 56 works have not been completed and 9 works have not yet started.

O and M Implementation

- 2.134 New name has been given to some departments of bank by changing the old name as per organization structure of bank and human resource plan (2019/20-2021/22).
- 2.135 Bank office has been established with limited service for now in Surkhet of Karnali Province on November 7, 2019.

Financial Information Unit

- 2.136 Financial Information Unit (FIU) has published annual report of 2018/19 in accordance with the provisions made by the Asset (Money) Laundering Prevention Act, 2008 (latest amendment). The report has been sent to respective law implementing bodies and published on FIU's website too.
- 2.137 FIU related Bylaw-2020 has been enacted after approval from Board of Directors (BOD). This Bylaw has provided the functional autonomy to the Unit.
- 2.138 FIU has issued STR/TTR Guidelines, 2020 to inform institutions with amendments on suspicious transactions and threshold transactions.
- 2.139 Reports on threshold transactions and suspicious transactions have been received from notifying institutions on a regular basis.

**Table 2.25
Details of Threshold Transactions Related Information in 2019/20**

Informing Institution	No. of Threshold Transaction
Bank and Financial Institutions	2,256,163
Government Organization (including Cooperatives)	44,360
Insurance Companies	139,015
Stock Exchange Companies	32,846
Others	12,977
Total	2,485,361

**Table 2.26
Details of Suspicious Transactions in 2019/20**

Status of Suspicious Transaction	No. of Suspicious Transactions
Suspicious transactions received	1,090
Suspicious transactions analyzed	790
Suspicious transactions sent for further actions to law enforcing bodies	333
Suspicious transactions pending	457

*Note: In many cases, single suspicious transaction reports have been sent to more than one institutions, which are responsible in implementing laws.

- 2.140 The reports on Threshold Transaction and Suspicious Transactions that the BFIs have to submit in FIU, have been submitted by 'A' class commercial banks through

electronic channel compulsorily since January 15, 2020 and by 'B' and 'C' class financial institutions through electronic channel, on a trial basis, till mid-July, 2020.

- 2.141 FIU has been coordinating and co-working with notifying institutions and regulatory bodies to collect necessary information and data for the effective implementation of AML/CFT related provisions and to evaluate Nepal's third mutual evaluation in 2020-2021 A.D.

Legal and Proceeding/Pleading of Legal Suits

- 2.142 Draft copies for amendments of Negotiable Instruments Act, 1977, Banking Offence and Punishment Act, 2008, Nepal Rastra Bank Act, 2002, Banks and Financial Institutions Act, 2017 have been prepared. Of them, amendment proposal of Nepal Rastra Bank Act, 2002 and Bank and Financial Institutions Act, 2017 are in process of discussion in the federal parliament.
- 2.143 A number of legal appeals have been lodged following the dissatisfaction with the NRB's decisions related to BFIs and their officials. Also suits have been lodged in various courts by making NRB a defendant.

Table 2.27
Details of Legal Suits

S.N.	Type of Legal Suits	Number
1.	Current Suits	95
2.	Decided Suits	40
3.	Decided Suits in Last Fiscal Year	51
4.	Suits relating to Insolvency	3

Internal Audit

- 2.144 The bank has an Internal Audit Department to audit the works of departments, offices, units and branches. This department submits the report to the board after auditing various departments. Audit committee is in place under the coordination of the Board director of the bank. Provision of evaluating internal financial reports and related statements published by the committee has been initiated.
- 2.145 Special audit has been completed related to implementation condition and risk management of RTGS operated by the bank, inspection of record of machinery equipments and physical verification of stocks of gold and silver in vault in mint division, inspection of risk management while sending foreign cargo to CIMB Bank, Singapore.
- 2.146 In the context of implementing Risk-based Internal Audit, Manual for Risk-based Internal Audit has come in to implementation getting approval from the Board.
- 2.147 For system audit as mentioned in the current strategic plan 2017-21, audit work has been initiated by appointing consultant to audit the information technology system.

Assets and Service Management

- 2.148 Necessary amendments have been made in the Nepal Rastra Bank Procurement Regulations, 2071 (Third Amendment) and the fourth amendment has been drafted.
- 2.149 In order to rebuild the buildings in Baluwatar and Thapathali damaged by the devastating earthquake of 2072 BS, National Reconstruction Authority, Central Project Implementation Unit (Building), of GON has made an agreement of reconstruction of buildings at Thapathali with BILIL-Contech J/V according to bid invitation based on master plan, drawing, design approved by consultants appointed as per the MOU between Central Project Implementation Unit, Ministry of Urban Development, GON; and 52 % constructions has been completed in the review period.
- 2.150 National Reconstruction Authority, Central Project Implementation Unit (Building), of GON has made an agreement of reconstruction of buildings at Baluwatar with CICO Samanantar JV and now as of 39 % of the building constructions has been completed.
- 2.151 For providing continuous service delivery considering the possible risk on health security from COVID-19 infection, BOD of bank has determined the separate standards for office operation including various measures for health security such as work from home, flexible working hour. In this regard, a total of 5,595 have been insured including Board of Directors, staff and staff' family members.
- 2.152 As the building of Mint division in Sundhara is needed to GON, the division has been transferred to building of Nepal Aushadhi Limited in Babarmahal.
- 2.153 Guest house construction work has been started in the premises of Siddharthanagar Office.

Financial Management

- 2.154 In 2019/20, 1,000,000 units of share of Nepal Stock Exchange Ltd., owned by the bank out of total 1,729,989.50 has been sold.

Banking Transactions

- 2.155 Government Transaction Directives, 2014 has been replaced by Government Transaction Directives, 2020 including government accounts as per the federal structure in 2019/20.
- 2.156 As per the GON's policy of providing banking services to all local levels by commercial banks, branches of A class commercial banks have been established in 747 local levels out of 753 local levels.
- 2.157 The cheques of NRB and BFIs above Rs. 300 million, which cannot be transacted through the system under ECC, have been cleared manually.

- 2.158 In mid-July 2020, there are 13 Indian Currency Note Chests in the country in which there is an arrangement to renew the insurance amount of 247.5 million Indian Rupees.
- 2.159 It has been decided to keep the limit of Indian Rupees to be purchased from the Reserve Bank of India for 2019/20 at INR 6 billion.

Meeting of Board of Directors

- 2.160 In the fiscal year 2019/20, meetings of Board of Directors were held 64 times. Such meetings were held 57 times in the previous year.

Foreign Aid Coordination

- 2.161 In May 2020, the Bank made the necessary coordination to obtain a loan of USD 214 million (SDR 156.9 million) from the International Monetary Fund (IMF) under the Rapid Credit Facility (RCF) for Budgetary Assistance of the GON. Similarly, a loan of USD 3.85 million (SDR 2.85 million) was written off from the fund under Catastrophe Containment and Relief Trust (CCRT) in April 2020.

Training, Workshop, Seminar, Travel, and Interaction

- 2.162 Third International Conference on Economics & Finance, organized by the bank was held in Kathmandu with participants from 14 countries.
- 2.163 Webinar on Covid-19 Policy Sharing by Member Central Banks of SAARCFINANCE was held on June 25, 2020.
- 2.164 Interaction programs were organized in Kathmandu and Biratnagar while preparing the pre-budget report submitted by this bank to assist the GON in the preparation of the annual budget. Similarly, in the course of the semi-annual review of the monetary policy for 2019/20 and the formulation of the monetary policy for 2020/21, interaction programs with the stakeholders were organized in Kathmandu.
- 2.165 With the participation of renowned economists, professors and intellectual personalities, 8 research meet programs were organized being concentrated on current economic affairs in fiscal year 2019/20.
- 2.166 One day interaction program was conducted in Kathmandu with the Chairperson and Directors of 'A', 'B', and 'C' class BFIs on the subject of Corporate Governance and Risk Management.
- 2.167 Interaction programs on the subject of Corporate Governance, Assets Laundering and Risk Management were conducted with the Chairperson and members of Board of Directors of Development Banks and on the subject of NFRS was conducted with Chief Financial Officers of Development banks.

- 2.168 Interaction programs on the subject of Corporate Governance, Assets Laundering and Risk Management were conducted with the Chairperson, members of Board of Directors and on the subject of risk and current banking affairs were conducted with executives including Chief Executive Officer of finance companies.
- 2.169 One day annual workshop was conducted in Kathmandu on the topic of shortcomings found during internal audit with the participation of head of department/office/division/unit and offices outside Kathmandu valley.
- 2.170 An apprenticeship program was conducted on the participation of staffs from related department on the area of implementation of the risk-based internal audit system and the minimum conditions to be met by the auditee and their preparedness.
- 2.171 Interaction programs on the subject of implementation of banking laws, problems in and solutions for there implementation with the participation of legal practitioners, professors, journalists and representatives of the Supreme Court Bar Association and a different interaction program on the subject of Banking Process and the Banking Law with the participation of the Government Prosecutor's Office under the Attorney General's Office, offices under the Revenue Investigation Department and representatives involved in criminal investigation of Nepal Police were completed.
- 2.172 An interaction program was conducted among banks carrying government transactions, SIS team members and representatives of the Financial Comptroller General Office (FCGO).
- 2.173 An apprenticeship program on Government transaction has been conducted for the concerned employees of banks carrying out government transactions in all the seven states/provinces of the country.
- 2.174 The interaction program on the prevailing legal provisions of electronic payment systems and the status of its implementation was conducted in the participation of the staffs of concerned departments of the bank and the payment service operators/providers.
- 2.175 A One-day interaction program on International Transaction Reporting System (ITRS) under BPM6 was held in Kathmandu with the participation of Chief Executive Officers and Financial Officers of Commercial Banks.
- 2.176 A one-day interaction program was conducted in Kathmandu with the participation of the Treasury Heads of Commercial Banks on the underlying topics of Public Debt Management and Monetary Management to make the transactions of public debt more effective.
- 2.177 In order to promote the sale of foreign employment saving certificates and citizen saving certificates, the work of preparing and printing promotional materials has been

completed. In addition, promotional materials have been distributed in the seminars conducted in Kathmandu, Dhangadhi and Siddharthnagar.

- 2.178 In 2019/20, an interaction program was organized in Province No. 1 and Bagmati Province to provide information on Government Transaction Directive 2020.

Study and Research Related Activities

- 2.179 The bank studied the effects of the Nobel Corona virus on the economy and conducted a "Survey on the effects of Covid-19 on the economy". Similarly, the construction of the 'Housing Price Index' and the 'Inflation Expectations Survey' have reached the final stage.
- 2.180 For the first time in the review year, "Economic Activity Study (Integrated Semi-Annual)" covering all 77 districts of the country, including "Study on Sugarcane Cultivation and Sugar Industry in Nepal", "Status of Financial Access in Nepal: A Brief Study", "Status of Remittances Inflow in Nepal", "Foreign Trade Trends in Nepal", "A Survey on FDI in Nepal", "FDI in Cement Industry in Nepal: A Study based on Socio-economic Impact" have been completed.
- 2.181 The Biratnagar office of the bank conducted a study on "Status of Concessional Loans for Agriculture and Livestock Business", the Birgunj office on "Motihari-Amalekhgunj Petroleum Pipeline", the Pokhara office on "Status of Financial access in Gandaki Province", the Siddharthnagar office on "Barriers to Financial Inclusion: Case Study on Province 5" and the Dhangadhi office on "A Comparative Study of Sugarcane Production in Kanchanpur and Kailali District".

Table 1
Denomination-wise Currency Notes in Circulation

(Rs. in Million)

Denomination	Mid July					
	2018		2019		2020	
	Amount	Percent	Amount	Percent	Amount	Percent
1	161.1	0.0	161.0	7.1	161.0	0.0
2	185.5	0.0	92.7	4.1	185.3	0.0
5	2,403.8	0.5	535.9	23.7	2,939.8	0.5
10	3,673.1	0.7	414.4	18.3	4,609.4	0.8
20	4,523.9	0.9	249.3	11.0	5,481.4	0.9
25	57.4	0.0	2.9	0.1	57.2	0.0
50	8,550.4	1.7	212.4	9.4	10,823.9	1.8
100	17,206.1	3.5	173.1	7.7	20,304.6	3.4
250	87.4	0.0	0.3	0.0	87.4	0.0
500	101,386.0	20.5	220.9	9.8	151,046.5	25.7
1000	356,154.8	72.0	354.6	15.8	392,363.4	66.7
Total	494,389.5	100.0	2,257.7	100.0	588,060.0	100.0

Table 2
Security against Currency Notes in Circulation

(Rs. in 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	703	-	79,756.0	80,459.0	4,172.0	84,631.0	95.1
2007	-	-	87,138.0	87,138.0	4,172.0	91,310.0	95.4
2008	-	-	108,778.0	108,778.0	4,172.0	112,950.0	96.3
2009	-	-	137,038.0	137,038.0	4,172.0	141,210.0	97.0
2010	-	-	157,128.0	157,128.0	4,172.0	161,300.0	97.4
2011	-	-	163,448.0	163,448.0	4,172.0	167,620.0	97.5
2012	-	-	197,078.0	197,078.0	4,172.0	201,250.0	97.9
2013	-	-	233,460.0	233,460.0	-	233,460.0	100.0
2014	-	-	273,250.0	273,250.0	-	273,250.0	100.0
2015	-	-	319,080.0	319,080.0	-	319,080.0	100.0
2016	-	-	386,160.0	386,160.0	-	386,160.0	100.0
2017	-	-	430,990.0	430,990.0	-	430,990.0	100.0
2018	-	-	494,389.5	494,389.5	-	494,389.5	100.0
2019	-	-	2,257.7	2,257.7	-	2,257.7	100.0
2020	-	-	588,060.0	588,060.0	-	588,060.0	100.0

Table 3
Training Programs Conducted by Bankers Training Centre

S. No.	Subject	Level	Date	Participants
1	Pre Service Training for Assistant	Non-Officer	2076/04/02-08	82
2	Olympic Software (GL System)	Non-Officer	2076/04/22-24	30
3	Payments System of Nepal	Officer	2076/04/27-29	30
4	Olympic Software (GL System)	Officer/Non-Officer	2076/05/01-03	30
5	Olympic Software (GL System)	Officer/Non-Officer	2076/05/04-06	30
6	Olympic Software (GL System)	Officer/Non-Officer	2076/05/12-14	30
7	Olympic Software (GL System)	Officer/Non-Officer	2076/05/18-20	30
8	Foreign Exchange Management	Officer	2076/06/01/02	29
9	Nepal Financial Reporting Standards (NFRS) TOT	Officer	2076/06/05-10	29
10	Nepal Financial Reporting Standards (NFRS)	Officer	2076/06/26-07/01	30
11	Risk Based Internal Audit	Officer	2076/07/03-05	30
12	Microfinance Management/Regulatory Perspective	Officer	2076/07/06-08	30
13	Banking Operation	Non-Officer	2076/07/17-19	30
14	Training For Support Staff	Support Staff	2076/07/21-22	30
15	Training For Support Staff	Support Staff	2076/07/28-29	31
16	Basel Core Principles	Officer	2076/08/04-06	30
17	AML/CFT/goAML and FATF Recommendation	Officer	2076/08/11-13	30
18	Risk Based Supervision	Officer	2076/08/15-20	26
19	Macroeconomic Management	Officer	2076/08/29-09/04	31
20	Secretariat Management	Officer/Non-Officer	2076/09/10-11	30
21	Management Development Program	Officer	2076/09/13-18	31
22	Inventory Management and Procurement	Officer/Non-Officer	2076/09/23-25	30
23	Research Methodology	Officer	2076/09/27-10/03	27
24	Banking Operation	Non-Officer	2076/10/06-08	32
25	Central Banking	Non-Officer	2076/10/11-17	30
26	Planning, Budgeting, Risk Management & Business Continuity Plan	Officer	2076/11/04-07	29
27	Cash Management	Officer/Non-Officer	2076/11/21-23	30
28	Financial Stability & Micro Prudential Policies	Officer	2076/11/27-30	29
29	Organizational Behavior	Officer	2077/03/25-26	41
30	Stress Management	Executive	2076/10/24-25	37
31	Organizational Behavior for Middle Level Officers	Officer Second	2077/03/19	34
	Total			998

Table 4
Participation in International Training, Seminar, Meeting, and Workshop

S.No.	Subject	No. of Participants	Host Institution	Place
1	Monetary Policy	4	SEACEN	Philippines
2	Expected Credit Losses and Provisioning	6	SEACEN	Cambodia
3	Cooperative Governance for The Board of Directors of Rural Financing Institutions&Cooperatives	1	CICTAB	Sri Lanka
4	3rd SEACEN Strategic Human Capital Conference, 41st Meeting of the SEACEN directors of HC and training & Bank Indonesia's International Leadership Seminar	2	SEACEN	Indonesia
5	Training and knowledge Transfer	6	Perum Peruri	Indonesia
6	Wastages Destruction of Nepalese Rupee 20 Denomination(Series 2016)	2	Perum Peruri	Indonesia
7	SEACEN-BOJ Course on Problem Bank Intervention and Resolution	3	SEACEN	Sri Lanka
8	Controlling at Central Banks	1	DEUTSCHE BUNDES BANK	Germany
9	Strategic Asset Allocation Workshop	1	BIS	Switzerland
10	22nd APG Annual Meeting and Technical Assistant Forum 2019	4	APG	Australia
11	Fiscal Sustainability	1	IMF-STI	Singapore
12	Monetary Policy Framework	1	DEUTSCHE BUNDES BANK	Germany
13	SEACEN Course on Intermediate Modeling and Forecasting Techniques	3	SEACEN	Sri Lanka
14	Agri Value Chain Financing	2	CICTAB	India
15	Financial Programming and policies	1	IMF-SARTTAC	India
16	AML/CFT Regime	1	NACIN	India
17	SEACEN Course on Financial Cycles and Crises	4	SEACEN	Mangolia
18	SEACEN -Bank of Japan Course on Information and communication Tech Risks	2	SEACEN	Vietnam
19	Expert Panel on Innovations in The Field of Cashless Payments	1	DEUTSCHE BUNDES BANK	Germany
20	Internal Audits and Management	3	ECB	South Korea
21	Anti-Money Laundering for Nepal	1	Yunnan Intl Center for Eco.&Tech.exchange	China
22	Making Use of Big Data in Emerging Market Central Banks	1	ECB	Turkey
23	Statistics on International Trade in Goods and Services	1	IMF STI	Singapore
24	Microeconomic Diagnostics	1	IMF STI	Singapore
25	Training on Micro and MSME Finance Regulation and Supervision Activities in Armenia	6	SEDRA	Armenia
26	9th FSI-IADI Conference on Crises Mgmt., Bank Resolution and Deposit Insurance	2	BIS	Switzerland
27	2019 ECB Seminar on Market Infrastructure and Payments	1	ECB	Germany
28	APG Assessor Training	2	APG	Indonesia
29	Instruments of Financial Markets	1	Gerzensee	Switzerland
30	Transforming a Central Bank	1	IBFI	France
31	Meeting of The Joint Technical Cooordination Committee Between RBI &NRB	4	RBI	India
32	Central Banks Seminar	1	Zurich Kantonal Bank	Switzerland
33	Macro Economic Development Strategies Improvement	2	KOICA	South Korea
34	Payment Systems and Instrument	1	IMB	Turkey
35	2019 Seminar on Cross Boarder E-Commerce Infrastructure Building and Development	2	AIBO, P.R. China	China

S.No.	Subject	No. of Participants	Host Institution	Place
36	Proportionate Application of Global Standards Working Group Meeting	5	AFI	Rwanda
37	SEACEN Course on Financial Stability and Macroprudential Supervision	4	SEACEN	Indonesia
38	Organizational Transformation at Central Banks	1	ISCB	Turkey
39	High Level Executive Conference	1	DeLaRue	U.K.
40	Macroeconomic Forecasting	1	Bank of Korea	South Korea
41	Export Panel on Financial Consumer Protection in Cooperation With The Federal financial supervisory Authority (BaFin)	1	DEUTSCHE BUNDES BANK	Germany
42	BIS Banking Seminar 2019	1	BIS	Switzerland
43	Financial Soundness Indicators	1	IMF	USA
44	Risk Management and Risk Based Internal Audit	5	RBI	India
45	30th SAARC Finance Coordinators Meeting	2	Royal Monetary Authority of Bhutan	Bhutan
46	SEACEN Leadership Masterclass II: Leading Innovation and Creating Value	2	SEACEN	Singapore
47	Prudential supervision of The Banking Sector and Macroprudential Regulations	1	ISCB	Turkey
48	Currency Management and Operations	4	Bank Negara Malaysia	Malaysia
49	Workshop on Risk Mgmt. of Small and Medium Enterprise Lending	1	Bank Negara Malaysia	Bhutan
50	SEACEN Federal Reserve Course on Advanced Stress Testing and Capital Planning	4	SEACEN	Brunei
51	Expert Panel on Document Management	1	DEUTSCHE BUNDES BANK	Germany
52	Market Infrastructure, Payment Systems and Instrument	1	IBFI	France
53	Annual Asia Cash Cycle Seminars	1	Currency Research	Sri Lanka
54	Anti-Money Laundering for Nepal	3	Yunnan Intl Center for Eco.&Tech.exchange	China
55	NRB Officials Operations Training for Modular Data Center	5	UK Aid Access to Finance	India
56	The SEACEN -BIS High-Level Seminar and the 18th Meeting of the SEACEN Executive Committee	2	Currency Research	Sri Lanka
57	SEACEN Course on Financial Liquidity Risk Measurement and Management	4	SEACEN	Philippines
58	Agri Value Chain Financing	2	CICTAB	India
59	Foreign Exchange Reserve and Risk Management	1	ISCB	Turkey
60	Financial Stability and Macroprudential Policies of Central Banks	1	IBFI	France
61	Course on Vulnerability Diagnostics	1	STI	Singapore
62	SEACEN-FSI Course on FinTech Regulation, including Virtual Currencies	5	SEACEN	Indonesia
63	SEACEN Seminar on Big Data, Regulatory Technology and Supervisory Technology	5	SEACEN	Thailand
64	Financial Stability	2	Bank of Korea	South Korea
65	FSI-EMEAP Meeting on Implementation of Expected Credit Loss Provisioning: Implication for Regulation and Supervision	2	BIS	Indonesia
66	2019 BOK-KPP Interim Seminar and Capacity Building Program	5	Bank of Korea	South Korea
67	Using DSGE Models for Policy Analysis, Level 2	1	IBFI	France
68	SEACEN Intermediate Course on Analytics of Macroeconomic and Monetary Policy Management	3	SEACEN	Papua New Guinea
69	U.S. Monetary Policy Implementation	1	Federal Reserve Bank of New York	USA
70	Survey Design and Implementation	1	SEACEN	Turkey
71	Course Level 1 on Seasonal Adjustment of Economic Data	1	DEUTSCHE BUNDES BANK	Germany
72	Financial Education Programme Design and Implementation: Course for Policy Makers and Practitioners	1	ILO	Italy

S.No.	Subject	No. of Participants	Host Institution	Place
73	Central Banking Seminar	1	Federal Reserve Bank of New York	USA
74	5th International Conference of Regional Card Schemes and Retail Financial Market Infrastructure	1	IFC	Turkey
75	2019 Annual Meetings	3	IMF/World Bank	USA
76	Management in the Central Bank	1	Federal Reserve Bank of New York	USA
77	SEACEN-BOJ Course on the Oversight and Regulation of Payment and Settlement Systems	4	SEACEN	Philippines
78	Money Laundering 2nd Phase	1	Government of India	India
79	SARTTAC-CDOT Monetary Policy Frameworks and Operation	3	IMF SARTTAC	India
80	Financial Sector Policies	4	IMF SARTTAC	India
81	BAM-AFI Global Conference on Green Finance and BAM-AFI Member Training on Inclusive Green Finance	1	AFI	Morocco
82	Monetary Policy Strategies and Monetary Operations	5	SEACEN	Cambodia
83	New 5 Rupees Denomination and the Reestablishment of the Nepal Mint	2	Royal Canadian Mint	Canada
84	2019 Asian Regional Forum on Investment Management of Foreign Exchange Reserves	1	ADB	Singapore
85	FATF Standards Training Course	2	FATF	South Korea
86	SEANZA Advisors Meeting	1	Bank of Korea	South Korea
87	SEACEN Research Seminar	1	SEACEN	Malaysia
88	Financial Development and Financial Inclusion (FDI)	1	IMF-STI	Singapore
89	SEACEN Course on Off-site Monitoring	5	SEACEN	Taiwan
90	Macroprudential Policy Modeling for Open Economics	2	Bank of Korea	South Korea
91	Supervisory Framework for Digital Credit	1	AFI	Kenya
92	International Program - Payment and Settlement Systems- Operation, Risks and Oversight	6	RBI	India
93	55th SEACEN Governors' Conference/High Level Seminar, 39th Meeting of the SEACEN Governors, Singapore Fintech Festival 2019	4	SEACEN	Singapore
94	SEACEN Central Bank Governance Seminar: Roles and Objectives of Modern Central Banks.	2	SEACEN	Malaysia
95	Anti-Money Laundering	1	Bank Of France	France
96	Financial Development and Financial Inclusion (FDI)	5	IMF-SARTTAC	India
97	Conference on Securities Trading Issues and Market Infrastructure	2	BIS	Spain
98	Cash Circulation Management	1	ISCB	Turkey
99	Internal Audit and Internal Control	1	IBFI	France
100	Residential Property Price Indices	1	IMF-STI	Singapore
101	SEACEN Course on Bank Analysis and Supervision	5	SEACEN	South Korea
102	Workshop on Fostering Financial Inclusion, Digital Financial Services and MSMEs	1	UNESCAP, United Nations	Cambodia
103	An Inclusive Financial Risk Management Approach for Central Banks"	1	ISCB	Turkey
104	ST 1.26 Macro Stress Testing II (Advanced)	1	IMF STI	Singapore
105	Back-Office Operations	1	IBFI	France
106	Legal Aspects of International Financial Institutions	1	IMF STI	Singapore
107	2019 Cybersecurity Supervision Workshop: Approaches and Tools to build Cyber Resilience	1	IMF	USA
108	Special Training Programme for Nepal Officials(Money Laundering-III)	1	Government of India	India
109	CMPI-FSI Policy Implementation Meeting on Development in Authorities Expectations in Dealing with Cyber Risk	1	BIS	Switzerland

S.No.	Subject	No. of Participants	Host Institution	Place
110	Managing Capital Flows	3	IMF-SARTTAC	India
111	South Asia Correspondent Banking Workshop	2	Standard Chartered Bank	Vietnam
112	Cross Boarder Resolution/ Crisis Management	4	APEC-FRTI/Bank of Thailand	Thailand
113	Exchange Rate Policy	4	IMF-SARTTAC	India
114	International Programme on Banking Regulation	5	RBI	India
115	Emerging Trends in Good Governance of Banking Sector in SAARC Region	2	State Bank of Pakistan	Pakistan
116	Risk Based Internal Audit	3	RBI	India
117	Introduction of DSGE Models Level 1	1	IBFI	France
118	Macroeconometric Forecasting and Analysis	4	IMF SARTTAC	India
119	Bank Restructuring and Resolution	1	IMF-STI	Singapore
120	Central Bank Governance 2020-Forum on Central Bank Autonomy, Financial Risk Management, Board Oversight and Technology Innovation.	2	IMF	U.A.E.
121	AFI-RMA Bhutan Joint Learning Program on Inclusive Green Finance	1	AFI	Bhutan
122	Australia Awards Regional course:Promoting Resilient & Sustainable infrastructure Development 2019	1	Government of Australia	Australia
123	2020 Egmont Group Meetings	1	Egmont Group	Mauritius
124	Macroeconomic Analysis and Forecasting	1	IBFI	Germany
125	Consumer Protection, Financial Inclusion and Education	1	IBFI	France
126	Leveraging Fin Tech for Financial Inclusion	3	RBI	India
127	Regional Forum on Fostering Growth in South Asia	1	IMF SARTTAC	India
128	Inflation Forecasting and Monetary Policy	1	Gerzensee	Switzerland
129	Rs. 100 Banknote Production Visit and Manufacture of Banknote	4	De La Rue	Sri Lanka
130	BNM-AFI Member Training on Cybersecurity for Financial Inclusion	2	BNM-AFI	Malaysia
131	Introduction to Financial Stability, Systemic Risk and Macroprudential Policy	1	DEUTSCHE BUNDES BANK	Germany
132	FATF Plenary Week	1	FATF	France
133	Current Issues on Technological Risk Management in Financial System	2	Bank Indonesia	Indonesia
134	Harnessing Digital Financial Services for Micro, Small and Medium Enterprises- Challenges and Opportunities	1	IFC	Malaysia
135	SA 20.03: Inclusive Growth	5	IMF SARTTAC	India
136	Financial Risk Management in a central bank	1	IBFI, Banque De France	France
137	Legal Exports and Financial Crisis	1	Banque De France	France
138	Course Level 1, Introduction to Cash Management	1	DEUTSCHE BUNDES BANK	Germany
139	47th International Commercial Banking Course	1	NIBAF	Pakistan
	Total	296		

Table 5
Details of Fund Transfers and Transactions of Foreign Currency through Offices Located Outside Kathmandu Valley in 2019/20

S.No	Office	Fund Transfers and Deposits								Purchase and Sale of Foreign Currencies					
		Amount (Rs. Million)				IC (Rs. Million)				Other Foreign Currencies		IC			
		Fund Transfer		Fund In ²		Fund Transfer		Fund In ³		Rs. Million		Rs. Million			
		No. of Currency Chests ¹	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Amount	Purchase	Balance ⁴	Purchase	Sale ⁵	Balance ⁴
1	Biratnagar	12	78	32383.7	15	689.8	8	158.7	0	0	355.1	204.4	0	230.2	1395.3
2	Janakpur	6	38	12400.0	5	327.1	0	0	0	0	295.0	98.2	0	316.7	154.7
3	Birgunj	4	20	7615.6	8	5210.1	2	3.5	0	0	50.7	40.9	0	231.2	1188.4
4	Pokhara	8	43	15355.5	4	218.4	0	0	0	0	3080.5	31.7	0.39	189.9	292.5
5	Siddharthanagar	8	49	1607.0	9	377.8	3	240.0	0	0	978.0	169.6	4.00	368.0	1154.0
6	Nepalgunj	13	45	20090.5	12	3791.8	0	0	0	0	62.1	45.2	0.22	359.2	790.7
7	Dhangadhi	9	44	12102.0	7	443.0	0	0	0	0	9.0	18.1	0.73	187.7	256.2
Total		60	317	116017.3	60	11058.0	13	402.2	0	0	4830.4	608.1	5.34	1882.9	5231.8

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 days from NRB Banking Office.

4 Balance in mid-July 2020 following transfers to other offices

5 Only amount sold to clients by Office

Appendix 2.1

Directive Issued to “A”, “B”, and “C”- Class Banks and Financial Institutions

1. Provision has been made to take additional two more types of loans as per the "Integrated Procedure on Interest Subsidy for Concessional Loans, 2075" implemented with the objective of making the youth self-employed, professional and entrepreneurial.
 - (a) For the operation of textile industry, up to Rs 50 millions
 - (b) For the training to be taken from the institution affiliated with the Council for Technical Education and Vocational Training, up to Rs. 2 hundred thousand.
2. The provision has been made for A, B and C class financial institutions to provide minimum of 500, 200 and 100 concessional loans under "Integrated Procedure for Interest Subsidy for Concessional Loans 2075" excluding agriculture and animal husbandry loan by mid-July 2020 with due priority to the rural areas.
3. Policy arrangement has been made to enable regarding making commercial banks able to accept gold as deposit that is in the possession of Nepali citizens.
4. Guideline on Recognition of Interest Income, 2019 has been issued in order to guide BFIs for evaluation of probability of receiving interest income, which is receivable as per provision in NAS 18 Revenue, and maintain uniformity in accounting of such interest income and to recognize the provision as per Subsection 3 of Section 24 of Income Tax Act 2058.
5. For the retired directors, CEO, Auditor, company secretary or persons directly involved in management or accounting related tasks of BFIs merged or acquired by other BFI from their service or post, a provision has been made regarding the securities of BFIs or its subsidiary company or the securities to purchase or sale, allow to purchase or sale, borrow against collateral of, give or take as gift, transfer and give in their own name or in name of their family member or other persons or in the name of company, firm or institutions owned by such persons, under prevailing laws with approval from this bank.
6. In relation to the refinancing facility to be provided by this bank "Nepal Rastra Bank Refinancing Procedure, 2020" has been issued.
7. Provision has been made regarding the loans that do not maintain the loan-to-income ratio as stated by this bank have to be classified under watch list.
8. A Provision has been made for BFIs to maintain a maximum limit of 50 percent of Debt Service to Gross Income Ratio while disbursing non-commercial loans based on installment payments including term loans, home loans and hire purchase loans of personal nature.
9. A provision has been made for the class A banks licensed by this bank to disburse 10 percent of their loan portfolio in Agriculture sector and 15 percent in the specified priority sector besides Agriculture sector by amending the provision to disburse at least 25 percent of their loan portfolio.
10. The following additional provisions have been made regarding the effective implementation of the provisions relating to information on limit and suspicious transactions / activities through electronic means and time limit for submission of risk assessment report and prevention of money laundering.
 - In order to submit the reports on Limit and Suspicious transactions activities which the Bank and Financial Institutions have to submit by electronic means, the

informing institutions have to update the details of customers in their core banking and/or other electronic medium on time and submit as below as per rule 14 of Asset Laundering Prevention Rules, 2016.

- (a) Class A banks are required to submit reports only through electronic medium (goAML-Production Environment) from January 15, 2020.
 - (b) Out of the "B" and "C" class Financial Institutions, remaining institutions to be registered in goAML, should have been registered by January 2020 and Submit the reports through the goAML Test Environment mandatorily as test from February 2020 as per the point no. 11 of directions no. 19 of the Unified Directives 2019/20. In addition, from July 16, 2020, all financial institutions are required to submit reports only through the system of go AML Production Environment.
 - The provision has been made to complete the report related to institutional and regional risk assessment by January 2020, for the first time and submit to the concerned supervision department.
 - The provision has been made to formulate necessary policies and procedures on the basis of risk assessment by February 2020 for the first time to manage working system of overall money/assets laundering prevention system, to make provision of identification system of risk related customer identification/monitoring/suspicious transactions system and in order to implement the provision of Paragraph 6B of Assets laundering Act 2076 effectively and to submit report of this to the concerned supervision department.
 - Arrangements have been made for Necessary inspection / supervision by the bank regarding submission of reports to the financial information unit through goAML and effective implementation of the directives issued by this bank with establishment of systemic arrangements on risk basis as per the objective of the Anti-Money Laundering Act and the directives issued by this bank.
11. Provision has been made to disburse 100 percent amount as loan from the amounts collected by BFIs by issuing bonds with maturity period of 5 years or more in domestic currency and/or borrowed from other institution in foreign currency as long term loan with maturity period of 3 years or more.
 12. In case of taxable income for the first house loan to be constructed / purchased for self-use purpose, the loan can be provided/renewed based on tax filing documents and provision has been made to maintain maximum loan-to-income ratio of 60 percent.
 13. The loan-to-value ratio of loans provided for projects run by registered real estate companies approved by the concerned bodies of the GON can be at a maximum of 50 percent in metropolitan, sub-metropolitan and municipalities adjacent to Kathmandu metropolitan city and 60 percent in other places.
 14. Even though the provision for the loan disbursed to the firms, companies or institutions which is in net loss for two consecutive years or has negative net worth has to be classified under the watch list even if which has been paying principal and interest on a regular basis, such a period has been set for 3 years for the loan disbursed in the priority sector.
 15. The following provisions have been made by this bank in view of the fact that the tourism, industry, trade, business and financial sectors of the country which are likely to

be affected due to the uncomfortable situation caused by the global spread of COVID-19.

- Cash reserves ratio to be maintained by “A”, “B” and “C” class institutions licensed by this bank is set at 3 (three) percent of the total deposit liability.
- The interest rate (bank rate) of the loan provided to the institutions licensed by this bank as per the provisions of the prevailing Act has been set at 5 percent.
- Provision has been made for BFIs to make arrangements for the repayment of monthly/quarterly installments fell between mid-March to mid-June by mid-July 2020. In addition, no additional charges or penalties (Penal Charges, Penal Interest etc.) be levied on the installment and the loan shall not be classified on lower class on the basis of not repayment on time.
- If the debtor pays the loan installment by Mid-April 2020, a provision has been made to provide 10 percent discount on the monthly/quarterly interest amount to be paid within that time.
- A Provision to disburse loan within a certain limit by following a brief process of 5 days has been made for the short-term loan demanded as per the need of the debtors of the tourism and transport sector, who are paying interest and principal regularly until January 2020, even if there are arrears of principal and interest. Charges cannot be more than 0.25 percent while approving such a limit.
- A provision has been made to provide loan within 5 days by completing the brief process for the loan demanded for the purpose of facilitating the imports and sale of essential commodities including healthcare related items and equipments, medicines and food listed and recommended by the Department of Health Services to be used in the prevention, control and treatment of COVID-19.
- Provision has been made to encourage transactions through electronic means by Immediate acceptance of requests received through customer's telephone and email by managing risk related to tasks required for online transactions such as enabling services, password reset, pin reset, authentication, verification, card renewal to make electronic transactions more effective and increase customer access and for providing such services no charges shall be levied till July 2020.
- Provision has been made for interest capitalization until July 2020 to the borrowers who have obtained interest capitalization approval from this bank until 2020 mid-January or mid-April.
- A Provision has been made for payment to the beneficiary by the institution issuing the bank guarantee from the GON within 7 working days from the date of expiry of the order issued under the Infectious Diseases Act, 2020 and to renew the bank deposit for such period without any charge if the customer requests to renew the bank deposit during this period.
- The amount contributed by the BFIs to the Corona Infection Prevention, Control and Treatment Fund established in the Federal and the Province can be counted in the Corporate Social Responsibility Fund (CSR).

- Provision has been made to include loan under the priority sector that has been disbursed to private health service institutions who want to expand and upgrade the service to support the treatment of COVID-19.
 - In consideration of the overall impact of Covid-19 on the financial system, penalty will not be levied in case of non-compliance with the regulatory / supervisory ratios to be complied within mid-April 2020.
 - The refinancing facility provided by this bank will be given, with priority, to the small and medium entrepreneurs affected by COVID-19 and provision has been made to provide such refinancing for working capital loans also.
 - The Countercyclical Buffer provisioned in the Capital Adequacy Framework 2015 has been put off.
 - Provision has been made to provide concessional loan within 7 days of submission of the application by people who are unable to go for foreign employment due to COVID -19 infections to operate business after the end of risk of infection.
 - For the loan not renewed due to the lockdown imposed by the GON or repayent of which has extended under regulatory provisions, a provision of not mandatory classification on watch list has been made.
 - A provision has been made for the licensed BFIs so that provision to spend at least 3 percent of the total salary allowance expenditure of the last fiscal year on training and career development for the enhancement of efficiency of their employees is not mandatory for 2019/20.
 - In order to minimize the impact of COVID-19 on the borrowers, the banks and financial institutions shall calculate the interest amount for the fourth quarter of 2019/20 by reducing two percentage points on the interest rates exist as of mid-April 2020 without reducing below base rate. In addition, licensed retail lending microfinance institutions will be required to calculate the interest rate for the fourth quarter of 2019/20 by reducing 3 percentage points as the interest rates exist as of mid-April 2020 and wholesale microfinance institutions by 2 percentage points.
 - Provision has been made so that it is not compulsion to maintain loan to equity ratio and to provide additional working capital loan up to 10 percent of the limit with a maximum repayment period of up to one year by “A”, “B” and “C” class BFIs licensed by this bank to COVID-19 affected hotels, restaurants, resorts, travel, trekking, tourism sector and aviation, commercial vehicles, small and medium enterprises, export industry, entertainment industry, hospital, poultry business, etc by identifying the need, if the institution providing the loan is convinced on the basis of impact on the project or business of the borrower classified in the active class and their financial condition.
 - Provision has been made so that licensed BFIs can extend the repayment period up to 60 days for all the short-term loans of working capital nature.
16. Provision has been made to count loan or deposit taken by licensed institution for one year or more in foreign currency from a foreign bank, financial institutions or other institutions under resource mobilization.
- (17) An arrangement has been made for the BFIs to disburse loan equivalent to 100% of term deposit of two or more years' periods having maturity period of one year.

- (18) In the case of term deposits collected by bidding, it is necessary to collect such deposits without exceeding the interest rates published and such published interest rates cannot be changed for three months.
- (19) A provision has been made to set and publish interest rates on a quarterly basis by determining premium rate on the basis of types of loans and repayment period, and while determining and publishing interest rate, fixed interest rate which is not changing for certain period for certain types of term loans need to be also published.
- (20) An arrangement has been made to increase by 0.5 percentage on the published interest rate in the case of deposits other than call and institutional term deposits to be collected by BFIs.

Appendix 2.2**Commercial Bank Branches Inspected On-Site in 2019/20****(A) On-Site Inspection (Risk-based)**

Himalayan Bank Ltd.	NIC Asia Bank Ltd.
Sanima Bank Ltd.	Nepal Bank Ltd.
Everest Bank Ltd.	Prabhu Bank Ltd.
Sunrise Bank Ltd.	Machhapuchchhre Bank Ltd.
Nepal Credit & Commercial Bank Ltd.	Agriculture Development Bank Ltd.
Nepal Investment Bank Ltd.	

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

Mega Bank Nepal Ltd.	Nepal Infrastructure Bank Ltd.
NMB Bank Ltd.	Standard Chartered Bank Nepal Ltd.
Bank of Kathmandu Ltd.	Civil Bank Ltd.
Kumari Bank Ltd.	Nabil Bank Ltd.
Laxmi Bank Ltd.	Prime Commercial Bank Ltd.

(C) Special Inspection

Agriculture Development Bank Ltd.	Citizens Bank International Ltd.
Nabil Bank Ltd.	Mega Bank Nepal Ltd.
Nepal Bangladesh Bank Ltd.	Laxmi Bank Ltd.
Janta Bank Nepal Ltd.	Nepal Credit & Commercial Bank Ltd.
NIC Asia Bank Ltd.	Prime Commercial Bank Ltd.
Century Commercial Bank Ltd.	Kumari Bank Ltd.
Nepal Investment Bank Ltd.	Bank of Kathmandu Ltd.
Himalayan Bank Ltd.	NMB Bank Ltd.
Global IME Bank Ltd.	Nepal Bank Ltd.
Rastriya Banijya Bank Ltd.	Machhapuchchhre Bank Ltd.

Appendix 2.3

On-Site Inspected Development Banks

(A) On-Site Inspection

Risk-based Inspection	
Karnali Bikas Bank Ltd.	Kanchan Development Bank Ltd.
Shine Resunga Development Bank Ltd.	Miteri Development Bank Ltd.
Saptakoshi Development Bank Ltd.	Salapa Bikas Bank Ltd.
Green Development Bank Ltd.	Excel Development Bank Ltd.
Corporate Development Bank Ltd.	
Risk-based Inspection	
Jyoti Bikas Bank Ltd.	Kamana Sewa Bikas Bank Ltd.
Sangrila Development Bank Ltd.	Lumbini Bikas Bank Ltd.

(B) Special Inspection

Narayani Development Bank Ltd.	Muktinath Bikas Bank Ltd.
Mahalaxmi Bikas Bank Ltd.	Jyoti Bikas Bank Ltd. (2 times)
Kailash Bikas Bank Ltd.	Deva Bikas Bank Ltd.
Sindhu Bikas Bank Ltd.	

(C) Follow-up Inspection

Deva Bikas Bank Ltd.	Garima Bikas Bank Ltd.
Muktinath Bikas Bank Ltd.	Narayani Development Bank Ltd.
Jyoti Bikas Bank Ltd.	

Appendix 2.4**Banks and Financial Institutions Licensed as Market Makers**

S. N.	Name
1	Mega Bank Nepal Ltd., Kantipath, Kathmandu
2	Laxmi Bank Ltd., Hattisar, Kathmandu
3	Civil Bank Ltd., Kamaladi, Kathmandu
4	Nabil Bank Ltd., Durbarmarg, Kathmandu
5	Citizens Bank International Ltd., Kamaladi, Ktm.
6	Siddhartha Bank Ltd., Hattisar, Kathmandu
7	Bank of Kathmandu, Kathmandu
8	Prabhu Bank Ltd., Babarmahal, Kathmandu
9	Sunrise Bank Ltd., Gairhindhara, Kathmandu
10	Century Commercial Bank Ltd., Patalisadak, Ktm.
11	Nepal Bangladesh Bank Ltd., Kathmandu
12	NMB Bank Limited, Babarmahal, Kathmandu
13	Sanima Bank Ltd., Naxal, Kathmandu
14	Janata Bank Ltd., Naya Baneshwor, Kathmandu
15	Agriculture Development Bank Ltd., Kathmandu
16	Machhapuchchhre Bank Ltd., Lazimpat, Ktm.
17	NIC Asia Bank Ltd., Thapathali, Kathmandu
18	Prime Commercial Bank Ltd., Kamalpokhari, Ktm
19	Rastriya Banijya Bank Ltd., Singhadurbarplaza

S.N.	Name
20	Kailash Bikas Bank Ltd., Patalisadak, Ktm
21	Deva Bikas Bank Ltd., Laldurbar, Kathmandu
22	Kumari Bank Ltd., Durbarmarg, Kathmandu
23	Sangrila Development Bank Ltd., Kathmandu
24	Om Development Bank Limited, Pokhara
25	Bhargav Bikas Bank Ltd., Nepalganj
26	Mahalaxmi Bikas Bank Ltd., Durbarmarg, Ktm.
27	Guheshwori Merchant and Finance Ltd., Lalitpur
28	ICFC Finance Ltd., Bhatbhateni, Kathmandu
29	Goodwill Finance Ltd., Hattisar, Kathmandu
30	Citizen Investment Trust, Kathmandu
31	Nepal Investment Bank Ltd., Durbarmarg, Ktm.
32	Global IME Bank Ltd., Panipokhari, Ktm.
33	Excel Development Bank Ltd., Birtamod, Jhapa
34	Central Finance Ltd., Kupondol, Lalitpur
35	Shree Investment and Finance Co. Ltd., Ktm.
36	Gorkhas Finance Ltd., Dillibazar, Ktm.
37	Muktinath Bikas Bank Ltd., Kamaladi, Ktm.

Appendix 2.5**Banks and Remittance Companies Licensed as Sales Agents for Foreign Employment Saving Bonds**

S.N.	Banks and Remittance Companies	Addrssss
1	Citizens Bank International Limited	Kamaladi, Kathmandu
2	Nabil Bank Limited	Durbarmarg, Kathmandu
3	Machhapuchchhre Bank Limited	Lazimpat, Kathmandu
4	Prabhu Bank Limited	Babarmahal, Kathmandu
5	Sunrise Bank Limited	Gairhindhara, Kathmandu
6	Siddhartha Bank Limited	Hattisar, Kathmandu
7	Sanima Bank Limited	Naxal, Kathmandu
8	Century Commercial Bank Limited	Patalisadak, Kathmandu
9	Prabhu Money Transfer Pvt. Ltd.	Lainchour, Kathmandu
10	Sewa Remit Pvt. Ltd.	Kuleshwor, Kathmandu
11	City Express Pvt. Ltd.	Kamaladi, Kathmandu

Appendix 2.6**Board of Directors**
(In mid-July 2020)

Mr. Maha Prasad Adkhkari, Governor	Chairman
Dr. Sishir Kumar Dhungana, Secretary, Ministry of Finance	Member
Mr. Chinta Mani Siwakoti, Deputy Governor	Member
Mr. Shiba Raj Shrestha, Deputy Governor	Member
Prof. Dr. Shreeram Poudyal	Member
Mr. Ramjee Regmi	Member
Dr. Suvod Kumar Karn	Member

Appendix 2.7**List of Special Class and First Class Officers**

(In mid-July 2020)

Special Class Officers		
1	Mr. Bhuban Kandel	Executive Director, Payment Systems Department
2	Dr. Nophil Matangi Maskay	Executive Director, Office of the Governor
3	Mrs. Neelam Dhungana (Timsina)	Executive Director, Public Debt Management Department
4	Mr. Dev Kumar Dhakal	Executive Director, Banks & Financial Institutions Regulation Dept
5	Mr. Mukunda Kumar Chhetri	Executive Director, Bank Supervision Department
6	Mr. Pitambar Bhandari	Executive Director, Finance Company Supervision Department
7	Mr. Rishikesh Bhatta	Executive Director, Development Bank Supervision Dept.
8	Mr. Pradeep Raj Poudyal	Executive Director, Currency Management Dept.
9	Dr. Gunakar Bhatta	Executive Director, Economic Research Department
10	Mr. Naresh Shakya	Executive Director, Banking Office, Kathmandu
11	Mr. Suman Kumar Adhikari	Executive Director, Assets and Service Management Dept.
12	Dr. Prakash Kumar Shrestha	Executive Director, Micro-Finance Promotion & Supervision Dept.
13	Mr. Bam Bahadur Mishra	Executive Director, Foreign Exchange Management Dept.
14	Mr. Revati Prasad Nepal	Executive Director, Currency Management Department
15	Mr. Ramu Paudel	Executive Director, Human Resource Management Dept.
16	Mr. Vishrut Thapa	Executive Director, Internal Audit Department
17	Mr. Ram Bahadur Manandhar	Executive Director, Corporate Planning & Risk Management Dept.
First Class Officers		
1	Mr. Daya Ram Sharma	Director, Currency Management Department
2	Mr. Tulashi Prasad Ghimire	Director, Human Resource Management Department
3	Mr. Guru Prasad Paudel	Director, Foreign Exchange Management Department
4	Mr. Rabindra Maharjan	Director, Internal Audit Department
5	Mr. Bimal Raj Khanal	Director, Corporate Planning & Risk Management Dept.
6	Mr. Binod Raj Acharya	Director, Finance Company Supervision Department

7	Mr. Ram Prasad Gautam	Director, Micro-Finance Promotion & Supervision Dept.
8	Mr. Kiran Pandit	Director, Banks & Financial Institutions Regulation Dept.
9	Mr. Satyendra Timilsina	Director, Nepal Rastra Bank, Biratnagar Office
10	Mr. Chet Prasad Upfrey	Director, Development Bank Supervision Department
11	Mr. Ishwori Prasad Neupane	Director, Micro-Finance Promotion & Supervision Dept.
12	Mr. Roshan Kumar Shigdel	Director, Office of the Governor
13	Dr. Ram Sharan Kharel	Director, Economic Research Department
14	Dr. Dilli Ram Pokhrel	Director, Economic Research Department
15	Mr. Dirgha Bahadur Rawal	Director, Financial Information Unit
16	Mr. Nishchal Adhikari	Director, Payment Systems Department
17	Mr. Anuj Dahal	Director, Bank Supervision Department
18	Mr. Dipak Raj Lamichhane	Director, Economic Research Department
19	Mr. Rajan Bikram Thapa	Director, Development Bank Supervision Department
20	Mr. Rajendra Bhattarai	Director, Assets and Service Management Dept.
21	Mr. Hem Prasad Neupane	Director, Bank Supervision Department
22	Mr. Ananda Paudyal	Director, Bankers Training Centre
23	Mr. Mukti Nath Sapkota	Director, Banks & Financial Institutions Regulation Dept
24	Mrs. Sushma Regmi (Rijal)	Director, Corporate Planning & Risk Management Dept.
25	Mr. Govinda Prasad Nagila	Director, Mint Division
26	Mrs. Meena Pandey	Director, Banks & Financial Institutions Regulation Dept.
27	Mr. Shubhash Chandra Ghimire	Director, Nepal Rastra Bank, Dhangadhi Office
28	Mrs. Shrijana Bastola	Director, Banking Office, Kathmandu
29	Mr. Buddha Raj Sharma	Director, Human Resource Management Department
30	Mr. Sudip Phuyal	Director, Nepal Rastra Bank, Siddharthanagar Office
31	Mrs. Niva Shrestha	Director, Banking Office, Kathmandu
32	Mr. Dila Ram Subedi	Director, Bank Supervision Department
33	Mr. Keshav Bahadur K.C.	Director, Financial Management Department
34	Mr. Sailendra Regmi	Director, Public Debt Management Department
35	Mr. Birendra Datta Awasthi	Director, Banking Office, Kathmandu
36	Mr. Devendra Gautam	Director, Assets and Service Management Dept.
37	Mr. Ishwari Prasad Bhattarai	Director, Nepal Rastra Bank, Pokhara Office
38	Mr. Rajan Dev Bhattarai	Director, Financial Management Department
39	Mr. Laxmi Prasad Prasai	Director, Corporate Planning & Risk Management Dept.
40	Mr. Ramesh Acharya	Director, Foreign Exchange Management Department
41	Mr. Rajan Krishna Pant	Director, Nepal Rastra Bank, Birgunj Office
42	Mr. Durgesh Gopal Shrestha	Director, Nepal Rastra Bank, Janakpur Office
43	Mrs. Indra Chamlagai (Mainali)	Director, Foreign Exchange Management Department
44	Mrs. Ranjana Paudel (Pandit)	Director, Human Resource Management Department
45	Mr. Shiva Ram Dawadi	Director (I.T.), Information Technology Department
46	Mr. Thaneshwor Acharya	Act. Director, Legal Division
47	Mrs. Neera Talchabhadel	Act. Director, Currency Management Department
48	Mrs. Arya Joshi	Act. Director, Economic Research Department
49	Mr. Madhav Dangal	Act. Director, Economic Research Department
50	Mr. Biggyan Raj Subedi	Act. Director, Economic Research Department
51	Mr. Binod Raj Lekhak	Act. Director, Finance Company Supervision Department
52	Mr. Narayan Prasad Pokhrel	Act. Director, Office of the Governor

PART – THREE

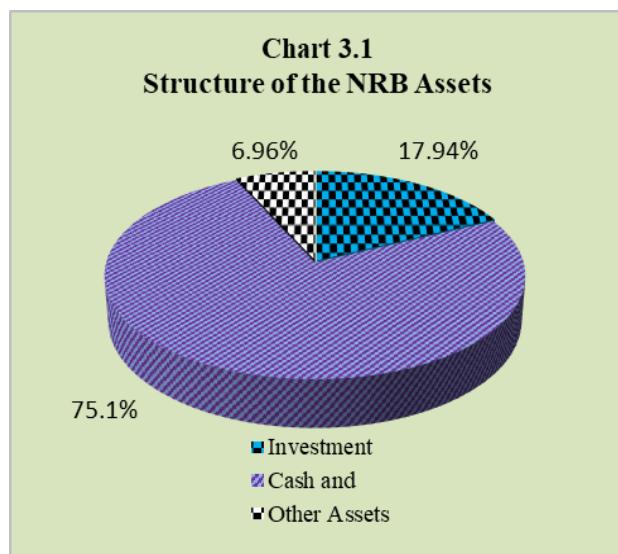
**ANNUAL FINANCIAL SITUATION OF
NEPAL RASTRA BANK**

- **Assets and Liabilities** 117
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- **Annual Financial Statements of Nepal Rastra Bank** 120

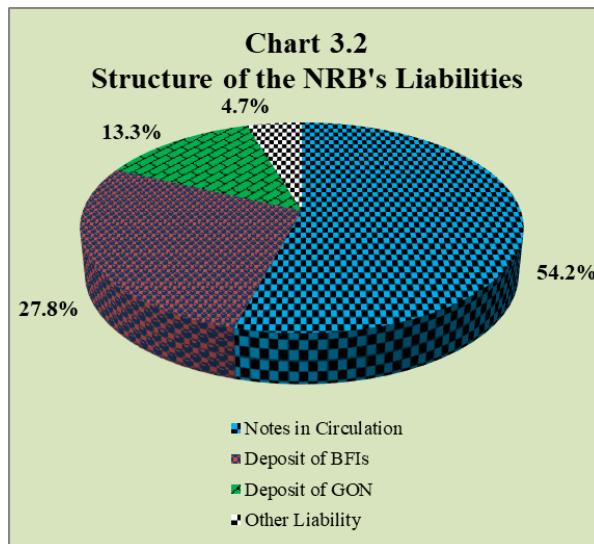
PART – THREE
ANNUAL FINANCIAL SITUATION OF
NEPAL RASTRA BANK

Assets and Liabilities

- 3.1 As per the NRB's balance sheet as of mid-July 2020, the assets/liabilities of the Bank increased by 31 percent to Rs. 1400.90 billion, compared to the corresponding amount in mid-July 2019. The assets/liabilities had contracted by 7.44 percent to Rs. 1069.37 billion in mid-July 2019.
- 3.2 Of the total assets, the share of investment securities was 17.94 percent followed by cash and cash equivalents at 75.10 percent and other assets at 6.96 percent in mid-July 2020. The respective shares in mid-July 2019 were 20.87 percent, 70.32 percent and 8.81 percent respectively.
- 3.3 Compared to mid-July 2019, the amount of NRB's investment securities increased by 12.64 percent to Rs. 251.33 billion in mid-July 2020. In mid-July 2019, the total investment securities had amounted to Rs. 223.13 billion.
- 3.4 Between mid-July 2019 and mid-July 2020, the amount of NRB's cash and cash equivalents increased by 39.90 percent to Rs. 1052.06 billion. In mid-July 2019, cash and cash equivalents had amounted to Rs. 752.03 billion.
- 3.5 Of the total liabilities and equity, the share of liabilities was 76.36 percent and that of equity 23.64 percent in mid-July 2020. In mid-July 2019, these shares were 78.68 percent and 21.32 percent respectively.
- 3.6 As share of total liabilities as of mid-July 2020, currency in circulation, deposits from banks and financial institutions, deposits from GON and other liabilities stood at 54.19 percent, 27.84 percent, 13.31 percent and 4.67 percent respectively. These shares in mid-July 2019 constituted 59.81 percent, 22.03 percent, 11.36 percent and 6.79 percent respectively.

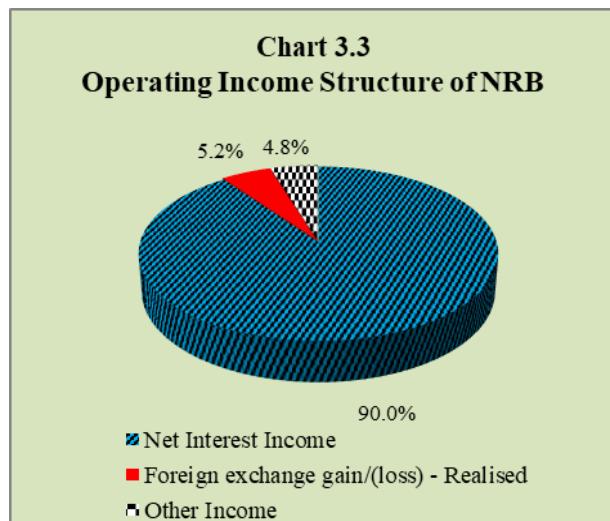


- 3.7 Currency in circulation increased by 15.20 percent to Rs. 579.73 billion in mid-July 2020 compared to a year ago. In mid-July 2019, currency in circulation had amounted to Rs. 503.25 billion.
- 3.8 Deposits from BFIs in NRB increased by 60.67 percent to Rs. 297.85 billion in mid-July 2020 compared to mid-July 2019. In mid-July 2019, such deposits had amounted to Rs. 185.38 billion.
- 3.9 GON deposits in NRB increased by 48.88 percent to Rs. 142.34 in mid-July 2020 compared to a year ago. Such deposits had amounted to Rs. 95.61 billion in mid-July 2018.
- 3.10 Compared to mid-July 2019, the total equity increased by 45.26 percent in mid-July 2020. Under this, reserves and surplus increased by 46.27 percent to Rs. 326.16 billion. Such a fund had amounted to Rs. 222.99 billion in mid-July 2019.
- 3.11 Share capital of the bank in mid-July 2020 remained same at Rs. 5 billion as in mid-July 2019.



Income Statement

- 3.12 As per the income statement of FY 2019/20 (July 17, 2019 through July 16, 2020), the total net operating income of NRB during the review year declined by 15.78 percent to Rs. 33.01 billion compared to that of previous year. In the net operating income of FY 2019/20, the share of net interest income was 89.94 percent, followed by 5.19 percent of foreign exchange gain realized and 4.84 percent of other income.
- 3.13 In the review year as compared to that of previous year, the net interest income and foreign exchange gain dropped by 15.85 percent to Rs. 29.71 billion and 48.64 percent to Rs. 1.71 billion respectively. Similarly, other income realized has increased by



124.86 percent to Rs. 1.49 billion and net loss from fees and commission declining by 219.66 percent has became income Rs. 0.11 billion.

- 3.14 In the review year, net income before revaluation of gain/loss from foreign exchange and other assets decreased by 19.47 percent to Rs. 27.88 billion as compared to that of previous year. Such net income was Rs. 34.62 billion in the previous year.
- 3.15 In the review year, the net income stood at Rs. 107.61 billion after adjusting foreign exchange revaluation loss of Rs. 58.93 billion and gold and silver revaluation gain of Rs. 20.81 billion. The net income was Rs. 32.35 billion in the previous year.
- 3.16 In the review year, total comprehensive income amounted to Rs. 109.12 billion after adjusting other comprehensive income/expenditure. Total comprehensive income was Rs. 34.42 billion in the previous year.

NEPAL RASTRA BANK
STATEMENT OF FINANCIAL POSITION
As on 31st Asar, 2077 (15th JULY, 2020)

Particulars	Notes	As on 15-07-2020	As on 16-07-2019	Figures in NRs.
ASSETS				
Cash and Cash Equivalents	4.1	1,052,067,118,391	752,037,894,082	
Trading Assets		-	-	
Derivative Assets Held for Risk Management		-	-	
Loans and Advances to Bank and Financial Institutions	4.2	7,487,473,703	22,894,754,410	
Loans and Advances to Others	4.3	11,546,177,633	15,049,976,973	
Overdraft to Government of Nepal		-	-	
Gold and Silver at Fair Value	4.4	71,009,398,875	50,202,241,103	
Investment Securities	4.5	251,330,069,810	223,127,793,160	
Inventories	4.6	2,798,424,506	2,893,354,347	
Investment Properties		-	-	
Property, Plant and Equipment	4.7	2,923,758,243	1,596,260,757	
Intangible Assets	4.8	86,190,992	90,542,898	
Other Assets	4.9	1,651,756,294	1,484,988,125	
TOTAL ASSETS		1,400,900,368,447	1,069,377,805,855	
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities held for Trading		-	-	
Derivative Liabilities Held for Risk Management		-	-	
Bills Payable		322,458,714	221,828,105	
Deposits from Bank and Financial Institutions	4.10	297,852,272,797	185,385,094,042	
Deposit from Government of Nepal		142,340,191,367	95,605,371,467	
Deposits from Others	4.11	18,733,175,742	21,252,588,038	
Short Term Borrowings	4.12	-	-	
IMF Related Liabilities	4.13	20,904,127,242	20,789,695,685	
Staff Liabilities	4.14	2,822,409,141	1,881,103,006	
Subordinated Liabilities		-	-	
Provisions		-	-	
Other Liabilities	4.15	1,022,534,726	985,889,606	
Currency in Circulation	4.16	579,738,632,391	503,250,178,973	
Surplus Payable to Government of Nepal	4.17 (a)	6,000,000,000	12,020,000,000	
Total Liabilities		1,069,735,802,120	841,391,748,922	
EQUITY				
Capital		5,000,000,000	5,000,000,000	
Reserves & Surplus		326,164,566,327	222,986,056,933	
Non-controlling Interest		-	-	
TOTAL EQUITY		331,164,566,327	227,986,056,933	
TOTAL LIABILITIES AND EQUITY		1,400,900,368,447	1,069,377,805,855	

Notes referred above and significant disclosures are integral part of this statement.

Mr. Mukunda Kumar Chhetri
Executive Director
Financial Mgmt. Department

Mr. Bam Bahadur Mishra
Deputy Governor

Dr. Neelam Dhungana Timsina
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CA. Dr. Suvod Kumar Karn
Board Member

Mr. Ramjee Regmi
Board Member

Dr. Sri Ram Poudyal
Board Member

As per our report of even date

Mr. Sishir Kumar Dhungana
Secretary MOF/Board
Member

Mr. Maha Prasad Adhikari
Governor

CA. Jitendra Kumar Mishra
CSC & Co.
Chartered Accountants

CA. Sudarshan Raj Pandey
S.R. Pandey & Co.
Chartered Accountants

Date: 12/04/2021
Place: Kathmandu

CA. Bijay Kumar Agrawal
B.K. Agrawal & Co.
Chartered Accountants

Mr. Baburam Gautam
Deputy Auditor General

NEPAL RASTRA BANK
STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME
For the Year ended on 31st Asar, 2077 (15th JULY, 2020)

Particulars	Notes	For the Year Ended	For the Year Ended
		31-03-2077	31-03-2076
Interest Income	4.18	29,799,218,325	35,960,507,325
Interest Expense	4.19	(98,269,150)	(665,160,303)
Net interest Income		29,700,949,175	35,295,347,022
Fee and Commission Income	4.20	135,480,913	102,777,081
Fee and Commission Expense	4.21	(24,182,200)	(195,791,128)
Net Fee and Commission Income		111,298,713	(93,014,047)
Net income from Other Financial Instruments at Fair Value through Profit or Loss		-	-
Foreign Exchange Gain/(Loss) - Realised		1,713,421,285	3,335,856,624
Other Income	4.22	1,487,107,487	661,343,008
Total Operating Income		33,012,776,660	39,199,532,607
Impairment Allowance on Financial Assets		(1,843,923)	-
Impairment Allowance on Financial Assets Written back		10,400,254	-
Net Operating Income		33,021,332,991	39,199,532,607
Personnel Expenses	4.23	(2,981,796,726)	(2,667,042,095)
Depreciation, Amortisation and Impairment of Non-Financial Assets	4.24	(171,591,575)	(149,190,750)
Operating Expenses	4.25	(1,987,862,698)	(1,761,414,659)
Distributable Net Income/(Expenditure)		27,880,081,992	34,621,885,103
Foreign Exchange Gain/(Loss) - Unrealised		58,927,429,280	(2,193,530,153)
Gold and Silver Revaluation Gain/(Loss)		20,807,318,228	(76,037,528)
Securities Revaluation Gain/(Loss)		-	-
Net Income/(Expenditure) for the year		107,614,829,500	32,352,317,422
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss:		1,506,015,328	2,065,826,679
Actuarial gain (Loss) in defined benefit Retirement Schemes		467,268,203	1,341,411,990
Net Change in Fair value of Equity Instruments		1,038,747,125	724,414,689
(ii) Items that are or may be reclassified to profit or loss:		-	-
Other Comprehensive Income		1,506,015,328	2,065,826,679
Total Comprehensive Income		109,120,844,828	34,418,144,101

Notes referred above and significant disclosures are integral part of this statement.

Mr. Mukunda Kumar Chhetri
Executive Director
Financial Mgmt. Department

Mr. Bam Bahadur Mishra
Deputy Governor

Dr. Neelam Dhungana Timsina
Deputy Governor

CA. Dr. Suvod Kumar Karn
Board Member

Mr. Ramjee Regmi
Board Member

Dr. Sri Ram Poudyal
Board Member

As per our report of even date

Mr. Sishir Kumar Dhungana
Secretary MOF/Board

Mr. Maha Prasad Adhikari
Governor

CA. Jitendra Kumar Mishra
CSC & Co.
Chartered Accountants

CA. Sudarshan Raj Pandey
S.R. Pandey & Co.
Chartered Accountants

Date: 2077/12/30

Place: Kathmandu

CA. Bijay Kumar Agrawal
B.K. Agrawal & Co.
Chartered Accountants

Mr. Baburam Gautam
Deputy Auditor General

NEPAL RASTRA BANK
STATEMENT OF CASH FLOWS
For the Year ended on 31st Asar, 2077 (15th JULY, 2020)

PARTICULARS	Figures in NRs.	
	For the Year Ended 31-3-2077	For the Year Ended 31-3-2076
Cash Flow From Operating Activities		
Net Income/(Expenditure) for the year	107,614,829,500	32,162,519,703
Adjustments		
Depreciation & Amortisation	171,591,575	149,190,750
Dividend Income	(39,188,282)	(14,022,986)
Impairment Allowance on Financial Assets	1,843,923	-
Provisions no Longer Required Written Back	(10,400,254)	-
Grant Income	(476,098,050)	-
Profit from Sale of Assets/ Investments	(3,041,208)	(7,036,678)
Assets Written Off	389,034	-
Interest paid on IMF Liabilities	57,807,978	114,976,450
Surplus/(Deficit) Due to Restatement of Prior Period Errors	-	(3,486,071)
Foreign Exchange Gain/(Loss) - Unrealised	(58,927,429,280)	2,193,530,153
Net Gold and Silver Revaluation Gain/(Loss)	(20,807,318,228)	76,037,528
Securities Revaluation Gain/(Loss)		
Actuarial gain (Loss) in defined benefit Retirement Schemes	467,268,203	1,341,411,990
Cash Flow From Operation Before Inc / Dec in Operating Assets	28,050,254,911	36,013,120,839
(Increase)/Decrease in Operating Assets	18,837,397,796	(12,622,177,006)
Loans & Advances	18,909,236,124	(13,579,625,838)
Inventories	94,929,841	942,440,985
Other Assets	(166,768,169)	15,007,847
Increase/(Decrease) in Operating Liabilities	158,021,716,443	(120,593,872,265)
Government Deposit	46,734,819,900	(48,560,545,901)
Deposit Liabilities	109,947,766,459	(26,958,168,150)
Bills Payable	100,630,609	106,205,363
Short Term Borrowings	-	(44,550,000,000)
IMF Deposit	260,548,220	-
Staff Liabilities	941,306,135	(213,936,214)
Other Liabilities	36,645,120	(417,427,363)
Net Cash Flow From Operating Activities	Total (A)	204,909,369,150
Cash Flow From Investing Activities		(97,202,928,432)
Net (Incr)/Decr in Investment Securities	(27,095,464,706)	10,581,195,681
Gold & Silver	160,456	(4,810,810,823)
Purchase of Property, Plant & Equipment	(1,508,895,004)	(780,302,393)
Sale of Property, Plant & Equipment	36,854,078	14,651,310
Purchase of Intangible Assets	(20,044,054)	(994,400)
Dividend Income	39,188,282	14,022,986
Net Cash Flow From Investing Activities	Total (B)	(28,548,200,948)
Cash Flow From Financing Activities		5,017,762,361
Bank Note Issued	76,488,453,418	8,860,678,974
Increase/Decrease in ECF/RCF Loan & SDR Allocation	329,981,387	(885,262,406)
Interest paid on IMF Liabilities	(57,807,978)	(114,976,450)
Surplus Paid to GON	(12,020,000,000)	(9,000,000,000)
Net Cash Flow From Financing Activities	Total (C)	64,740,626,827
Net Cash Flow for the Year (A+B+C)		241,101,795,029
Revaluation Gain or Loss on Foreign Exchange	58,927,429,280	2,193,530,153
Cash and Cash Equivalent at the Beginning of the Year	752,037,894,082	847,556,150,188
Cash and Cash Equivalent at the end of the Year		1,052,067,118,391
		752,037,894,082

Mr. Mukunda Kumar Chhetri
Executive Director
Financial Mgmt. Department

Mr. Bam Bahadur Mishra
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As per our report of even date

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Chartered Accountants

CA. Sudarshan Raj Pandey
S.R. Pandey & Co.
Chartered Accountants

Date: 2077/12/30
Place: Kathmandu

CA. Bijay Kumar Agrawal
B.K. Agrawal & Co.
Chartered Accountants

Mr. Baburam Gautam
Deputy Auditor General

NEPAL RASTRA BANK
STATEMENT OF CHANGES IN EQUITY
For the Year ended on 31st Asar, 2077 (15th JULY, 2020)

Figures in NRs.

PARTICULARS	Capital	Statutory Reserve				Gold & Silver Equilisation Reserve	Fair Value Reserve	RSRF Administrative Expenses Reimbursement Fund	Acturail Gain Reserve	Other Reserves	Retained Earning	Total
		General Reserve	Monetary Liability Reserve	Financial Stability Fund	Exchange Equilisation Fund							
Balance as on 1st Shrawan 2075	5,000,000,000	32,769,744,924	6,599,169,017	3,401,655,019	97,093,809,877	26,217,603,326	3,018,540,609	-		30,197,992,105		204,298,514,877
Adjustment for Prior Period Income (Expense)										(1,994)	1,289,399,950	1,289,397,956
Restated Balance	5,000,000,000	32,769,744,924	6,599,169,017	3,401,655,019	97,093,809,877	26,217,603,326	3,018,540,609	-		30,197,990,111	1,289,399,950	205,587,912,833
Net Income for the year											32,352,317,422	32,352,317,422
Other Comprehensive Income											1,341,411,990	2,065,826,679
Appropriation of Net Income:												
To General Reserve											(7,371,159,330)	-
To Monetary Liability Reserve											(1,788,500,665)	-
To Financial Stability Fund											(1,788,500,665)	-
To Exchange Equilisation Fund											2,193,530,153	-
To Gold & Silver Equilisation Reserve											76,037,528	-
To Fair Value Reserve											12,797,280,027	-
To Other Reserve											(4,572,616)	-
To Net Cumulative Surplus Fund												-
Inter Fund Transfer:												
Retained Earning to Acturail Reserve												
Balance Surplus Transfer to Government												
Balance as on 31st Asar 2076	5,000,000,000	40,140,904,254	8,387,669,682	5,190,155,684	94,900,279,724	26,141,565,798	3,742,955,298	-		42,999,842,754	1,482,683,740	227,986,056,934
Adjustment for Prior Period Income (Expense)												-
Restated Balance	5,000,000,000	40,140,904,254	8,387,669,682	5,190,155,684	94,900,279,724	26,141,565,798	3,742,955,298	-		42,999,842,754	1,482,683,740	227,986,056,934
Net Income for the year											107,614,829,500	107,614,829,500
Other Comprehensive Income											1,506,015,328	-
Appropriation of Net Income:												
To General Reserve											(8,984,388,463)	-
To Monetary Liability Reserve											(1,394,004,100)	-
To Financial Stability Fund											(1,394,004,100)	-
To Exchange Equilisation Fund											(58,927,429,280)	-
To Gold & Silver Equilisation Reserve											(20,807,318,228)	-
To Fair Value Reserve												-
To Other Reserve											10,753,814,472	-
To Net Cumulative Surplus Fund											11,268,898	(11,268,898)
Inter Fund Transfer:												
Retained Earning to Net Cum Surplus Fund											555,903,731	-
Fair value reserve to Retained Earning											657,398,041	-
Retained Earning to Acturail Reserve											(926,780,009)	-
RSRS Fund Surplus received												61,390,949.00
Administrative Expenses Reimbursement											(3,726,384.00)	
Balance Surplus Transfer to Government												
Balance as on 31st Asar 2077	5,000,000,000	49,125,292,717	9,781,673,782	6,584,159,784	153,827,709,004	46,948,884,026	4,124,304,382	57,664,565		1,394,048,212	54,320,829,855	331,164,566,327

As per our report of even date

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Executive Director
Financial Mgmt. Department

Mr. Bam Bahadur Mishra
Deputy Governor

Dr. Neelam Dhungana Timsina
Deputy Governor

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Board Member

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Mr. Ramjee Regmi
Board Member

Dr. Sri Ram Poudyal
Board Member

Mr. Sishir Kumar Dhungana
Secretary MOF/Board

Mr. Maha Prasad Adhikari
Governor

CA. Bijay Kumar Agrawal
B.K. Agrawal & Co.
Chartered Accountants

Mr. Baburam Gautam
Deputy Auditor General

Date: 12/04/2021
Place: Kathmandu

Nepal Rastra Bank
Notes Forming part of Financial Statements
Fiscal Year 2076/77 (2019/20 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 NRB 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 main activities/objectives of the Bank include:

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

2. Basis of Preparation

2.1 Statement of Compliance

The 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 includes interpretations (IFRIC and SIC) as issued by International Accounting Standards Board.

The financial statements include Statement of Financial Position, Statement of Net Income and Other Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Notes to Accounts. Assets and liabilities are presented in the Statement of Financial Position in the order of their liquidity. Expenses are classified as per their nature.

2.2 Responsibility of Financial Statements

The Board of Directors 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 financial statements are approved by the Board Meeting held on Chaitra 30, 2077 (April 12, 2021).

2.3 Functional and Presentation Currency

The financial statements are prepared in Nepalese Rupees (NRs.) which is the functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest rupee except otherwise indicated.

2.4 Fiscal Year

The financial statements relate to the fiscal year 2076/77 i.e. 1st Sawan 2076 to 31st Asar 2077 corresponding to Gregorian calendar 17th July 2019 to 15th July 2020. The previous year was 1st Sawan 2075 to 31st Asar 2076 (17th July 2018 to 16th July 2019).

2.5 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.

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

2.6 Offsetting

Financial assets and liabilities are offset and the net amount presented in 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 Statement of Financial Position.

2.7 Controlling Body

The controlling body of the Bank is the Government of Nepal (GoN) holding 100 percent of its 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.
- 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 or related entities except where agreement states otherwise.

3. Significant Accounting Policies

3.1 Basis of Measurement

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

Items	Measurement Basis
Non Derivative Financial Instrument at Fair value through profit or Loss	Fair value
Equity investments	Fair value
Gold & Silver Investment other than inventories	Fair value
Inventories (Including gold & silver kept for further processing)	Cost or Net Realisable 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

3.2 Basis of Consolidation

The Bank's investment in Rastriya Beema Samsthan 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.

3.2.1 Basis of Accounting for Investment in Associates

The Bank's investment in National Productivity and Economic Development Ltd. is in excess of 20% 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 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.

3.3 Interest Income/ (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 and Other Comprehensive 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 instrument 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 investments from certain banks and financial institutions which are declared as problematic and receipt of interest from which is not forthcoming are not recognized.

3.4 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 included 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 instrument 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 profit or loss. It includes realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

iv. Other Income

- 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.

Income and expenses are presented on a net basis only when permitted under NFRS.

3.5 Leases

Payment made under operating leases are recognized in Statement of Net Income. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease expense which the bank believes is more representative than the straight line method in line with para 33 of NAS-17.

3.6 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 that 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.

3.7 Income tax

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

3.8 Financial Assets and Financial Liabilities

i) Recognition

The Bank initially recognizes loans and advances, deposits, debt securities issued, subordinated liabilities on the date of which they are originated. 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.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets

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 (‘FVOCI’) or fair value through profit or loss (‘FVPL’).

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

- **At amortised cost:** Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments for which the Bank has intent and ability to hold till maturity. They are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.
- **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Bank manages such investments and makes purchases and sales decisions based on its fair value in accordance with investment strategy. Attributable transaction costs and changes in fair value are taken to revenue.
- **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are designated as available-for-sale or not classified in any of the above category. Financial assets at FVOCI are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, other than impairment losses which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to Statement of Net Income.

Financial liabilities

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. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired. Non derivatives financial liabilities are classified into the other financial category. 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.

(iii) Derecognition

Financial assets

The Bank derecognizes a 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 derecognition of a 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 sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in income or expenditure. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate assets or liability.

Financial Liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

(iv) 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.

(v) 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.

(vi) Fair value measurement

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. 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.

(vii) Identification and measurement of impairment

Financial assets

At each reporting date the bank assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is

impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- breach of contract, such as default or delinquency by a borrower
- the Bank, for economic or legal reasons relating to the financial difficulties, grant to the borrower a concession that the lender would not otherwise consider
- Indication that a borrower or issuer will enter bankruptcy;
- disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

The amount of loss is measured as the difference between the asset's carrying amount and amount the management considers it as recoverable on the basis of financial position of the borrower or issuer and appropriate estimation made by the management. Appropriate provisions for possible losses on investments in shares, fixed deposits; and loans and advances have been made. Receivables considered as bad and irrecoverable are written off from the books of account and directly charged to Statement of comprehensive income.

In addition, for an investment in an unquoted equity security, a significant or prolonged decline in its book value is objective evidence of impairment.

Impairment losses are recognized in income or expenditure and reflected in an allowance account against loans and receivables or held to maturity investment securities. Impairment loss on financial instruments through other comprehensive income are a part of equity routed through Statement of OCI. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through income statement or statement of other comprehensive income.

If, in a subsequent period, the fair value of an impaired financial instruments through other comprehensive income increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairing loss is reversed through income or expenditure; otherwise, any increase in fair value is recognized through OCI. Any subsequently recovery in the fair value of an impaired financial instruments through other comprehensive income is recognized through OCI. Any subsequent recovery in the fair value of such instruments is always recognized in OCI.

Non financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. Provision for the assets such as Numismatic and Medallion coins and Non-moving metals are made on as per the indication of impairment. An impairment loss is recognized in Statement of Net Income. Provisions against impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are

recognized as income/expense in the statement of Net Income and Other Comprehensive income.

(viii) 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.

3.9 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, 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.

3.10 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.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position with transactions cost recognized in income and expenditure. All changes in the fair value are recognized as part of the net trading income in income and expenditure.

3.11 Loans and Advances to Banks and Financial Institutions

Loans and advances to Banks and Financial Institutions include non derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loan is provided by the Bank for short period under Standing Liquidity Facilities, refinance and other facilities.

3.12 Loan and Advances to Others

Loan and advances to others include loans to employees, interest receivable on financial instruments and advances to staff as well as parties. The Bank provides various types of loans to its employee as per the Staff Bylaws of the Bank. The loans are measured at amortised cost and difference amount between the principal and present value of the loan is Booked as deferred employee benefit.

3.13 Investment Securities

Investment securities are initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss, incremental direct transaction cost, and subsequently accounted for depending on their classification as either amortised cost, fair value through profit or loss, or fair value through other comprehensive income.

3.14 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.

3.15 Property and Equipment

i. Recognition and Measurement

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including nonrefundable duties and taxes; and any directly attributable cost incurred in bringing the asset to their present location and condition necessary for it to be capable of operating in the manner intended by the management but excluding trade discounts and rebates. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Bank. Ongoing repair and maintenance are expensed as incurred.

If significant part of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (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.

ii. Depreciation

Land is not depreciated. All other property, plant and equipment are depreciated from 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. Depreciation is charged on straight-line method over the estimated useful life of current and comparative years of significant items of property, plant and equipment. Useful lives and residual values are reviewed on each reporting date and adjusted if required.

The estimated useful lives of the significant items of Property & Equipment are as follows:

<u>Class of assets</u>	<u>Estimated useful life</u>
Building	Above 33 years
Office and Computer Equipment	5 years
Fixtures and fittings	10 years
Machinery Equipment	5 years
Vehicles	5 years
Others	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Assets received in grant

Equipment acquired under grant is recognized as "Grant Assets" at nominal value and included under respective head of property, plant and equipment.

3.16 Intangible Assets

Intangible assets include software purchased by the bank. The intangible assets that are acquired by the Bank and have definite useful lives 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 asset to which it relates. 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.

3.17 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.

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.

3.18 Gold and Silver at fair value

Gold and silver held as investment (paper gold as well as reserve gold/silver) is stated at market value and any appreciation or depreciation with respect to the cost is taken to/from “Gold and Silver Equalization Reserve” through Appropriation of Net Income/(Expenditure).

3.19 Inventories

Inventories of the bank include gold and silver stock physically held for minting and processing purpose, new currencies that are not issued to the circulation, 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 whereas cost for other inventories is determined under the weighted average method. Cost of new currency notes are charged to Statement of Net Income at the time of issue in circulation. Other stores items are charged directly to Statement of Net Income. Durable goods with unit cost of twenty five thousand rupees or less are expensed off at the time of purchase.

Allowance is made for slow moving inventories.

3.20 Deposits and Borrowings

Deposits and borrowings (debt securities issued) are the source of funds of the bank in addition to its reserves.

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.

3.21 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.

3.22 Employee Benefits

i. Defined Contribution Plans

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 expense in profit or loss in the periods during which the related service 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:

- 1) **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 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.
- 2) **Welfare Provident Fund:** Certain amounts as prescribed by the Board 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.

ii. 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. Any unrecognized past service costs and the fair value of any plan assets are deducted. 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 other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.

Remeasurements 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 OCI. The Bank determines the net interest expense (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 personal expenses in Statement of Net Income.

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

- 1) **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 credit method. All expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.

- 2) **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 credit method. All expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.
- 3) **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.
- 4) **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.

iii. Other long term employee benefits

The group net obligation in respect of long term employee benefits is the amount of future benefits that employees earned in return or their service in the current and prior period. That benefit is discounted to determine its present value. Remeasurements are recognized in Statement of Net Income in the period in which they arise.

iv. Termination Benefits

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.

v. Short term employee benefits

Short term employees benefits are expenses as the related services 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.

3.23 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 NRB 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 circulation liability does not include the liability on account of coins in circulation, as allowed by the Act.

3.24 Transactions on Repurchase Obligations (Repo) and Reverse Repo

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

- a) Securities sold subject to repurchase arrangements (Repo) are recorded as refinance and loan to banks. The obligation to repurchase is shown as liabilities for securities sold under agreement to repurchase and the difference between the sale and repurchase value is accrued on a pro rata basis and recorded as expense.
- b) Securities purchased under agreements to resell ('reverse repos') are recorded as deposits and other balances of banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the statement of financial position.

3.25 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.

3.26 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 un-disbursed 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.

3.27 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 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 expense of such projects. However, disclosure of financial and other information of such projects is given in the notes.

3.28 Presentation

The presentation of certain line items of previous year financial statements have been changed (regrouped or rearranged) to align the financial statements.

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4 Notes relating to items in the financial statements

4.1 Cash and Cash Equivalents

In line with the accounting policy as given in Note 3.9, balances of cash and cash equivalent at the reporting date are as below:

Particulars	15-07-2020	16-07-2019
Foreign Currency:		
Cash in Hand & at Vault	37,932,848,845	15,550,851,739
Balances with Other Banks	84,277,448,893	80,612,597,573
GOI Treasury Bills	295,073,760,103	220,338,423,350
US Government Treasury Bills	18,051,609,752	16,311,683,916
Time Deposit	616,298,264,222	418,855,585,681
Investment in FIXBIS	-	-
Investment in Repurchase Agreements	-	-
IMF Related Assets: SDR Holdings	412,972,270	354,810,632
Total Foreign Currency	1,052,046,904,085	752,023,952,891
Local Currency:		
Cash in Hand & at Vault	-	-
Balances with Other Banks	20,214,306	13,941,191
Total Local Currency	20,214,306	13,941,191
Total	1,052,067,118,391	752,037,894,082

4.2 Loans and Advances to Bank & Financial Institutions

Please refer accounting policy in Note 3.11. The balances of loans and advances to banks and financial institutions (B/FIs) and microfinance (MFI) are as below:

Particulars	15-07-2020	16-07-2019
Refinance/SLF Loans:		
Commercial Banks	7,302,907,919	21,282,538,229
Development Banks	138,799,737	1,406,378,153
Finance Companies	45,766,047	205,838,028
Loan to Micro Finance Institutions	-	10,000,000
Less: Allowance for impairment	-	(10,000,000)
Total	7,487,473,703	22,894,754,410
Allowance for impairment		
Balance as on 01-04-2076	10,000,000	10,000,000
Charge for the year	-	-
Effect of foreign currency movements	-	-
Reversal of Impairment Loss	(10,000,000)	-
Balance as on 31-03-2077	-	10,000,000

These investments are realized on the settlement date as per the terms of loan agreement.

Details of type of refinance/loan provided to banks and financial institutions have been given below:

Particulars	Period	Refinance Rate	15-07-2020	16-07-2019
General Refinance	1 year	3%	6,266,769,739	19,313,678,409
Special/Export Refinance	1 year	1%	-	866,118,842
Zero Interest Loan	6 months	0%	1,220,703,964	2,214,957,159
Standing Liquidity Facility	3 days	5%	-	500,000,000
Total			7,487,473,703	22,894,754,410

4.3 Loans and Advances to Others

Please refer accounting policy in Note 3.12. The balances are given as below:

Particulars	15-07-2020	16-07-2019
Receivable from GON against payment to IMF	-	-
Advance Payment to GON	-	2,000,000,000
Loans to Sana Kishan Bikas Laghubitta Bittiya Sanstha Ltd.	297,000,000	
Balance with Asian Clearing Union (ACU)		
Gross Loans to Employees	4,960,832,904	3,637,363,702
Less: Amortisation Adjustment	(1,583,300,063)	(198,464,626)
Net Loans to Employees	3,377,532,841	3,438,899,076
Interest Receivable		
Australian Dollar	26,769,204	45,840,435
Canadian Dollar	4,039,021	16,739,419
Yuan Ren-Min-Bi (China)	1,422,418,147	1,093,520,762
Indian Rupees	5,573,889	-
Nepalese Rupee	1,342,118,956	2,830,806,706
Pound Sterling	4,235,834	6,320,474
United States Dollars	1,168,609,144	1,842,824,495
Interest Receivable	3,973,764,195	5,836,052,291
Advances Recoverable		
Advance to Staff	7,391,072	8,427,189
Sundry Debtors	29,049,591	42,267,526
Advance for Construction	929,919,790	948,834,161
Prepaid Expenses	85,068,861	83,371,873
Pension Advance Account	2,840,427,929	2,684,059,189
Staff Endowment Policy Advance	10,203,108	10,401,500
Other	-	-
Less: Impairment Allowance	(4,179,754)	(2,335,832)
Net Advances Recoverable	3,897,880,597	3,775,025,606
Total	11,546,177,633	15,049,976,973

Loans and advances to employees are provided with/without collateral.

4.4 Gold & Silver at Fair Value

Please refer accounting policy in Note 3.18. The balances are given as below:

Particulars	15-07-2020	16-07-2019
Investment in Paper Gold	44,996,868,751	31,837,001,290
Gold Held in Stock at Fair Value	15,543,335,668	10,753,933,029
Silver Held in Stock at Fair Value	10,469,194,456	7,611,306,784
Total	71,009,398,875	50,202,241,103

4.5 Investment Securities

Please refer accounting policy in Note 3.13. The balances are given as below:

Particulars	15-07-2020	16-07-2019
At Amortized Cost	246,512,369,248	218,863,558,942
At Fair Value through Other Comprehensive Income (OCI)	4,817,700,562	4,264,234,218
At Fair Value through Profit or Loss		
Total	251,330,069,810	223,127,793,160
a) Investment Securities at Amortized Cost	15-07-2020	16-07-2019
Government Treasury Notes/Bonds(USD)	30,059,869,390	65,589,931,430
Government Treasury Notes/Bonds (CNY)	70,378,126,202	59,059,765,279
Investment in Mid term Instruments (MTI)	-	2,730,109,799
Notice Deposit (JPY)	-	-
Time Deposit	74,147,920,000	22,062,665,446
Government Bond (GON)	456,533,810	225,339,574
Fixed deposit with Bank & Financial Institutions	5,024,400,000	3,964,832,000
Government Treasury Bills (GON)	21,226,657,174	18,431,422,742
Saving Certificates (GON)	45,472,622,672	46,799,852,672
Investment in Rural Self Reliance Fund	-	253,400,000
Less individual allowance for impairment	(253,760,000)	(253,760,000)
Total	246,512,369,248	218,863,558,942
Impairment Loss on Available for Sale Investment Securities		
Balance as on 01-04-2076	253,760,000	253,760,000
Charge for the year	-	-
Reversal of Impairment	-	-
Balance as on 31-03-77	253,760,000	253,760,000

Deposit amounting Rs.253,760,000 made in problematic financial institution has been provided as allowance for impairment .

b) Investment Securities at Fair Value through OCI	31-03-2077	31-03-2076
Quoted equity securities	2,731,383,998	1,926,257,844
Unquoted equity securities	2,093,816,564	2,345,476,374
Less: Allowance for impairment of equity securities	(7,500,000)	(7,500,000)
Total	4,817,700,562	4,264,234,218
Impairment Loss on Investment Securities		
Balance as on 01-04-2076	7,500,000	7,500,000
Charge for the year	-	-
Reversal of Impairment	-	-
Balance as on 31-03-77	7,500,000	7,500,000

The Bank has not classified investment securities to be measured at fair value through profit or loss.

Impairment allowance has been done for the investment in Agricultural Project Service Center, which is in liquidation and National Productivity and Economic Development Center, whose financial condition is weak .

I) Investment in quoted equity securities includes the following:

Particulars	31-03-2077	31-03-2076
RMDC Laghubitta Bittiya Sanstha Ltd.	-	105,792,675
Citizen Investment Trust	2,657,138,858	1,767,041,375
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	74,245,140	53,423,794
Total	2,731,383,998	1,926,257,844

The shares are revalued on the basis of latest trading price of promoter share of respective institution in stock market. In absence of trading of promoter share of Citizen Investment Trust & Grameen Bikas Laghubitta Bittiya Sanstha Ltd, ratio of share price of promoter share is considered as 50% of Public Share.

II) Investment in unquoted equity securities includes the following:

Particulars	31-03-2077	31-03-2076
Agricultural Project Services Centre	5,000,000	5,000,000
Rastriya Beema Sansthan - Life Ins.	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	814,850,779	999,382,248
National Productivity and Eco. Dev.	2,500,000	2,500,000
Deposit & Credit Guarantee Fund	1,027,600,000	1,143,088,259
Nepal Clearing House	85,480,402	61,001,402
Credit Information Bureau	130,367,070	107,189,098
National Banking Institute	27,018,313	26,315,367
Total	2,093,816,564	2,345,476,374

Fair Value of the shares investment in unquoted equity securities have been arrived based on the latest available audited financial statement of respective entities except Nepal Stock Exchange Ltd.. Further disclosure has been given in point 5.6.1.2 (i).

The transaction price of Nepal Stock Exchanges is taken as Fair Value which is readily observable price.

III) Selection of Presentation criteria

Investment Securities at fair value through other comprehensive income includes the investment in equity instruments which were made under specific directives or policies of the Government of Nepal and other relevant statutes and are not held for trading purpose. Accordingly, the bank has made an irrevocable election to present those in investment securities at fair value through other comprehensive income.

5 Inventories

Please refer accounting policy in Note 3.19. The details of balance are as follows:

Particulars	31-03-2077	31-03-2076
Gold Held in Stock at Cost	1,985,480,673	1,789,665,516
Silver Held in Stock at Cost	60,581,245	64,295,747
Security Note Stock	705,731,492	957,679,167
Coin Stock	45,529,000	79,596,342
Other Metal Stock	12,582,262	13,449,497
Numismatic Stock	22,485,498	22,824,571
Dispensary Stock	591,134	800,559
Total Inventories	2,832,981,304	2,928,311,399
Less: Allowance for non-moving stocks		
Non-moving Numismatic Stock	(22,465,540)	(22,465,794)
Non-moving Other Metal Stock	(8,716,000)	(8,716,000)
Unissuable Note Stock	(3,375,258)	(3,775,258)
Total Allowance for non-moving stocks	(34,556,798)	(34,957,052)
Total Inventories Net of Allowance for non-moving stocks	2,798,424,506	2,893,354,347

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4.7 Property, Plant and equipment

Please see accounting policy in Note 3.15. The details are given as below:

Particulars		Land	Building	Computer & Accessories	Vehicles	Machinery Equipment	Office Equipment	Furniture and Fixture	Other Assets	Capital Work in Progress	Total Assets
Depreciation Rate			3%	20%	20%	20%	20%	10%	20%		
Original Cost	Balance as on 1st Sawan 2075	193,834,552	775,086,583	216,817,314	261,188,143	111,767,566	156,763,942	49,108,382	5,216,773	2,604,763	1,772,388,019
	Addition during the Year		7,724,204	27,979,391	135,894,795	7,571,111	20,307,123	10,708,987	352,285	569,764,497	780,302,393
	Disposal/Write Off/Adjustment	-	(216,994)	(17,838,342)	(36,061,735)	(1,493,160)	(6,152,766)	(555,895)	(61,200)	-	(62,380,091)
	Balance as on 31st Asar 2076	193,834,552	782,593,793	226,958,363	361,021,204	117,845,518	170,918,299	59,261,475	5,507,858	572,369,260	2,490,310,321
Accumulated Depreciation	Balance as on 1st Sawan 2075	-	304,742,877	142,449,562	146,169,635	101,853,976	103,735,869	20,533,077	4,605,683	-	824,090,680
	Depreciation for the Year	-	23,072,985	25,107,032	51,875,205	3,434,590	17,264,338	3,796,439	173,755	-	124,724,344
	Disposal/Write Off/Adjustment	-	(83,544)	(16,875,348)	(30,140,241)	(1,468,151)	(5,600,870)	(536,107)	(61,198)	-	(54,765,460)
	Balance as on 31st Asar 2076	-	327,732,318	150,681,246	167,904,599	103,820,416	115,399,337	23,793,409	4,718,240	-	894,049,564
Net Book Value as on 31st Asar 2076		193,834,552	454,861,475	76,277,117	193,116,605	14,025,102	55,518,962	35,468,066	789,618	572,369,260	1,596,260,757
Original Cost	Balance as on 1 st Sawan 2076	193,834,552	782,593,793	226,958,363	361,021,204	117,845,518	170,918,299	59,261,475	5,507,858	572,369,260	2,490,310,321
	Addition during the Year	-	54,726,626.90	26,674,742.97	111,083,279.95	5,634,539.85	19,817,413.73	5,898,176	308,892.11	1,284,362,298.44	1,508,505,970
	Disposal/Write Off/Adjustment	-	-	(13,517,241)	(20,650,364)	(1,496,760)	(11,483,460)	(1,009,404)	-	(28,815,930)	(76,973,159)
	Balance as on 31st Asar 2077	193,834,552	837,320,420	240,115,865	451,454,120	121,983,298	179,252,253	64,150,247	5,816,750	1,827,915,628	3,921,843,132
Accumulated Depreciation	Balance as on 1st Sawan 2076	-	327,732,318	150,681,246	167,904,599	103,820,416	115,399,337	23,793,409	4,718,240	-	894,049,564
	Depreciation for the Year	-	24,091,726	28,378,020	65,557,953	4,463,252	19,803,682	4,686,388	214,593	-	147,195,614
	Disposal/Write Off/Adjustment	-	-	(12,995,343)	(16,419,480)	(1,496,744)	(11,239,334)	(1,009,388)	-	-	(43,160,289)
	Balance as on 31st Asar 2077	-	351,824,044	166,063,923	217,043,072	106,786,924	123,963,685	27,470,409	4,932,833	-	998,084,889
Net Book Value as on 31st Asar 2077		193,834,552	485,496,376	74,051,942	234,411,048	15,196,374	55,288,568	36,679,838	883,917	1,827,915,628	2,923,758,243

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4.8 Intangible Assets

Please refer accounting policies in Notes 3.16. The details of balance are as follows:

Particulars		Computer Software			Total Assets
		Useful Life Defined by Contractual Agreements	Other Useful Life	Capital Work in Progress	
Amortisation Rate		20%	10%		
Original Cost	Balance as on 1st Sawan 2075	1,763,930	12,278,823	229,272,935	243,315,688
	Addition during the Year		994,400		994,400
	Disposal/Write Off/Adjustment				-
	Balance as on 31st Asar 2076	1,763,930	13,273,223	229,272,935	244,310,088
Accumulated Amortisation	Balance as on 1st Sawan 2075	1,500,262	9,342,840	118,457,682	129,300,784
	Depreciation for the Year	258,420	1,280,693	22,927,293	24,466,406
	Disposal/Write Off/Adjustment				-
	Balance as on 31st Asar 2076	1,758,681	10,623,533	141,384,975	153,767,189
Net Book Value as on 31st Asar 2076		5,249	2,649,690	87,887,960	-
Original Cost	Balance as on 1st Sawan 2076	1,763,930	13,273,223	229,272,935	244,310,088
	Addition during the Year	757,665	8,200,000	11,086,389	20,044,054
	Disposal/Write Off/Adjustment		(1,091,300)	1,091,300	-
	Balance as on 31st Asar Asar 2077	2,521,595	20,381,923	241,450,624	264,354,142
Accumulated Amortisation	Balance as on 1st Sawan 2076	1,758,681	10,623,533	141,384,975	153,767,189
	Depreciation for the Year	194,643	825,428	23,375,890	24,395,961
	Disposal/Write Off/Adjustment		(45,220)	45,220	-
	Balance as on 31st Asar 2077	1,953,324	11,403,741	164,806,085	178,163,150
Net Book Value as on 31st Asar 2077		568,271	8,978,182	76,644,539	-
					86,190,992

4.9 Other Assets

Particulars	31-03-2077	31-03-2076
Deposits	1,566,478	1,558,227
Deferred Employees Benefits	1,583,300,063	1,445,185,596
Deferred Bond Amortization Assets	66,852,128	37,498,144
Project Assets	-	-
Other Receivables	37,625	746,158
Total	1,651,756,294	1,484,988,125

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4.10 Deposits from banks and financial institutions

See accounting policy in Note 3.20. The details of balance are as follows:

Particulars	15-07-2020	16-07-2019
Foreign Currency	8,306,752,738	10,075,679,634
Local Currency	289,545,520,059	175,309,414,408
Total	297,852,272,797	185,385,094,042

Deposit from bank and financial institutions include amount deposited by Bank & Financial Institutions for cash reserve ratio (CRR), among others. All deposits are non interest bearing.

4.11 Deposits from Others

See accounting policy in Note 3.20. The details of balance are as follows:

Particulars	15-07-2020	16-07-2019
Foreign Currency:		
Public Enterprises	297,172,379	301,795,165
Other Organisations	594,628	540,238
Total Foreign Currency	297,767,007	302,335,403
Local Currency:		
Public Enterprises	6,110,965,777	7,131,814,089
Margin Deposit in LCs	12,259,639,140	12,804,495,388
Other Organisations	64,803,818	1,013,943,158
Total Local Currency	18,435,408,735	20,950,252,635
Total	18,733,175,742	21,252,588,038

All deposits are non interest bearing and current in nature.

4.12 Short Term Borrowings

See accounting policy in Note 3.20. The details of balance are as follows:

Particulars	15-07-2020	16-07-2019
NRB Bonds	-	-
Deposit Collection-Auction	-	-
Reverse Repo Liabilities	-	-
Total	-	-

NRB Bonds, Deposit Collection under auction and Reverse Repo liabilities are instruments used by the Bank to withdraw liquidity from the market on short term basis (less than one year).

4.13 IMF Related Liabilities

Particulars	15-07-2020	16-07-2019
Foreign Currency:		
Special Drawing Right Allocation	11,198,956,855	10,468,255,853
Interest Bearing Loan :		
Loan under Rapid Credit Facility (RCF)	-	876,817,665
Loan under Extended Credit Facility (ECF)	-	-
Total Foreign Currency	11,198,956,855	11,345,073,518
Local Currency:		
IMF Account No 1	9,704,281,089	9,443,743,425
IMF Account No 2	889,298	878,742
Total Local Currency	9,705,170,387	9,444,622,167
Total	20,904,127,242	20,789,695,685

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4.14 Staff Liabilities

See accounting policy in Note 3.22. The details of balance are as follows:

Particulars	15-07-2020	16-07-2019
Medical Fund (Includes Medical Earning Fund, Interest, etc)	778,550,466	536,315,205
Welfare Provident Fund	606,029,818	554,492,224
Liability for Staff Leave Encashment	921,908,527	897,654,092
Liability for Retired Staff	677,464,689	593,464,996
Gratuity and Pension Fund	19,037,326,365	18,589,350,597
Less: Plan Assets	(19,432,685,089)	(19,170,360,000)
	(395,358,724)	(581,009,403)
Staff Security Fund	1,956,932,094	1,892,985,892
Less: Plan Assets	(1,723,117,729)	(2,012,800,000)
	233,814,365	(119,814,108)
Total	2,822,409,141	1,881,103,006

4.15 Other liabilities

Particulars	15-07-2020	16-07-2019
Interest Payable	1,634,446	25,369,322
Asian Clearing Union	68,747,235	126,976,089
Earnest Money	-	-
Insurance Premium Collected from Staff	71,385,213	87,593,610
Other Payables of Project	-	-
Payable against GON Bonds	-	-
Unclaimed Account	78,788,722	106,631,904
General Account	6,972,436	6,972,436
Deferred Grant Income	123	123
Other Liabilities	795,006,551	632,346,122
Total	1,022,534,726	985,889,606

4.16 Currency in Circulation

See accounting policies in Notes 3.23. The details of balance are as follows:

The denomination wise amounts of currency note issued by the bank and are in circulation at the balance sheet date was as follows:

Denomination	15-07-2020	16-07-2019
1	160,858,760	160,876,546
2	184,772,946	184,866,442
5	2,923,801,335	2,673,457,755
10	4,570,469,090	4,129,696,280
20	5,396,753,860	4,959,112,200
25	57,214,450	57,243,300
50	10,617,115,200	10,517,791,400
100	19,969,249,500	17,172,292,300
250	87,426,250	87,420,750
500	149,327,536,000	109,842,674,000
1000	386,443,435,000	353,464,748,000
Total	579,738,632,391	503,250,178,973

The currency in circulation at the end of the reporting period does not included cash-in-hand of NRs. 8,321,367,609.00 (P.Y. NRs. 3,809,821,027).

4.17 (a) Appropriation of Net Income/(Expenditure) and Surplus payable to Government of Nepal

The Board of Directors of the Bank has appropriated the following amount to different funds during the year as required by Nepal Rastra Bank Act, 2058 and the balance amount will be paid to GON as per the said Act.

Particulars	F.Y 2076-77	F.Y 2075-76
Net Income/(Expenditure) for the year	107,614,829,500	32,162,519,703
Foreign Exchange Gain/(Loss) - Unrealised	(58,927,429,280)	2,193,530,153
Net Gold and Silver Revaluation Gain/(Loss)	(20,807,318,228)	76,037,528
Transfer from Fair Value Reserve	657,398,041	-
Actuarial gain (Loss) in defined benefit Retirement Schemes	-	1,341,411,990
Surplus/(Deficit) Due to Restatement of Prior Period Errors	-	(3,486,071)
Reversal of Project Split Interest Reserve Fund	-	-
Reversal of Investment Revaluation Reserve	-	-
Reversal of Net Cumulative Surplus Fund	-	-
Surplus Available for Distribution	28,537,480,033	35,770,013,303
Less: Appropriations		
General Reserve	(8,984,388,463)	(7,371,159,330)
Monetary Liability Reserve	(1,394,004,100)	(1,788,500,665)
Financial Stability Fund	(1,394,004,100)	(1,788,500,665)
Development Fund	(9,120,000,000)	(11,825,000,000)
Development Finance Project Mobilisation Fund	(11,810,896)	(1,504,219)
Banking Development Fund	(450,000,000)	(150,000,000)
Mechanisation Fund	(550,000,000)	(200,000,000)
Gold Replacement Fund	(172,003,576)	(520,775,808)
Mint Development Fund	(450,000,000)	(100,000,000)
Net Cumulative Surplus Fund	(11,268,898)	(4,572,616)
Balance Payable to Government of Nepal	6,000,000,000	12,020,000,000

Board of Directors of Nepal Rastra Bank decides for appropriation in different funds and surplus amount left after appropriation is to be transferred to Government of Nepal as per Nepal Rastra Bank Act, 2058, clause no. 41(1)(ga). Hence the surplus payable to GON is shown as liability.

4.17 (b) Reserves & Surplus

The balance of balance sheet on reporting date stands as below:

Particulars	31-03-2077	31-03-2076
Capital Reserve:		
Gold and Silver Equalization Reserve	46,948,884,026	26,141,565,798
Statutory Reserve:		
General Reserve	49,125,292,717	40,140,904,254
Monetary Liabilities Reserve	9,781,673,782	8,387,669,682
Financial Stability Fund	6,584,159,784	5,190,155,684
Exchange Equalization Fund	153,827,709,004	94,900,279,724
Net Cumulative Surplus Fund	1,343,188,484	776,015,855
Other Reserves and Funds:		
Development Fund	46,945,989,244	37,825,989,244
Banking Development Fund	1,601,941,806	1,151,941,806
Development Finance Project Mob. Fund	283,087,875	271,276,979
Mechanisation Fund	1,891,316,414	1,341,316,414
Scholarship Fund	61,594,504	61,594,504
Mint Development Fund	1,097,712,943	647,712,943
Gold Replacement Fund	842,598,584	670,595,008
Investment Revaluation Reserve	-	-
Rural Self Reliance Fund (GS Fund)	253,400,000	253,400,000
Rural Self Reliance Fund (Administration Expense Reimbursement Fund)	57,664,566	-
Actuarial Gain Reserve	1,394,048,212	-
Fair Value Reserve for Equity Instruments	4,124,304,382	3,742,955,298
Project Split Interest Reserve Fund	-	-
Retained Earnings	-	1,482,683,740
Total Reserves and Funds	326,164,566,327	222,986,056,933

Further descriptions of each fund has been given in disclosure no. 5.8

Nepal Rastra Bank

Notes Forming Part of Financial Statements

Fiscal Year 2076-77 (2019-20 AD)

4.18 Interest Income

See accounting policy 3.3 . Interest income includes the following:

Particulars	F.Y 2076-77	F.Y 2075-76
Foreign Currency Financial Assets		
Income on Bonds/Treasury Bills	15,443,565,106	18,028,748,904
Income from Fixed Term Deposit	9,989,407,173	12,584,954,198
Interest Income from Foreign Gold Deposit	129,407,677	106,977,372
Interest Income on Call Deposit	408,727,387	826,903,774
Sub-total	25,971,107,343	31,547,584,248
Local Currency Financial Assets		
Government Securities	2,715,266,141	2,894,896,095
Investment in Financial and Other Institutions	428,876,991	504,395,556
Loans and Refinance	683,967,850	1,013,631,426
Sub-total	3,828,110,982	4,412,923,077
Total Interest Income from Financial Assets	29,799,218,325	35,960,507,325

4.19 Interest Expenses

See accounting policy in Note 3.3. Interest expenses include the following:

Particulars	F.Y 2076-77	F.Y 2075-76
Foreign Currency Financial Liabilities		
SDR Allocation & ECF Loan	57,807,978	114,976,450
Others	12,803,520	15,141,303
Sub-total	70,611,498	130,117,753
Local Currency Financial Liabilities		
Deposit Collection	10,360,892	532,179,181
Reverse Repo	17,296,760	2,863,369
NRB Bond	-	-
Sub-total	27,657,652	535,042,550
Total Interest Expense on Financial Liabilities	98,269,150	665,160,303

4.20 Fee and commission income

See accounting policy in Note 3.4(i). Fee and commission income include the following:

Particulars	F.Y 2076-77	F.Y 2075-76
Foreign Currency Financial Assets		
On Currency Exchange	1,036,933	1,208,925
Sub-total	1,036,933	1,208,925
Local Currency Financial Assets		
Government Transaction & Other services	134,443,980	101,568,156
Sub-total	134,443,980	101,568,156
Total Commission Income from Financial Assets	135,480,913	102,777,081

4.21 Fee and commission expense

Particulars	F.Y 2076-77	F.Y 2075-76
Foreign Currency Liabilities		
Commission & Charges	23,206,644	69,914,783
Sub-total	23,206,644	69,914,783
Local Currency Liabilities		
Agency Expenses	975,556	125,876,345
Sub-total	975,556	125,876,345
Total Agency and Service Charge	24,182,200	195,791,128

Agency Commission for operating Government Accounts has not been provided to any Commerical Banks during the fiscal year as per the decision of 313th Management Committee dated 2075/07/06.

Agency Expenses for F.Y. 2075-76 Includes Agency Commission Paid to the following banks for operating Government Accounts.

Nepal Bank Ltd.	-	18,600,000
Rastriya Banijya Bank	-	30,200,000
Agriculture Development Bank	-	2,500,000
Total	-	51,300,000

4.22 Other Income

See accounting policies in Notes 3.4 (iv). Other income comprises the following:

Particulars	F.Y 2076-77	F.Y 2075-76
Income from Mint (Sale of Coin)	110,208	392,236
Gain from Sale of Precious Metals and Coins	194,055,951	548,902,926
Fine/Penalty Charge	47,023,769	20,513,888
Profit on Sale of Assets	3,041,208	7,036,678
Profit on Sale of Investment Securities	536,163,920	-
Dividend Income	39,188,282	14,022,986
Project Income/(Loss)	11,810,896	1,504,219
Grant Income	476,098,050	-
Miscellaneous	179,615,203	68,970,076
Total	1,487,107,487	661,343,008

Grant Income reflects the grant amount received against the RCF Loan under debt service relief.

4.23 Personnel expenses

See accounting policy in Note 3.22 (v). Personnel expenses include the following:

Particulars	F.Y 2076-77	F.Y 2075-76
Salary	633,428,401	528,806,033
Allowances	645,873,069	594,987,003
Provident Fund Contribution	63,342,840	52,880,604
Staff Welfare	79,108,553	65,319,379
Staff Welfare Provident Fund	530,265,000	491,150,000
Pension & Gratuity Fund	286,326,903	240,322,012
Staff Security Fund	83,155,616	93,958,940
Staff Leave Compensation	160,258,061	120,604,978
Staff Medical Fund	362,166,228	102,685,051
Finance Cost under NFRS on Staff Loan	120,880,478	354,505,979
Others	16,991,577	21,822,116
Total	2,981,796,726	2,667,042,095

4.24 Depreciation, amortisation and impairment of non financial assets

Particulars	F.Y 2076-77	F.Y 2075-76
Depreciation on Property & Equipment	147,195,614	124,724,344
Impairment of Property & Equipment	-	-
Amortisation of intangible assets	24,395,961	24,466,406
Impairment of intangible assets	-	-
Total	171,591,575	149,190,750

4.25 Operating expenses

Particulars	F.Y 2076-77	F.Y 2075-76
Directors Fees and Expenses	7,103,606	6,095,466
Note Printing Charges	1,089,631,707	853,756,241
Mint Expenses	3,991,197	984,130
Security charges	58,904,474	56,323,875
Remittance Charges	36,693,734	51,106,804
Travelling Expenses	165,733,226	207,930,042
Insurance Charges	123,229,273	130,966,546
Repair & Maintenance	106,921,900	107,186,880
Banking Promotion	42,487,864	47,408,479
Audit Fees and Expenses	2,627,061	2,664,050
Assets Written Off	389,034	621,613
Utilities Expenses	47,434,221	45,774,789
Postal and Communication Expenses	19,265,217	18,040,274
House Rent	41,510,635	12,577,168
Training Seminar and Membership	49,520,489	46,632,459
Expenses on Miscellaneous Assets	9,013,356	6,092,333
Consumable Expenses	23,872,678	22,465,783
Books and Periodicals	8,521,620	7,987,874
Finance Cost under NFRS on GON Bonds	16,869,242	-
Miscellaneous Expenses	134,142,164	136,799,854
Total	1,987,862,698	1,761,414,660

Nepal Rastra Bank

Notes Forming Part of Financial Statements

Fiscal Year 2076-77 (2019-20 AD)

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 31st Asar 2077		As on 31st Asar 2076	
	Weight (Kg, Gm, Mg)	Total FairValue (NRs.)	Weight (Kg, Gm, Mg)	Total FairValue (NRs.)
Investment in Paper Gold	5,863.058993	44,996,868,751	5,863.058993	31,837,001,290
Gold held in Stock	1,953.662100	15,543,335,668	1,953.662100	10,753,933,029
Silver held in Stock	121,522.860782	10,469,194,456	122,466.722182	7,611,306,784
Total		71,009,398,875		50,202,241,103

Fair value for gold and silver was based on the closing rate prevailing in London Market 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. During last year, the rate for Tejabi Gold had been considered for the valuation of gold physically held with the bank. The fair value of the gold in stock amounts to Rs. 15,470,073,339 applying the rate of Tejabi Gold.

Minting 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 is as follows:

Particulars	As on 31st Asar 2077		As on 31st Asar 2076	
	Weight (Kg, Gm, Mg)	Value (NRs.)	Weight (Kg, Gm, Mg)	Value (NRs.)
Gold held in Stock	649.81192	1,985,480,673	592.963420	1,789,665,516
Silver held in Stock	3,211.31155	60,581,245	3259.507650	64,295,747
Total		2,046,061,918		1,853,961,263

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.N.	Currency	Current Year	Previous Year
1	US Dollar	120.37	109.36
2	UK Pound Sterling	150.69	137.25
3	Euro	136.81	123.34
4	Swiss Franc	128.10	111.39
5	Australian Dollar	83.68	76.89
6	Canadian Dollar	88.35	83.92
7	Singapore Dollar	86.38	80.65
8	Japanese Yen	1.121	1.014
9	Chinese Yuan	17.15	15.91
10	Saudi Arabian Riyal	32.09	29.16

11	Qatari Riyal	33.06	30.04
12	Thai Baht	3.81	3.54
13	UAE Dirham	32.77	29.77
14	Malaysian Ringgit	28.18	26.62
15	South Korean Won	0.0998	0.0927
16	Swedish Kroner	13.16	11.68
17	Danish Krone	18.38	16.52
18	Hong Kong Dollar	15.53	13.97
19	Kuwait Dinar	391.33	359.34
20	Bahrain Dinar	319.25	290.09
21	SDR	164.4497	153.7198
22	Indian Rupees	1.60	1.60

5.3 Related Parties and Transactions with them

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 any director. The key management of the Bank includes members of its Board of Directors and Special Class Officers (Executive Directors). The name of the key management personnel who were holding various positions in the office during the year were as follows:

S.N.	Name	Post	Date	Remarks
1	Mr. Maha Prasad Adhikari	Governor	2076.12.24	
2	Dr. Chiranjibi Nepal	Governor	2071.12.08	retired w.e.f. 2076.12.05
3	Mr. Sishir Kumar Dhungana	Finance Secretary	2076.11.01	
4	Dr. Rajan Khanal	Finance Secretary	2074.12.26	retired w.e.f. 2076.10.22
5	Mr. Chinta Mani Siwakoti	Deputy Governor	2072.11.19	retired w.e.f. 2077.11.19
6	Mr. Shiba Raj Shrestha	Deputy Governor	2072.11.19	retired w.e.f. 2077.11.19
7	Dr. Sri Ram Poudyal	Board Member	2074.01.03	
8	Mr. Ramjee Regmi	Board Member	2074.01.03	
9	CA. Dr. Suvod Kumar Karn	Board Member	2075.01.11	
10	Mr. Laxmi Prapanna Niroula	Executive Director	2071.05.15	retired w.e.f. 2076.10.08
11	Mr. Maheshwor Lal Shrestha	Executive Director	2072.07.16	retired w.e.f. 2076.10.08
12	Mr. Bhuban Kadel	Executive Director	2072.12.03	
13	Dr. Nophil Matangi Maskay	Executive Director	2073.01.12	
14	Dr. Neelam Dhungana Timsina	Executive Director	2074.02.14	
15	Mr. Dev Kumar Dhakal	Executive Director	2074.12.14	
16	Mr. Mukunda Kumar Chhetri	Executive Director	2074.12.14	
17	Mr. Pitambar Bhandari	Executive Director	2074.12.14	
18	Mr. Sunil Udash	Executive Director	2075.02.14	retired w.e.f. 2076.09.21
19	Mr. Rishikesh Bhatta	Executive Director	2075.05.12	
20	Mr. Pradeep Raj Poudyal	Executive Director	2075.06.18	
21	Mr. Gunakar Bhatta	Executive Director	2075.07.06	
22	Mr. Naresh Shakya	Executive Director	2076.02.31	
23	Mr. Suman Kumar Adhikari	Executive Director	2076.03.11	
24	Mr. Prakash Kumar Shrestha	Executive Director	2076.03.11	
25	Ms. Sarita Bhatta (Adhikari)	Executive Director	2076.03.11	retired w.e.f. 2076.09.21
26	Mr. Bam Bahadur Mishra	Executive Director	2076.04.23	
27	Mr. Revati Prasad Nepal	Executive Director	2076.10.13	
28	Mr. Ramu Poudel	Executive Director	2077.01.12	
29	Mr. Vishrut Thapa	Executive Director	2077.01.12	
30	Mr. Ram Bahadur Manandhar	Executive Director	2077.01.12	

Dr. Neelam Dhungana Timsina and Mr. Bam Bahadur Mishra have been appointed as Deputy Governors with effective from 2077/11/26.

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

i. Transactions with Key Management Personnel

In addition to salaries, non- cash benefits (Vehicle Facility, Accommodation Facility to governor) were provided to special class officers and the executive Board members. All special class officers and three of the Board members (Governor and Deputy Governors) were entitled to termination benefits. The data relating to total compensation paid to key management personnel were as follows:

Particulars	Current Year (NRs.)	Previous Year (NRs.)
Short term employee benefits	80,895,741	75,933,312
Post-employment and other long term benefit benefits	36,676,251	96,671,018
Total	117,571,992	172,604,330

Other transactions with the Key Management Personnel and the status of year end balances with them were as per below.

Particulars	Current Year(NRs.)	Previous Year(NRs.)
Meeting Fees/ Incidental Expenses to Directors	10,387,750	8,925,042
Loan Facilities	109,167,092	73,984,100

ii. Salary, Benefits and Other Facilities of Board Members

Board Members are entitled for meeting allowance of NRs. 5,000.00 per meeting. In addition, non-executive board members are entitled for fuel, vehicle repair, telephone, newspaper, internet, driver facility, and medicine & facilities. Details of such salary, benefits and other facilities provided to executive as well as non-executive board members for FY 2076/77 are provided below:

Name	Post	Salary	Board Meeting Allowances	Other Allowances & Facilities
Mr. Maha Prasad Adhikari	Governor	375,713	68,000	1,130,854
Dr. Chiranjibi Nepal	Governor (Retired)	944,706	208,250	2,273,008
Mr. Sishir Kumar Dhungana	Finance Secretary/Board Member	-	85,000	120,000
Dr. Rajan Khanal	Finance Secretary/Board Member (Retired)	-	140,250	161,600
Mr. Chinta Mani Siwakoti	Deputy Governor	1,245,600	242,250	3,229,714
Mr. Shiba Raj Shrestha	Deputy Governor	1,245,600	178,500	3,197,618
Dr. Sri Ram Poudyal	Board Member	-	280,500	786,720
Mr. Ramjee Regmi	Board Member	-	272,000	450,720
CA.Dr. Suvod Kumar Karn	Board Member	-	221,000	786,720
	Total	3,811,619	1,695,750	12,136,954

5.3.2 Government of Nepal

The bank, being the Central Bank of Nepal, was incorporated under Nepal Rastra Bank Act, 2012 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 is as follows:

Particulars	Current Year (NRs.)	Previous Year (NRs.)
Transactions during the year		
Commission Income received from GON	134,443,980	101,568,156
Payment made to GON from surplus (As per Financial Statement of Previous Year)	9,009,660,010	9,000,000,000
Adjustment of Interest Receivable from Surplus Payable to Government	1,010,339,989	-
Advance payment to GON	-	2,000,000,000
Balances at the year end		
Deposit from GON	142,340,191,367	95,605,371,467
Interest Receivable from GON	-	1,010,339,989
Advance payment to GON	-	2,000,000,000
Investment in Treasury Bills (GON)	21,226,657,174	18,431,422,742
Investment in Bonds (GON)	456,533,810	225,339,574
Investment in Saving Certificates (GON)	45,472,622,672	46,799,852,672

ii. Government of Nepal Treasury Position

Balance of Government of Nepal as of 31st Asar 2077 as per the records of the bank was a surplus balance of NRs.142,340,191,367(P.Y. NRs. 95,605,371,467). The balance is yet to be confirmed by Comptroller General's office of GON. However, based on past experience management believes that difference if any, between records of the bank and Comptroller General's office shall be insignificant and will not have material impact on financial position.

5.4 Inter-Office Transactions

The balance of inter-office transactions under reconciliation is NRs.6,972,436 (PY NRs. 6,972,436) which is presented as general account under the accounts head “Other liabilities”.

5.5 Assets Received in Grant

The various assets received as grant under the Financial Sector Restructuring Project (phase I and II) was valued at NRs. 11,585,586,out of which there was a written down balance of NRs. 123 (PY NRs.123) at the year end. During the year, no grant assets were received.

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 risk of financial loss to a party if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Bank's credit risk in relation to a financial instrument is the risk that its customer or counter party 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 was as follows:

a) By Nature of Assets

Particulars	As on 31-3-2077	As on 31-3-2076
Cash Equivalents	1,014,134,269,546	736,487,042,343
Loans and Advances to Bank and Financial Institutions	7,487,473,703	22,894,754,410
Loans and Advances to Others	11,546,177,634	15,049,976,973
Gold and Silver	71,009,398,875	50,202,241,103
Investment Securities	251,330,069,810	223,127,793,160
Other Assets	1,651,756,294	1,484,988,126
TOTAL ASSETS	1,357,159,145,862	1,049,246,796,115

b) By Geographical Region:

Particulars	As on 31-3-2077	As on 31-3-2076
India	297,317,957,049	223,315,857,841
USA	88,368,411,608	124,290,297,087
Germany	220,397,735	273,481,782
Switzerland	119,394,797,711	33,224,194,558
United Kingdom	20,388,489,506	13,543,713,120
France	22,540,225,535	26,218,785,493
Japan	1,940,657,751	1,621,926,459
Netherland	-	-
Bahrain	130,902,466,437	106,558,898,611
Australia	-	-
Singapore	244,176,237,510	141,548,748,897
Canada	128,657,511	9,366,587
Belgium	-	-
Hong Kong	147,455,439,898	117,862,358,254
U.A.E	43,379,185,339	26,114,927,068
China	70,367,257,457	59,504,974,363
Iran	-	-
Bangladesh	12,673,516,560	17,107,436,144
Thailand	-	-
Nepal	157,905,448,255	158,051,829,851
Total	1,357,159,145,862	1,049,246,796,115

c) By Nature of the Entity:

Particulars	As on 31-3-2077	As on 31-3-2076
Central Banks	45,645,338,211	44,674,832,075
Bank for International Settlement	60,458,945,764	6,156,486,180
Foreign Government	396,028,181,479	355,404,957,553
International Monetary Fund	412,972,270	354,810,632
Foreign Commercial Banks	757,163,931,982	529,526,727,770
Domestic Banks and FIs	12,278,328,009	26,619,767,601
Government of Nepal	67,155,813,656	67,456,614,988
Equity Instruments	4,817,700,562	4,517,634,218
Other Parties	13,197,933,928	14,534,965,098
Total	1,357,159,145,862	1,049,246,796,115

d) By Credit Rating

Particulars	Rating	As on 31-3-2077		As on 31-3-2076	
		Amount (NRs.)	%	Amount (NRs.)	%
<u>Foreign Currency</u>					
Financial Assets	AAA	50,939,273,547	3.75	20,870,199,866	1.99
	AA+	-	-	-	-
	AA-	18,055,500,000	1.33	33,722,888,590	3.21
	AA	-	-	-	-
	A+	53,865,342,650	3.97	35,783,286,448	3.41
	A	263,956,638,353	19.45	130,172,053,135	12.41
	A-	7,996,578,400	0.59	-	-
	BBB+	-	-	35,651,905,966	3.40
	BBB-	192,625,596,437	14.20	167,800,498,611	15.99
	Other*	672,270,440,320	49.55	512,116,981,594	48.81
Total		1,259,709,369,707	92.84	936,117,814,210	89.22
<u>Local Currency</u>					
Financial Assets	Other **	97,449,776,155	7.16	113,128,981,905	10.78
Total Financial Assets		1,357,159,145,862	100.00	1,049,246,796,115	100.00

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 Impairment Losses

The Bank recognizes the impairment of financial assets in case there is objective evidence that the assets have been impaired. Impairment of an individual asset is tested at the end of each reporting period and the movement in the allowances for impairment of financial assets during the year is as follows:

Particulars	Allowances for Diminution in Value of Equity Investment	Allowances for Doubtful Investment in Fixed Deposit	Allowances for Doubtful Refinance/Loan	Allowances for Doubtful Receivables
Balance as on 32nd Asar 2075	7,500,000	253,760,000	10,000,000	2,335,832
Impairment Loss Recognized	-	-	-	-
Amount Written Off	-	-	-	-
Reversal of Impairment Loss	-	-	-	-
Balance as on 31st Asar 2076	7,500,000	253,760,000	10,000,000	2,335,832
Impairment Loss Recognized	-	-	-	1,843,922
Amount Written Off	-	-	-	-
Reversal of Impairment Loss	-	-	10,000,000	-
Balance as on 31st Asar 2077	7,500,000	253,760,000	-	4,179,754

The Bank believes that the un-impaired amounts that are past due by more than 30 days are still recoverable in full. The un-impaired past dues amount includes some loans provided to employees and other receivables.

i. Impairment for equity instruments

The investments of the bank in the following entities have been impaired and impairment loss has been provided for:

Name of Entity	As on 31-03-2077			As on 31-03-2076		
	Amount of Equity investment	Impairment Amount	Net Assets	Amount of Equity investment	Impairment Amount	Net Assets
Agricultural Project Services Centre	5,000,000	5,000,000	-	5,000,000	5,000,000	-
National Productivity and Eco. Dev.	2,500,000	2,500,000	-	2,500,000	2,500,000	-
Total	7,500,000	7,500,000	-	7,500,000	7,500,000	-

ii. Impairment for investment in fixed deposit

Details relating to impaired investment in fixed deposit is as under:

Name of Entity	As on 31-03-2077			As on 31-03-2076		
	Amount of Fixed Deposit	Impairment Amount	Net Assets	Amount of Fixed Deposit	Impairment Amount	Net Assets
Capital Merchant Banking and Finance Ltd.	188,360,000	188,360,000	-	188,360,000	188,360,000	-
Crystal Finance Ltd.	23,800,000	23,800,000	-	23,800,000	23,800,000	-
Himalaya Finance Ltd.	41,600,000	41,600,000	-	41,600,000	41,600,000	-
Total	253,760,000	253,760,000	-	253,760,000	253,760,000	-

The above institutions have been declared problematic by the bank and the outstanding amount is overdue since long. We have been corresponding on regular basis for repayment of such amount along with interest accrued.

iii. Impairment for Refinance/Loans

The bank had provided loans at subsidized rate to SudurPachimanchalGrameenBikas Bank (currently merged to GrameenBikasLaghubittaBittiyaSanstha Ltd.) and the loan has been settled during the current fiscal year. Hence the provision for the impairment loss has been reversed.

Name of Entity	As on 31-03-2077			As on 31-03-2076		
	Amount of Loan	Impairment Amount	Net Assets	Amount of Loan	Impairment Amount	Net Assets
GrameenBikasLaghubittaBittiyaSanstha Ltd.	-	-	-	10,000,000	10,000,000	-
Total	-	-	-	10,000,000	10,000,000	-

iv. Impairment for Receivables

Impairment for receivables includes impairment of NRs.4,179,754 (P.Y. NRs.2,335,832) in respect to advances to staffs who have already left the bank.

5.6.1.3 Credit Quality

The credit quality of counterparty of the financial assets is assessed based on 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:

Counterparties	As on 31-3-2077	As on 31-3-2076
External Credit Rating at least AAA/BBB- from credit rating agency	145,765,409,696	23,921,042,988
Non Rated Counterparties	611,398,522,286	505,605,684,782
Central Banks	45,645,338,211	44,674,832,075
Bank for International Settlement	60,458,945,764	6,156,486,180
Foreign Government	396,028,181,479	355,404,957,553
International Monetary Fund	412,972,270	354,810,632
Government of Nepal	67,155,813,656	67,456,614,988
Financial Assets with Other Counterparties:	30,293,962,498	44,189,683,178
- Party with Normal Risk	30,028,522,744	45,398,771,086
- Party with High Risk	265,439,754	273,595,832
Total	1,357,159,145,861	1,049,246,796,115

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 reputation. In order to control liquidity risk, the bank has maintained sufficient balance in the current account with other central banks, demand and call deposit 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 obligation.

Further, the bank has credit arrangement for Rapid Credit Facilities (RCF) and Extended Credit Facilities (ECF) provided by International Monetary Fund in case of stressed condition like deficit of Balance of Payment of the country. The Government of Nepal provides credit facility to the Bank in case of financial crisis.

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 banks 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

The followings are the remaining contractual maturities and other forms of financial assets at the end of the reporting period:

Current Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Cash Equivalents	1,014,134,269,546	84,297,663,199	929,836,606,347			
Loans and Advances to Bank and Financial Institutions	7,487,473,703			7,487,473,703		
Loans and Advances to Others						
Receivable from GON against payment to IMF						
Advance Payment to GON						
Balance with ACU						
Net Loans to Employees	3,377,532,841	105,041,271	199,274,438	405,303,941	472,854,598	2,195,058,594
Interest Receivable	3,973,764,195	476,851,703	635,802,271	2,861,110,220		
Advance to Staff	7,391,072	739,107	1,108,661	4,952,018	369,554	221,732
Sundry Debtors	24,869,837		14,921,902	7,460,951	2,486,984	
Prepaid Expenses	85,068,861	1,020,826	4,253,443	79,794,592		
Pension Advance Account	2,840,427,929	36,925,563	56,808,559	170,425,676	247,117,230	2,329,150,902
Staff Endowment Policy Advance	10,203,108					10,203,108
Other						
Investment Securities						
US Government Treasury Notes/Bonds	30,059,869,390			12,040,331,312	18,019,538,078	
Government Treasury Notes/Bonds (CNY)	70,378,126,202	6,827,706,379	6,750,870,263	2,177,703,572	54,621,845,989	
Investment in Mid-term Instruments						
Notice Deposit (JPY)						
Government Bond (GON)	456,533,810				456,533,810	
Fixed deposit with Bank &Financial Institutions	4,770,640,000	271,900,000	2,979,800,000	1,518,940,000		
Government Treasury Bills (GON)	21,226,657,174	9,330,750	5,712,482,518	15,504,843,906		
Saving Certificates (GON)	45,472,622,672		77,540,000	1,324,472,106	36,963,698,382	7,106,912,183
Loan to Sana KisanBikasLaghubittaBittiyaSanstha Ltd.	297,000,000					297,000,000
Quoted equity securities	2,731,383,998					2,731,383,998
Unquoted equity securities	2,086,316,564					2,086,316,564
Other Assets	1,651,756,294					1,651,756,294
Total	1,211,071,907,197	92,027,178,798	946,269,468,402	43,582,811,998	110,784,444,624	18,408,003,375

Previous Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Cash Equivalents	736,487,042,343	80,626,538,764	655,860,503,579			
Loans and Advances to Bank and Financial Institutions	22,894,754,410			22,894,754,410		
Loans and Advances to Others						
Receivable from GON against payment to IMF						
Advance Payment to GON	2,000,000,000	2,000,000,000				
Balance with ACU						
Net Loans to	3,438,899,076	106,949,761	202,895,045	412,667,889	481,445,871	2,234,940,510

Employees						
Interest Receivable	5,836,052,291	700,326,275	933,768,367	4,201,957,649		
Advance to Staff	8,427,189	842,719	1,264,078	5,646,216	421,359	252,816
Sundry Debtors	39,931,695		23,959,017	11,979,508	3,993,169	
Prepaid Expenses	83,371,873	1,000,462	4,168,594	78,202,816		
Pension Advance Account	2,684,059,189	34,892,769	53,681,184	161,043,551	233,513,149	2,200,928,535
Staff Endowment Policy Advance	10,401,500					10,401,500
Other						
Investment Securities						
US Government Treasury Notes/Bonds	65,589,931,430			96,633,241	10,913,426,674	54,579,871,515
Government Treasury Notes/Bonds (CNY)	59,059,765,279	2,207,725,376	7,072,278,516	22,410,419,378	27,369,342,009	
Investment in Mid-term Instruments	2,730,109,799			29,708,278	2,700,401,521	
Notice Deposit (JPY)						
Government Bond (GON)	225,339,574				225,339,574	
Fixed deposit with Bank & Financial Institutions	3,711,072,000	21,200,000	819,900,000	2,869,972,000		
Government Treasury Bills (GON)	18,431,422,742	9,330,750	5,712,482,518	12,709,609,474		
Saving Certificates (GON)	46,799,852,672		77,540,000	1,324,472,106	36,963,698,382	8,434,142,184
Investment in Rural Self Reliance Fund	253,400,000					253,400,000
Quoted equity securities	1,926,257,844					1,926,257,844
Unquoted equity securities	2,337,976,374					2,337,976,374
Other Assets	1,484,988,126					1,484,988,126
Total	976,033,055,405	85,708,806,877	670,762,440,898	67,207,066,519	78,891,581,709	73,463,159,403

5.6.2.3 Maturity Profile of Financial Liabilities

The followings are the remaining contractual maturities and other forms of financial liabilities including estimated interest payments at the end of the reporting period:

Current Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Bills Payable	322,458,714	322,458,714	-		-	-
Deposits from Bank and Financial Institutions	297,852,272,797	59,570,454,559	8,306,752,738	29,785,227,280	200,189,838,220	-
Deposit from Government of Nepal	142,340,191,367	29,891,440,187	34,161,645,928	45,548,861,237	32,738,244,014	-
Deposits from Others	18,733,175,742	4,495,962,178	4,308,630,421	9,928,583,143	-	-
Short Term Borrowings	-	-	-		-	-
IMF Related Liabilities	20,904,127,242	-	-	889,298		20,903,237,944
Staff Liabilities	2,822,409,141	1,283,494,507	141,120,457	833,312,349	283,240,914	282,240,914
Other Liabilities	1,022,534,726		1,022,534,726		-	-
Total	483,997,169,729	95,563,810,145	47,940,684,270	86,096,873,307	233,210,323,149	21,185,478,858

Previous Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Bills Payable	221,828,105	221,828,105	-		-	-

Deposits from Bank and Financial Institutions	185,385,094,042	37,077,018,808	10,075,679,634	18,538,509,404	119,693,886,195	-
Deposit from Government of Nepal	95,605,371,467	20,077,128,008	22,945,289,152	30,593,718,869	21,989,235,437	-
Deposits from Others	21,252,588,038	5,100,621,129	4,888,095,249	11,263,871,660	-	-
Short Term Borrowings	-	-	-	-	-	-
IMF Related Liabilities	20,789,695,685	-	-	878,742	-	20,788,816,943
Staff Liabilities	1,881,103,006	1,147,957,220	94,055,150	262,870,035	188,110,301	188,110,301
Other Liabilities	985,889,606	-	985,889,606	-	-	-
Total	326,121,569,949	63,624,553,270	38,989,008,791	60,659,848,711	141,871,231,933	20,976,927,244

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 board. The major holding of foreign currency assets is denominated in USD, CNY, AUD, GBP, EURO and INR.

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

Current Year Figures (NRs.)

Particulars	USD	AUD	EUR	GBP	CNY	CAD	SDR	JPY
	55.73	2.70	0.66	0.73	13.11	0.74	0.03	0.38
Cash and Cash Equivalents	572,820,709,003	34,980,132,229	8,517,140,643	9,423,523,383	98,256,243,775	9,535,491,490	412,972,270	4,928,345,148
Loans and Advances to Bank and Financial Institutions								
Loans and Advances to Others	1,168,609,144	26,769,204		4,235,834	1,422,418,147	4,039,021		
Gold and Silver	44,996,868,751							
Investment Securities	104,207,789,390	-			70,378,126,202			-
Other Assets								
Total Financial Assets	723,193,976,288	35,006,901,433	8,517,140,643	9,427,759,217	170,056,788,124	9,539,530,511	412,972,270	4,928,345,148
Bills Payable	1,565							
Deposits from Bank and Financial Institutions	1,833,158,073	25,570,253	5,817,025,467	202,975,758	-	-	-	385,986,286
Deposit from Government of Nepal								
Deposits from Others	297,767,006							
Short Term Borrowings								

IMF Related Liabilities							11,198,956,855	
Staff Liabilities								
Other Liabilities								
Total Financial Liabilities	2,130,926,644	25,570,253	5,817,025,467	202,975,758	0	0	11,198,956,855	385,986,286
Net Financial Position Exposure	721,063,049,644	34,981,331,180	2,700,115,176	9,224,783,460	170,056,788,124	9,539,530,511	10,785,984,585	4,542,358,862

Previous Year Figures (NRs.)

Particulars	USD	AUD	EUR	GBP	CNY	CAD	SDR	JPY
	57.04	3.31	0.16	0.79	11.00	0.92	0.04	0.39
Cash and Cash Equivalents	418,738,361,457	31,407,074,745	1,546,487,266	7,494,640,081	44,491,710,996	8,779,486,700	354,810,632	3,732,526,679
Loans and Advances to Bank and Financial Institutions								
Loans and Advances to Others	1,842,824,495	45,840,435		6,320,474	1,093,520,762	16,739,419		
Gold and Silver	31,837,001,290							
Investment Securities	90,382,706,675	-			59,059,765,279			-
Other Assets								
Total Financial Assets	542,800,893,918	31,452,915,180	1,546,487,266	7,500,960,555	104,644,997,037	8,796,226,120	354,810,632	3,732,526,679
Bills Payable	1,422							
Deposits from Bank and Financial Institutions	1,474,772,184	22,992,813	8,084,995,066	212,943,860	-	-	-	253,690,833
Deposit from Government of Nepal								
Deposits from Others	302,335,404							
Short Term Borrowings								
IMF Related Liabilities							11,345,073,518	
Staff Liabilities								
Other Liabilities								
Total Financial Liabilities	1,777,109,009	22,992,813	8,084,995,066	212,943,860	0	0	11,345,073,518	253,690,833
Net Financial Position Exposure	541,023,784,908	31,429,922,366	-6,538,507,800	7,288,016,695	104,644,997,037	8,796,226,120	-10,990,262,886	3,478,835,846

Besides above currency exposures, the bank's foreign currency reserve also consists major portion of Indian currency (INR) denominated assets which stands around 23.39% (PY 24.49%) of total reserve. Since, the exchange rate of Nepalese rupee is pegged to INR the net exposure position of INR has not been presented in above table. The foreign currency reserve denominated in currencies other than stated above and INR amounted to 2.55% (PY 1.87%) 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 and JPY 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.

	Impact on Profit or Loss			
	In case of Strengthening or Weakening of Currency by 10%			
	For the Year Ended 2077		For the Year Ended 2076	
	Strengthening	Weakening	Strengthening	Weakening
USD	72,106,304,964	-72,106,304,964	54,102,378,491	-54,102,378,491
AUD	3,498,133,118	-3,498,133,118	3,142,992,237	-3,142,992,237
EUR	270,011,518	-270,011,518	-653,850,780	653,850,780
GBP	922,478,346	-922,478,346	728,801,670	-728,801,670
CNY	17,005,678,812	-17,005,678,812	10,464,499,704	-10,464,499,704
CAD	953,953,051	-953,953,051	879,622,612	-879,622,612
SDR	-1,078,598,458	1,078,598,458	-1,099,026,289	1,099,026,289
JPY	454,235,886	-454,235,886	347,883,585	-347,883,585
Total	94,132,197,237	-94,132,197,237	67,913,301,229	-67,913,301,229

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 Board sets limits on the level of mismatch of interest rate re-pricing which is monitored daily by the Bank 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:

Particulars	Weighted Average Interest Rate %	As on 31-03-2077	As on 31-03-2076
<u>Interest Sensitive Financial Assets</u>			
Balances with Other Banks	0.38	84,277,448,893	80,612,597,573
GOI Treasury Bills	3.42	295,073,760,103	220,338,423,350
US Government Treasury Bills	0.14	18,051,609,752	16,311,683,916
Time Deposit	1.46	616,298,264,222	418,855,585,681
Investment in FIXBIS	-	-	-
IMF Related Assets: SDR Holdings	0.56	412,972,270	354,810,632
General Refinance	3	6,266,769,739	19,313,678,409
Special/Export Refinance	-	-	866,118,842
Standing Liquidity Facility	-	-	500,000,000
<u>Loans to Employees</u>			
House loan Uninsured	1	475,000	1,332,864
House Repair Loan Uninsured	1	655,170,157	679,857,964
Vehicle Loan Uninsured	3	7,767,500	18,643,296
Staff Loan Uninsured 2068	1	764,793,133	574,512,694
Investment in Paper Gold	0.38	44,996,868,751	31,837,001,290
US Government Treasury Notes/Bonds	1.00	30,059,869,390	65,589,931,430
Government Treasury Notes/Bonds (CNY)	3.30	70,378,126,202	59,059,765,279
Investment in Mid-term Instruments	-	-	2,730,109,799
Notice Deposit (JPY)	-	-	-
Time Deposit	0.91	74,147,920,000	22,062,665,446
Fixed deposit with Bank & Financial Institutions	9.63	4,770,640,000	3,711,072,000
Government Treasury Bills (GON)	4.15	21,226,657,174	18,431,422,742
Saving Certificates (GON)	3.60	45,472,622,672	46,799,852,672
Total Interest Sensitive Financial Assets		1,312,861,734,958	1,008,649,065,880
<u>Interest Sensitive Financial Liabilities</u>			
IMF Related Liabilities	0.56	20,904,127,242	20,789,695,685
Short Term Borrowings	-	-	-
Total Interest Sensitive Financial Liabilities		20,904,127,242	20,789,695,685
Net Interest Sensitive Financial Position		1,291,957,607,716	987,859,370,195

5.6.3.4 Other Market Prices Risk

Equity price risk arises from investment as fair value through Other Comprehensive Income as well as investment as fair value through profit or loss. The Bank monitors the mix of debt and equity securities in its investment portfolio based on 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 were made under the specific directives or policies of the Government of Nepal and other relevant statutes. At the end of reporting period, the Bank held equity instruments of the various 10 institutions. All the investments were 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 were as follows:

Particulars	Fair Value through OCI	Amortised Cost	Cash & Cash Equivalents	Financial Liabilities	Total Carrying Amount	Fair Value
Cash & Cash Equivalents			1,052,067,118,391		1,052,067,118,391	1,052,067,118,391
Loans and Advances to Bank and Financial Institutions		7,487,473,703			7,487,473,703	7,487,473,703
Loans and Advances to Others		11,546,177,634			11,546,177,634	11,546,177,634
Gold and Silver	71,009,398,875				71,009,398,875	71,009,398,875
Investment Securities	4,817,700,562	246,512,369,248			251,330,069,810	251,330,069,810
Other Assets		1,651,756,294			1,651,756,294	1,651,756,294
Total Financial Assets	75,827,099,437	267,197,776,879	1,052,067,118,391	-	1,395,091,994,707	1,395,091,994,707
Bills Payable				322,458,714	322,458,714	322,458,714
Deposits from Bank and Financial Institutions					297,852,272,797	297,852,272,797
Deposit from Government of Nepal				142,340,191,367	142,340,191,367	142,340,191,367
Deposits from Others				18,733,175,742	18,733,175,742	18,733,175,742
Short Term Borrowings						
IMF Related Liabilities				20,904,127,242	20,904,127,242	20,904,127,242
Staff Liabilities				2,822,409,141	2,822,409,141	2,822,409,141
Other Liabilities				1,022,534,726	1,022,534,726	1,022,534,726
Total Financial Liabilities	-	-	-	483,997,169,729	483,997,169,729	483,997,169,729
Net Financial Position	75,827,099,437	267,197,776,879	1,052,067,118,391	-483,997,169,729	911,094,824,978	911,094,824,978

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 fair value. The fair value hierarchy has three different levels and gives the highest priority to quoted (unadjusted) prices in active markets and the lowest priority to unobservable inputs. The different levels are defined as follows.

Level 1 input are quoted prices (unadjusted) in active markets for identical assets and liabilities the entity can access at the measurement date. The bank has sold one million kitta of Nepal Stock Exchange Ltd during the year at the rate of Rs 1116.25 per share. Accordingly, the remaining shares owned by the bank is valued at the same rate and it is considered under Level I hierarchy as Fair Value.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, 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.

The details showing the carrying amounts of financial assets and liabilities and segregating them to Amortized Cost and Fair Value and segregating Fair Value to Level 1 – 3 inputs are presented below:

As at 31st Ashad 2077	Carrying Value	At Amortised Cost	Level 1	Level 2	Level 3
Financial Assets					
Financial assets carried at amortized cost					
<u>Cash Equivalents</u>	<u>1,014,134,269,546</u>				
Balance with Other Banks	84,297,663,199	84,297,663,199			
Treasury Bills	313,125,369,855	313,125,369,855			
Investments	412,972,270	412,972,270			
Time Deposit	616,298,264,222	616,298,264,222			
Loans & Advances to BFIs	7,487,473,703	7,487,473,703			
Loans & Advances to Others	11,546,177,634				
Receivables from Government & International Agencies	-	-			
Loans to Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.	297,000,000				
Loans to Employees	3,377,532,841	3,377,532,841			
Interest Receivables	3,973,764,195	3,973,764,195			
Other Advances	3,897,880,598	3,897,880,598			
Gold & Silver at fair value	71,009,398,875		71,009,398,875		
<u>Investment Securities</u>	<u>251,330,069,810</u>				
Investment Securities at Amortized Cost	246,512,369,248	246,512,369,248			
At Fair Value through Other Comprehensive Income (OCI)	4,817,700,562		814,850,779	2,731,383,998	1,271,465,785
Other Assets	1,651,756,294				1,651,756,294
Total Financial Assets	1,357,159,145,862	1,279,680,290,131	71,824,249,654	2,731,383,998	2,923,222,079
Financial Liabilities					
Financial liabilities carried at amortized cost:					
Bills Payable	322,458,714	322,458,714			
Deposits from Bank and Financial Institutions	297,852,272,797	297,852,272,797			
Deposit from Government of Nepal	142,340,191,367	142,340,191,367			
Deposits from Others	18,733,175,742	18,733,175,742			
Short Term Borrowings	-	-			
IMF Related Liabilities	20,904,127,242	20,904,127,242			
Staff Liabilities	2,822,409,141				2,822,409,140
Other Liabilities	1,022,534,726	1,022,534,726			
Total Financial Liabilities	483,997,169,729	481,174,760,588	-	-	2,822,409,141

As at 31 st Ashad 2076	Carrying value	At Amortised Cost	Level 1	Level 2	Level 3
Financial Assets					
Financial assets carried at amortized cost					
Cash Equivalents	736,487,042,343				
Balance with Other Banks	80,626,538,764	80,626,538,764			-
Treasury Bills	236,650,107,266	236,650,107,266			-
Investments	354,810,632	354,810,632			-
Time Deposit	418,855,585,681	418,855,585,681			-
Loans & Advances to BFIs	22,894,754,410	22,894,754,410			-
Loans & Advances to Others	15,049,976,973				
Receivables from Government & International Agencies	2,000,000,000	2,000,000,000			-
Receivables from Government & International Agencies	3,438,899,076	3,438,899,076			-
Loans to Employees	5,836,052,291	5,836,052,291			-
Interest Receivables	3,775,025,606	3,775,025,606			-
Gold & Silver at fair value	50,202,241,103		50,202,241,103		
Investment Securities	223,127,793,161				
Investment Securities at Amortized Cost	218,863,558,942	218,863,558,942			
At Fair Value through Other Comprehensive Income (OCI)	4,264,234,218			1,926,257,845	2,337,976,374
Other Assets	1,484,988,126				1,484,988,126
Total Financial Assets	1,049,246,796,116	993,295,332,668	50,202,241,103	1,926,257,845	3,822,964,500
Financial Liabilities					
Financial liabilities carried at amortized cost:					
Bills Payable	221,828,105	221,828,105			
Deposits from Bank and Financial Institutions	185,385,094,042	185,385,094,042			
Deposit from Government of Nepal	95,605,371,467	95,605,371,467			
Deposits from Others	21,252,588,038	21,252,588,039			
Short Term Borrowings	-	-			
IMF Related Liabilities	20,789,695,685	20,789,695,685			
Staff Liabilities	1,881,103,006				1,881,103,006
Other Liabilities	985,889,606	985,889,606			
Total Financial Liabilities	326,121,569,949	324,240,466,943		-	1,881,103,006

5.7 Employees Benefits - Defined Benefit Plans

The Bank currently offers three defined benefit post-employment plans to its employees, based on length of service and amount of compensation. These post-employment benefits plans are ‘Gratuity or Pension Plan’ and ‘Staff Security Plan’. A defined benefit plan is post-employment benefit plan other than a defined contribution plan. The bank’s net obligation in respect of defined benefits 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 expense (income) on the net defined benefit liability (asset) 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 (asset). 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 and Pension Plan’ and ‘Staff Security Plan’ are funded plan wherein the bank makes earmarked investment out of fund created for these plans. ‘Leave encashment’ is not a funded plan.

There were 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., the Gratuity and Pension plan, and the Staff Security Fund are as follows:

Amount Recognized in the statement of Financial Position

Particulars	As on 31 st Asar 2077		As on 31 st Asar 2076	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Present Value of Obligations	19,037,326,365	1,956,932,094	18,589,350,597	1,892,985,892
Fair Value of Plan Assets/Current Balance of Provision Account	(19,432,685,089)	(1,723,117,729)	(19,170,360,000)	(2,012,800,000)
Net Liability / (Asset)	(395,358,724)	233,814,365	(581,009,403)	(119,814,108)

Changes in Fair Value of Defined Benefit Obligation

Particulars	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Obligation	18,589,350,597	1,892,985,892	18,706,253,628	2,052,586,624
Current Service Cost	286,326,903	83,155,616	304,152,427	108,557,408
Interest Cost	1,440,636,425	141,516,835	1,458,088,602	150,130,107
Actuarial Losses (Gains)	(116,197,002)	87,324,649	(918,851,859)	(66,367,669)
Losses (Gains) on Curtailments				
Benefits Paid	(1,162,790,558)	(248,050,898)	(960,292,201)	(351,920,578)
Closing Obligation	19,037,326,365	1,956,932,094	18,589,350,597	1,892,985,892

Changes in Fair Value of Plan Assets

Particulars	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Fair Value	19,170,360,000	2,012,800,000	19,504,133,816	2,001,630,607
Investment adjustment	(581,009,403)	(233,951,219)	(1,416,321,669)	(103,783,757)
Expected Return	1,487,117,178	158,794,758	1,521,919,017	164,728,575
Actuarial Gains (Losses)	519,007,872	(158,794,758)	520,921,037	(164,728,575)
Contribution by Employer	-	192,319,846	-	466,873,728
Benefits Paid	(1,162,790,558)	(248,050,898)	(960,292,201)	(351,920,578)
Closing Fair Value	19,432,685,089	1,723,117,729	19,170,360,000	2,012,800,000

Amount Recognized in the Statement of Comprehensive Income

Particulars	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Charged to Statement of Income	(239,846,150)	(65,877,693)	(240,322,012)	(93,958,940)
Actuarial Income/(Loss) Recognized in OCI	635,204,874	(167,936,672)	1,439,772,896	(98,360,906)
Total Employee Benefit Income (/Expense)	395,358,724	(233,814,365)	1,199,450,884	(192,319,846)

Major Categories of Plan Assets as a Percentage of Total Plans

Particulars	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
	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	-	-	-	-
Total	100%	100%	100%	100%

Principal Actuarial Assumption at the End of the Reporting Period

Particulars	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	9%	9%	8%	8%
Expected Return on Plan Asset	8%	8%	8%	8%
Future Salary Increase	10%	10%	10%	10%
Future Pension Increase	6.70%	-	6.70%	-
Withdrawal Rate	0.50%	0.50%	0.50%	0.50%

The Sensitivity of the Defined Benefit Obligation to Changes in Principal Assumptions

Particulars	Change	For the Year Ended 31 st Asar 2077		For the Year Ended 31 st Asar 2076	
		Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	-1%	12.10%	11.93%	13.21%	12.15%
	+1%	-9.98%	-10.08%	-10.80%	-10.22%
Salary & Pension Increment Rate	-1%	-7.49%	-9.26%	-8.03%	-9.32%
	+1%	8.55%	10.71%	9.22%	10.80%
Mortality Rate	1 year setback	2.65%	0.09%	3.38%	0.11%
	1 year set forward	-2.63%	-0.10%	-3.35%	-0.12%

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

5.8 Employees Benefits – Other Long Term Benefits Plan

The Bank currently offers accumulated leave as other long term benefits plan. The bank's net obligation in respect of other long term benefits 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 expense (income) on the net other long term benefit liability (asset) 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 (asset). 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 the 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 were no plan amendments and curtailments during the reporting period. Actuarial gains/losses in other long term benefit plan are charged to Income statement.

5.9 Other Employee Benefits

- Staff Welfare: the bank provides 12% of basis salary as staff welfare fund. During the year the bank has provided 79,108,553 as staff welfare fund.
- Staff Welfare Provident Fund: The bank provides after the approval from the board of directors up to 10% of last year profit as staff welfare provident fund to be credited into the retirement fund. Total expenses under this head amounts to NRs. 530,265,000.
- The bank provides as staff medical fund facility one-month salary. Payment to staff are made up to 15% of salary as per the eligible medical claim while rest amount is paid at the retirement. NRs. 362,166,228 is expensed as staff medical fund.

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 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 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 reserve and fund are maintained and an amount is annually allocated by the Board of Directors out of the each year's Net Income to that reserves and funds. Impacts resulting from other comprehensive income are directly transferred to respective reserves. The Board of Directors is authorized by Nepal Rastra Bank Act to allocate a part of Net Income to these reserves and funds. The details of statutory and other reserve 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 NRB Act and as per the provision of the section an amount equal to five percent of the net income available for appropriation of each year shall be allocated and kept in such reserve. This year NRs. 1,394,004,100(P.Y. NRs 1,788,500,665) was 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 equal to five percent of the net income available for appropriation of each year shall be allocated and kept in such reserve. This year NRs. 1,394,004,100 (P.Y. NRs. 1,788,500,665) was 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 Board not less than ten percent of the net income available for appropriation of the Bank shall be allocated in the general reserve fund established by the Bank. 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.8,984,388,463 (P.Y.NRs.7,371,159,330) 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 board shall be allocated and kept in such reserve. This year NRs.11,268,898(P.Y. NRs. 4,572,616) was appropriated to this fund. NRs. 555,903,731 has been transferred to the fund out of retained earning restated in previous year. This fund is introduced after the amendments in NRB Act in 2073.

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 equal 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.58,927,429,280 (P.Y.revaluation loss of NRs.2,193,530,153) which is equivalent to net exchange gain was 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.20,807,318,228 (P.Y. revaluation loss of NRs. 76,037,528) which is equivalent to net revaluation gain on revaluation of gold and silver was appropriated to this fund.

5.10.2 Other Reserve and Funds

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 reserve and fund as per Accounts Directive of the Bank and the Board of Directors appropriate some part of the net income available for distribution to these reserves and fund annually. The amount kept under these reserves and funds shall be utilized for the purpose of the reserve or fund as mentioned in the Account Directive. The following reserves/funds have been maintained:

a) Development Fund

This is the specific fund created as per Monetary Policy of the Bank to provide support for loans and refinances to banks and Financial Institutions as well as to make investment in the shares and debentures of these Institutions. The Board of Directors of the Bank annually appropriates a part of net income to this fund. Accordingly, an amount of NRs.9,120,000,000 (P.Y. NRs.11,825,000,000) has been allocated to this fund during the year.

b) Banking Development Fund

This fund was 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. Accordingly, an amount of NRs.450,000,000 (P.Y. NRs. 150,000,000) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

c) Development Finance Project Mobilization Fund

This fund was created as a cushion to meet the probable loss on project loan. An amount equivalent to the projects' profits are appropriated and transferred to this fund. An amount equals to net incomeof the projects is allocated to this fund annually. Accordingly, an amount of NRs.11,810,896(P.Y.NRs.1,504,219) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

d) Mechanization Fund

This fund was 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 Board of Directors to this fund annually. Accordingly, an amount of NRs.550,000,000 (P.Y. NRs. 200,000,000) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

e) Scholarship Fund

This fund was 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 has been allocated to this fund during the year. Earmarked investment of this fund has been made.

f) Mint Development Fund

This fund was created to meet the heavy capital expenditure required from time to time for construction of factory building and installation of machinery for minting activities. Accordingly, an amount of NRs.450,000,000 (P.Y. NRs.100,000,000) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

g) Gold Replacement Fund

This fund has been created for replacing the gold / silver sold during the year. An amount equal to profit from sale of 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.172,003,576(P.Y. NRs. 520,775,808) 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 was created as per the NRB Monetary Policy 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 storage etc. No amount has been appropriated to this fund during the year

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

This fund was created out of the surplus fund amounting NRs. 61,390,949 received while transferring the RSRF Program to Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd. The fund is utilized to provide reimbursement of the administrative expense subsidy as claimed by the cooperatives in case of the loans and advances disbursed and approved till the date of transfer of RSRF program to Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd. Accordingly, administrative expense subsidy amounting to NRs. 3,726,384 has been reimbursed to Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd during the current fiscal year.

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. 467,268,203 has been transferred to Actuarial Gain Reserve.

k) Fair Value Reserve

Fair Value Reserve is created for maintaining the gain of investment in equity instrument classified as Investment measured at Fair Value through Other Comprehensive Income. During the year, a gain of NRs 1,038,474,125 has been transferred to the reserve from Other Comprehensive Income. Similarly, an amount of NRs 657,398,041 which is the cumulative surplus of the investment sold during the year, has been released to retained earnings from the reserve.

5.11 Prior Period Errors

The prior period errors discovered during the year relating to a reporting period that is before the earliest prior period presented were adjusted by restating the opening balance of the earliest prior period presented. In addition, additional income of NRs. 23,267,923 has been discovered during the year because of the prior period errors and has been adjusted with respective current year income/expenses.

Particulars	FY 2076-77	As on 01.04.2076	FY 2075-76	As on 01.04.2075
Restatement of Earliest Prior Period Presented: <i>Increase/(Decrease) in Deferred Employee Loan & IMF Bond issued by Govt.</i>			18,979,719	1,292,886,021
<i>Increase / (Decrease) in Property, Plant and Equipment</i>		(1994)		
Surplus/(Deficit) Due to Prior Period Errors	23,267,923			
Total Effect as at 31.03.2077			1,335,131,669	

5.12 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 instrument 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:

Particulars	Current Year	Previous Year
Foreign Exchange Reserve		
(a) Held by Nepal Rastra Bank		
Convertible Foreign Currency	922.70	668.03
Non-Convertible Foreign Currency	303.52	234.54
Gold Reserve	47.01	34.25
Special Drawing Rights	0.41	0.35
Sub Total	1273.64	937.17
(b) Held by Banks and Financial Institutions		
Convertible Foreign Currency	161.28	125.51
Non-Convertible Foreign Currency	14.43	10.96
Sub Total	175.71	136.47
Total Foreign Exchange Reserve of Banking System	1,449.36	1,073.64

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

Particulars	Current Year (in %)	Previous Year (in %)
Foreign Exchange Reserve:		
US Treasury Bills	1.25	1.52
Indian Treasury Bills	20.36	20.66
BIS FIXBIS	-	-
Bonds/Notes	6.93	11.61

Mid Term Instrument	0.00	0.25
Call Deposits	5.12	2.06
Time Deposit	48.34	46.52
Gold Deposit	3.24	3.19
Special Drawing Rights	0.03	0.03
Balance with NRB and BFIs	14.74	14.16
Total	100.00	100.00

5.13 Projects' Asset and Liability

The assets, liabilities, equity, income and expense of four projects, namely, Poverty Alleviation Project in Western Terai (PAPWT) and Third Livestock Development Project (TLDP) which were run during the reporting period under subsidiary loan agreements with GON or project agreements with other funding agencies were consolidated with the Bank's financial statements. The Financial Position and Income statements of these projects are as below:

For the Year ended 31st Asar 2077

Statement of Financial Position

Particulars	PAPWT	TLDP	Total
Equity & Liabilities			
Reserve & Surplus	19,116,257	45,211,849	64,328,105
Loans	21,900,000	79,100,000	101,000,000
Accounts Payable			
Total Equity & Liabilities	41,016,257	124,311,849	165,328,105
Assets			
Loan to PFIs	-	-	-
Investment	35,600,000	115,200,000	150,800,000
Other Receivables	323,337	917,700	1,241,037
Cash and Bank Balance	5,092,920	8,194,149	13,287,068
Total Assets	41,016,257	124,311,849	165,328,105

Statement of Comprehensive Income

Particulars	PAPWT	TLDP	Total
A. Income			
Interest Income	4,514,610	11,451,037	15,965,647
From Loan to PFIs			
On Investment	4,514,610	11,451,037	15,965,647
Foreign Exchange Gain			
Loan Loss Prov. Written back			
Other Income			
Total Income	821,250	3,333,500	4,154,750
B. Expenditure			
Administrative Expenses			
Interest Expenses	821,250	3,333,500	4,154,750
Depreciation			-
Total Expenses	821,250	3,333,500	4,154,750.00
Surplus (Deficit) (A-B)	3,693,360	8,117,537	11,810,897

For the Year ended 31st Asar 2076

Statement of Financial Position

Particulars	PAPWT	MCPW	TLDP	RISMFP	Total
<u>Equity & Liabilities</u>					
Reserve & Surplus	15,422,897	-	37,094,312	-	52,517,209
Loans	29,200,000	-	84,750,000	-	113,950,000
Accounts Payable	-	-	-	-	-
Total Equity & Liabilities	44,622,897	-	121,844,312	-	166,467,209
<u>Assets</u>					
Loan to PFIs	-	-	-	-	-
Investment	39,925,000	-	110,407,000	-	150,332,000
Other Receivables	524,305	-	1,317,072	-	1,841,377
Cash and Bank Balance	4,173,592	-	10,120,240	-	14,293,832
Total Assets	44,622,897	-	121,844,312	-	166,467,209

Statement of Comprehensive Income

Particulars	PAPWT	MCPW	TLDP	RISMFP	Total
A. Income					
Interest Income	4,920,441	319,146	11,086,054	-	16,325,640
From Loan to PFIs					
On Investment	4,920,441	319,146	11,086,054		16,325,640
Foreign Exchange Gain				(10,160,668)	(10,160,668)
Loan Loss Prov. Written back					
Other Income					
Total Income	4,920,441	319,146	11,086,054	(10,160,668)	6,164,972
B. Expenditure					
Administrative Expenses					
Interest Expenses	1,040,250	61,003	3,559,500		4,660,753
Depreciation					-
Total Expenses	1,040,250	61,003	3,559,500		4,660,753
Surplus (Deficit) (A-B)	3,880,191	258,143	7,526,554	(10,160,668)	1,504,219

Two projects namely, Community Ground water Irrigation Sector Project (CGISP) and GraminKshetramaBittiyaPahunchKaryakram (KFW) were run by the bank on behalf of the GON. The Rural Self Reliance Fund (RSRF) project, which was run by the bank on behalf of the GON has been handed over to Sana KisanLaghubittaSanstha during previous reporting period. Capital Contribution in case of RSRF project amounting to NRs. 253,400,000 which was shown by way of ‘investment at fair value through other comprehensive income’ in previous year has been converted as Loan to Sana KisanBikasLaghubittaBittiyaSanstha Ltd along with the surplus amount of NRs. 61,390,949. The assets, liabilities, equity, income and expense of such projects were not consolidated in the accounts of the Bank. The Financial Position and Income statements of these projects are as below:

Statement of Financial Position

Particulars	As on 31st Asar 2077		As on 31st Asar 2076		
	CGISP	KFW	CGISP	RSRF	KFW
<u>Equity</u>					
Capital Contribution	17,548,370		17,548,370	793,400,000	
Surplus	238,922,832	103,789,348	202,675,719	173,239,439	52,577,569

Financial Risk Fund	5,200,000		5,200,000		
Long- term Liabilities					
Loan from ADB - Non-Current Portion	110,395,076		117,085,687		
Current Liabilities and Provision					
Loan from ADB - Current Portion	90,323,244		83,632,633		
Service Charge due on Loan from ADB	26,994,526		24,987,342		
Loan From GON		906,240,347			906,240,347
Loan Loss Provision	81,932		186,190	111,038,461	
Accounts Payable	328,176		328,176	30,930,143	
Total Equity & Liabilities	489,794,156	1,010,029,695	451,644,118	1,108,608,043	958,817,917
Assets					
Non-Current Assets					
Fixed Assets	73,454		4	383,223	
Loan to PFI- Non Current Portion	1,789,374		8,193,215.00	5,762,500	
Investment	359,200,000		369,668,000	-	
Current Assets					
Interest Receivables	3,857,736	11,139,032	3,825,208.36	-	14,231,206
Loan to PFI-current portion	6,403,841	906,240,347	10,425,820.00	330,862,095	906,240,347
Cash and cash equivalents	118,469,750	92,650,315.52	59,531,870.25	771,600,225	38,346,364
Sundry Debtors					
Total Assets	489,794,156	1,010,029,695	451,644,118	1,108,608,043	958,817,917

Statement of Comprehensive Income

Particulars	As on 31st Asar 2077		As on 31st Asar 2076		
	CGISP	KFW	CGISP	RSRF	KFW
A. Income					
Interest Income	38,191,742	51,211,778	34,736,009	57,432,802	44,494,663
From Loan to PFIs	784,416	51,211,778	1,428,448	21,954,160	44,494,663
On deposit with banks	37,407,326		33,307,561	35,102,080	
On Investment				376,563	
Other Income	-		-	329,272	
Loan Loss Provision Written back	104,258		134,768	304,6568	
Total Incomes	38,296,000	51,211,778	34,870,776	60,808,642	44,494,663
B. Expenditure					
Administrative Expenses	41,704	-	41,385	2,447,862	-
Provision for Service Charge	2,007,183		2,007,183		
Loan Loss Provision	-	-	-	8,030,245	-
Depreciation				135,649	
Total Expenses	2,048,887	-	2,048,569	10,613,756	-
Surplus (Deficit) (A-B)	36,247,113	51,211,778	32,822,208	50,194,886	44,494,663

5.14 Interest in other entities

The Bank has invested in quoted & unquoted equity securities of ten different entities as presented below.

5.14.1 Investment in quoted securities

Investment in quoted equity securities includes the following. The bank holds promoter shares of such entities.

Particulars	% of holding	No of Shares	Investment at cost		Investment at Fair value	
			31-03-2077	31-03-2076	31-03-2077	31-03-2076
RMDC LaghubittaBittiyaSanstha Ltd.	-		-	21,045,000	-	105,792,675
Citizen Investment Trust	13.34	2,188,747	13,350,000	13,350,000	2,657,138,858	1,767,041,375
GrameenBikasLaghubittaBittiyaSanstha Ltd.	2.7988	274,982	27,498,200	29,998,200	74,245,140	53,423,794
Total			40,848,200	64,393,200	2,731,383,998	1,926,257,844

The shares are revalued on the basis of latest trading price of promoter share of respective institution in stock market. In absence of trading of promoter share of Citizen Investment Trust & Grameen Bikas Laghubitta Bittiya Sanstha Ltd, ratio of share price of promoter share & public share is considered as 50%. Previous year, ratio of share price of promoter share & general share of RMDC had been considered to get fair values of other entities.

5.14.2 Investment in unquoted securities

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

Particulars	% of holding	No of Shares	Investment at cost		Investment at Fair value	
			31-03-2077	31-03-2076	31-03-2077	31-03-2076
Agricultural Project Services Centre	62.50	-	5,000,000	5,000,000	-	-
RastriyaBeemaSansthan - Life Ins.	55.56	1,005,667	1,000,000	1,000,000	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	14.60	729,989.5	5,097,510	12,080,500	814,850,779	999,382,248
National Productivity and Eco. Dev.	31.52	-	2,500,000	2,500,000	-	-
Deposit & Credit Guarantee Fund	10.00	10,000,000	607,594,000	407,594,000	1,027,600,000	1,143,088,259
Nepal Clearing House	10.00	298,080	15,000,000	15,000,000	85,480,402	61,001,402
Credit Information Bureau	10.03	437,400	3,500,000	3,500,000	130,367,070	107,189,098
National Banking Institute	15.29	76,452.5	7,645,250	5,000,000	27,018,313	26,315,367
Total			647,336,760	451,674,500	2,086,316,564	2,337,976,374

Fair Value of the shares investment in unquoted equity securities has been arrived based on the latest available audited financial statements of respective entities except for Nepal Stock Exchange which is valued at the last transaction price.

5.14.3 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	Investment at Face Value	%age 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
RastriyaBeemaSansthan - Life Insurance	181,000,000	100,566,700	55.56	Life insurance service	Ramshahpath, Kathmandu
Nepal Stock Exchange Ltd.	500,000,000	72,998,950	14.60	Impart free marketability and liquidity to the government and corporate securities by facilitating transactions in its trading floor through member, market intermediaries, such as broker, market makers etc.	Singhadurbar plaza, Kathmandu
National Productivity and Eco.Dev 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 four 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 the bank holds. The cost and its carrying amounts of assets recognized in the financial statements on such entities are as follows:

Particulars	Investment at cost		Carrying Amounts (Investment at Fair value)	
	31-03-2077	31-03-2076	31-03-2077	31-03-2076
Agricultural Project Services Centre	5,000,000	5,000,000	-	-
RastriyaBeemaSansthan - Life Insurance	1,000,000	1,000,000	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	5,097,510	12,080,500	814,850,779	999,382,248
National Productivity and Eco. Dev.	2,500,000	2,500,000	-	-
Total	13,597,510	20,580,500	815,850,779	1,000,382,248

In the absence of audited financial statements of Agricultural Project Services Centre, Rastriya Beema Sansthan and National Productivity & Economic Development Ltd., 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 and National Productivity & Economic Development Ltd. and is not expected for its recovery. In addition, Agricultural Project Service Centre is in the process of liquidation since long. In case of Rastriya Beema Sansthan, the bank has expected to recover its investment and hence the fair value is equal to its cost.

The carrying amount of NRs 2,086,316,564 (PY NRs. 2,337,976,374) as shown in above tables has been included under Investment securities in the Statement of Financial Position. Being all the above entities as limited liability Company, this is the maximum exposure to loss from its significant interest in such entities.

5.14.4 Transactions with Entities having Significant Interest

The bank has done some transactions with the entities having significant interest of the bank. Such transactions were occurred in the normal course of NRB's operations and conducted as arm's length transactions. The details of such transactions were as follows:

Entity	Nature of Transaction	FY 2076-77	FY 2075-76	Remarks
RastriyaBeemaSansthan - Life Insurance	Insurance Premium paid by the bank	181,092,147	156,517,243	
Nepal Stock Exchange Ltd.	Dividend Income received by the bank	29,199.580	-	

5.15 Transaction with the International Monetary Fund (IMF)

The Bank transacts with IMF as an agent of the Government 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 quota are borne by Government. In case of other transactions such gain/losses are borne by NRB. The Basic policies followed by the NRB on such accounts are as follows:

- Country's quota with the IMF is recorded by the Bank as depository of the Government and exchange gain/loss arising on quota are borne by 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.

The position of Nepal's account with the IMF account is presented as below:

Financial Position in the Fund

Particulars	As on 31 st Asar 2077		As on 31 st Asar 2076	
	Local Currency (NRs.)	SDR Equivalents	Local Currency (NRs.)	SDR Equivalents
SPECIAL DRAWING RIGHT				
Net cumulative allocation	11,198,956,855	68,099,599	10,468,255,853	68,099,599
Holdings	412,972,270	2,511,238	354,810,632	2,308,165
OUTSTANDING PURCHASES & LOANS				

RCF Loans	-	-	876,817,665	5,704,000
ECF Arrangements	-	-	-	-
OTHER INFORMATION	Percent of Quota		Percent of Quota	
Quota	100	156,900,000	100	156,900,000
Currency Holding	89.82	140,923,637	89.82	140,923,637
Reserve Tranche Position	10.19	15,982,092	10.19	15,982,092

The SDR is converted into Nepalese rupees at conversion rate of NRs.164.4497 (P.Y. NRs. 153.719) per SDR.

5.16 Contingent Liabilities and Capital Commitments

The bank has following amounts of contingent liabilities and capital commitments

PARTICULARS	As on Asar 31, 2077	As on Asar 31, 2076
	NRs.	NRs.
Letters of Credit	51,003,768,276	46,108,572,129
Unclaimed Account Transfer to P/L Account	135,381,177	103,130,144
Capital Commitments	1,528,921,554	2,745,630,138
Total	52,668,071,007	48,957,332,411

Contingent liabilities in respect of Letter of Credit (LC) are determined on the basis of LCs remaining unexpired at the end of the reporting period. The capital commitments include cost for the construction of the bank's Central Office Building and Banking Office Building 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.

5.17 Non-cancellable Operating Leases

The bank leases various buildings under non-cancellable operating leases expiring within one to two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

PARTICULARS	As on Asar 31, 2077	As on Asar 31, 2076
	NRs.	NRs.
Within one year	30,786,461.61	39,622,933.44
Later than one year but not later than five years	31,782,288.53	24,637,875.57
Later than five years	24,056,813.00	-
Total	86,625,563.14	64,260,809.01

5.18 Claims against the bank

There are 95 cases filed in the court against the various decisions of the bank against which the bank is not expected to incur a significant monetary liability. However, the bank may incur the loss to the extent of the salaries and benefits payable to the then 7 employees who have file the legal suit against the bank.

5.19 Number of Employees

The number of employees holding office at the year-end was 1,043 (PY 1,024).

5.20 Presentation (Regrouping/Rearrangement)

The presentation of following line items of previous year financial statements have been changed (regrouped or rearranged) to align the financial statements as follows:

Particulars	Present Reporting	Reported Earlier	Difference
Other Assets	1,484,988,126	2,304,387	1,482,683,739
Deferred Employees Benefits	1,445,185,596	-	1,445,185,596

Deferred Bond Amortization Assets	37,498,144	-	37,498,144
Interest Income	35,960,507,325	35,770,709,606	189,797,719
Government Securities	2,894,896,096	2,903,563,002	(8,666,906)
Loans and Refinance	1,013,631,425	815,166,800	198,464,625
Net Income/(Expenditure) for the year	32,352,317,422	32,162,519,703	189,797,719
Opening Changes in Equity Adjustment as on 31 Ashad 2076	1,289,399,950	(3,486,071)	1,292,886,021
Staff Loans and Advances	1,246,720,970	-	1,246,720,970
Govt. Bonds	46,165,051	-	46,165,051

Due to error in recognizing present value of the staff loans and advances and bond, the unwinding portion of interest was charged as expenses which were corrected retrospectively as per NAS 8 on Correction of Prior Period Error. So impact has been made retrospectively as indicated.

5.21 Events after the Reporting Period

In addition to above, there was no material events occurred after the reporting period that requires adjustments or disclosure in the financial statements.