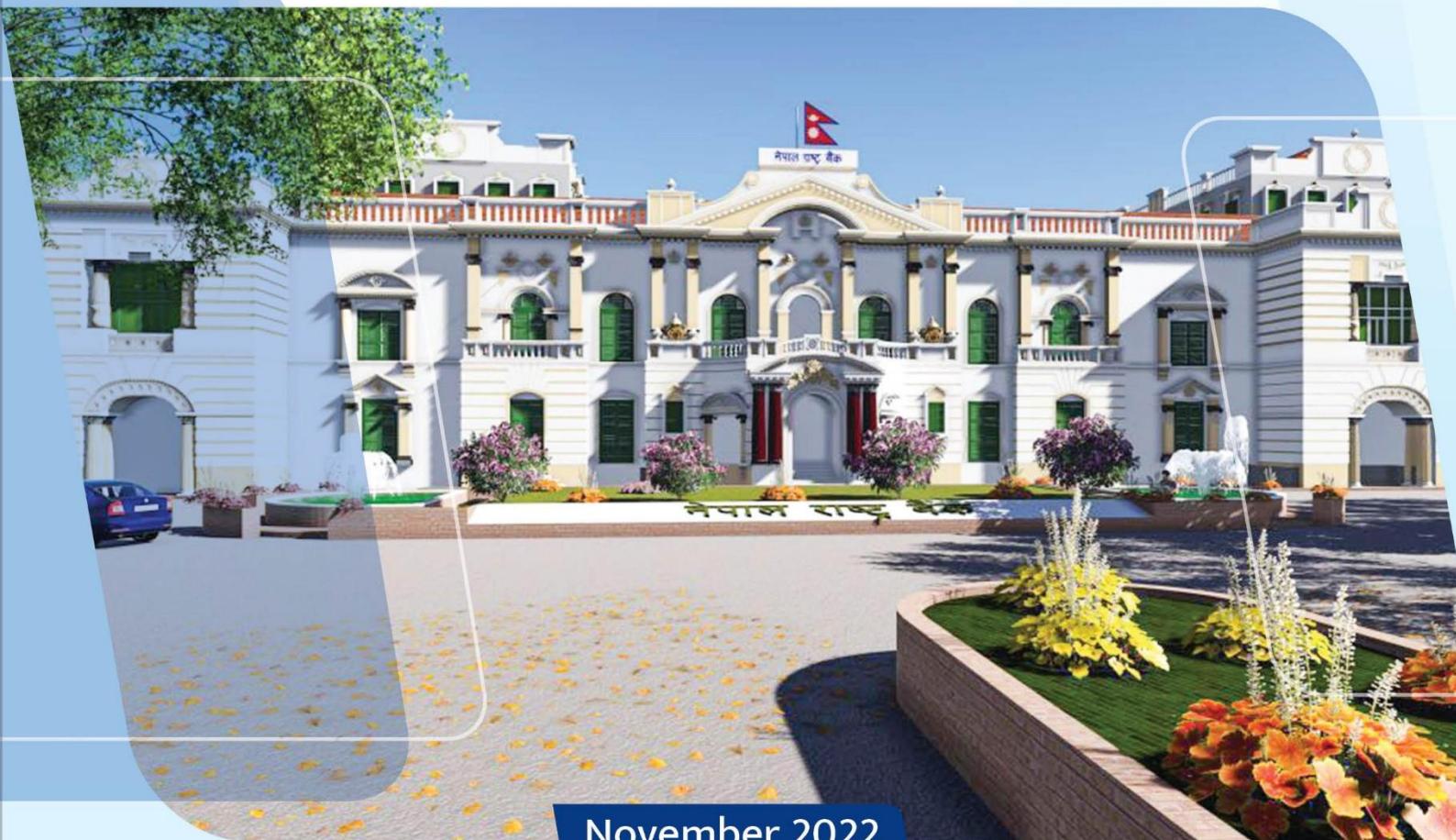


Annual Report

Fiscal Year 2021/22



Nepal Rastra Bank

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Fiscal Year 2021/22



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Published By:



Nepal Rastra Bank
Economic Research Department
Publication Division
Baluwatar, Kathmandu, Nepal
Email: publication@nrb.org.np
Website: www.nrb.org.np

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Executive Summary

1. According to the World Economic Outlook, 2022 of International Monetary Fund (IMF) published in October 2022, the world economic growth which contracted by 3.1 percent in 2020 has expanded by 6.0 percent in 2021. The economy is projected to expand by 3.2 percent in 2022 and 2.7 percent in 2023.
2. IMF has projected that advanced economies expands by 2.4 percent, emerging and developing economies by 3.7 percent and emerging and developing Asian economies by 4.4 percent in 2022. The economy of neighboring countries, India and China is projected to expand by 6.8 percent and 3.2 percent respectively in 2022.
3. Inflation is projected to remain at 7.2 percent for advanced economies and 9.9 percent for emerging and developing economies in 2022. In 2021, inflation stood at 3.1 percent for advanced economies and 5.9 percent for emerging and developing economies.
4. According to the preliminary estimate of CBS, GDP is estimated to expand by 5.84 percent in 2021/22. In the review year, agriculture output is estimated to grow by 2.30 percent, while the non-agriculture sector is estimated to grow by 6.88 percent.
5. In 2021/22, the average consumer inflation rate stood at 6.32 percent. Such inflation rate was 3.60 percent in the previous year. In the review year, the average inflation rate of foods and beverages group, and non-food and services group was 5.69 percent and 6.83 percent respectively.
6. In 2021/22, total merchandise exports increased by 41.7 percent to Rs.200.03 billion and imports stood at Rs.1920.45 billion after increasing by 24.7 percent. In the review period, trade deficit recorded Rs.1720.42 billion which is 35.5 percent of gross domestic product.
7. In 2021/22, the current account remained at a deficit of Rs.623.33 billion and the balance of payments remained at a deficit of Rs.255.26 billion. Total foreign exchange reserves remained at Rs.1215.80 billion in mid-July 2022. The foreign exchange reserves in USD amounted to 9.54 billion. The reserve is sufficient to cover 7.8 months of imports of goods and 6.9 months of imports of goods and services.
8. In 2021/22, the government revenue including other receipts was Rs.1116.42 billion. The total government expenditure stood at Rs.1296.24 billion while the government expenditure based on the banking transactions stood at Rs.1255.84 billion.
9. In 2021/22, the broad money supply increased by 6.8 percent while the narrow money supply decreased by 9.7 percent. Similarly, gross domestic credit credit increased by 14.5 percent and the monetary sector's claims on the private sector increased by 13.3 percent. Further, deposits of BFIs increased by 9.0 percent and credit to the private sector from the BFIs increased by 13.1 percent.
10. In 2021/22, liquidity amounting to Rs.60 billion was mopped up while liquidity amounting to Rs.9702.41 billion was injected through the instruments of open market operations. SLF worth Rs.9170.11 billion was utilized during the review year.

11. The weighted average inter-bank rate among commercial banks, development banks and finance companies stood at 7.01 percent in mid-July 2022.
12. In 2021/22, the total assets/liabilities of commercial banks increased by 10.5 percent to Rs.5956.08 billion, development banks by 15.7 percent to Rs.495.97 billion and finance companies by 20.4 percent to Rs.151.79 billion. Similarly, the total assets/liabilities of MFIs increased by 16.6 percent to Rs.519.65 billion during the review year.
13. The number of BFIs licensed by the NRB remained at 126 in mid-July 2022. This includes 26 commercial banks, 17 development banks, 17 finance companies, 65 microfinance institutions and 1 infrastructure development bank.
14. The total credit and total deposit guaranteed by the DCGF reached Rs.197.64 billion and Rs.879.21 billion respectively in mid-July 2022.
15. In 2021/22, 26 commercial banks, 17 development banks, 17 finance companies and 65 microfinance institutions sought information of 6 million 907 thousand 397 loans from the Credit Information Center. The number of blacklisted borrowers reached 29,810 in mid-July 2022.
16. In mid-July 2022, NEPSE index reached 2009.5 points while market capitalization stood at Rs.2869.34 billion, which is 59.1percent of gross domestic product.
17. The monetary policy for 2021/22 was announced on August 13, 2021 with the main objective of maintaining macroeconomic stability and facilitating the achievement of economic growth target set by the Government of Nepal in line with the policy and program in the budget.
18. Containing consumer price inflation within 6.5 percent was the indicative target of the Monetary Policy 2021/22. Additionally, maintaining foreign exchange reserves sufficient to cover the imports of goods and services for at least 7 months, and managing liquidity and conducting monetary operations required to facilitate the economic growth of 7.0 percent as targeted by the Government of Nepal were the objectives of monetary policy.
19. The existing provision of CRR of 3 percent for BFIs is kept unchanged in monetary policy. Likewise, the SLR of 10 percent for commercial banks, 8 percent for development banks and 7 percent for finance companies were continued. The bank rate applied for the Lender of Last Resort (LOLR) facility and to discount securities was kept unchanged at 5.0 percent.
20. The bank increased the lower limit of the interest rate corridor from 1 percent to 2 percent and continued the upper limit at 5 percent in order to maintain interest rate stability and modernize monetary management by minimizing the fluctuations of the liquidity in the banking sector. Likewise, the two-week repo rate as policy rate has been changed into overnight, and increased from 3 percent to 3.5 percent.
21. The bank rate which is also the rate on SLF provided to BFIs was raised to 7.0 percent from 5.0 percent through a mid-term review of Monetary Policy. Likewise, the repo rate used as a policy rate was increased to 5.5 percent from 3.5 percent, and deposit collection rate was increased to 4.0 percent from 2.0 percent. Based on these policy arrangements, refinance rates were also increased along with a policy of focusing this facility to hard hit sectors from COVID-19.

22. In 2021/22, treasury bills of Rs.103.92 billion were issued, including Rs.7 billion of 28 days, Rs.27 billion of 91 days, 31 billion of 182 days, and Rs.38.92 billion of 364 days. Likewise, Development Bond equivalent to Rs.124.50 billion, Citizens Saving Bond equivalent to Rs.2.83 billion, and Foreign Employment Bond equivalent to Rs.6.68 million were issued.
23. A provision was made in which the BFIs were required to limit the CD Ratio maximum at 90 percent by mid-July 2022 abolishing existing provision of CCD ratio.
24. By mid-July 2022, a total of 68 BFIs have been formed through the merger and acquisition of a total of 247 BFIs. In that period, out of a total 8 activities of merger and acquisition concluded, 3 were mergers and 5 were of acquisitions.
25. The number of BFIs reached 126 by mid-July 2022. Similarly, by mid-July 2022, the total number of branches of BFIs reached 11,528 and centers providing branchless banking service reached 1,548. The population getting banking and financial services per branch decreased by 10.97 percent to 2,532 per branch from last year's 2,844 per branch. Out of 753 local level levels, 752 have access to financial services of commercial bank in their own area by mid-July 2022. Only in the Saipal Rural Municipality of Bajhang district from Sudurpaschim province commercial banks remians to reach.
26. A total of 636.0 million of various denomination bank notes equivalent to Rs.52.656 billion were issued for circulation during 2021/22. Currency in circulation of various denomination banknotes was at Rs.632.47 billion in mid-July 2022.
27. Total number of staffs in NRB stood at 1,082 in mid-July 2022, comprising 1,016 administrative and 66 technical staff. Of the total human resources, 561 are officer level, 438 assistant level and 83 office subordinate level staff.
28. As per the MOU signed between the bank and Central Project Implementation Unit (Building), Ministry of Urban Development, GON, for the reconstruction of the buildings damaged by the devastating earthquake of April 25, 2015, 86 percent of the construction of the building at Thapathali and 78 percent of the construction of the central office building of Baluwatar has been completed by end of the review period.
29. Land of 9.525 *katha* has been acquired at former Katkuwa VDC ward no. 9, Surkhet for operating the bank's provincial office in the Birendranagar, the capital of Karnali Province.
30. During 2021/22, transactions equivalent to Rs.42,004.55 billion of Nepali currency were made through RTGS.
31. As per the financial statements of mid-July 2022, the assets/liabilities of the bank decreased by 0.72 percent as compared to previous year and reached to Rs.1,527.21 billion.
32. In the review year, net income before adjustment of foreign exchange and other assets revaluation gain/loss has increased by 47.44 percent compared to the previous year and reaching Rs.28.43 billion.

Acronyms

ACU	Asian Clearing Unit
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BCI	Business Credibility Information
BFI _s	Banks and Financial Institutions
BOP	Balance of Payments
CBS	Central Bureau of Statistics
CCD	Credit/Core Capital and Deposit
CEO	Chief Executive Officer
CIBM	China Interbank Bond Market
CIT	Citizen Investment Trust
CRR	Cash Reserve Ratio
DAA	Document Against Acceptance
DAP	Document Against Payment
DCGF	Deposit and Credit Guarantee Fund
DFID	British Government's Department for International Development
DRS	Disaster Recovery Site
DTCO	District Treasury Controller Office
ECC	Electronic Cheque Clearing
EPF	Employees Provident Fund
FCCG	Financial Comptroller General Office
FDI	Foreign Direct Investment
FIU	Financial Information Unit
FOB	Free on Board
FY	Fiscal Year
GDP	Gross Domestic Product
GL	General Ledger
GNDI	Gross National Disposable Income
GoN	Government of Nepal
IC	Indian Currency
ICAAP	Internal Capital Adequacy Assessment Process
IIP	International Investment Position
IMF	International Monetary Fund
IT	Information Technology
ITSS	International Trade Statistics Software
KfW	Kreditanstalt für Wiederaufbau (German Government-owned Development Bank)
LOLR	Lender of Last Resort
Ltd.	Limited
MFDB	Microfinance Development Bank
MFI _s	Microfinance Financial Institutions
MOF	Ministry of Finance
MSMEs	Micro, Small and Medium Enterprises

n.i.e.	not included elsewhere
NBL	Nepal Bank Limited
NEPSE	Nepal Stock Exchange
NFRS	Nepal Financial Reporting Standards
NGO	Non-Government Organization
NRB	Nepal Rastra Bank
ODCs	Other Depository Corporations
OECD	Organisation for Economic Co-operation and Development
PCA	Prompt Corrective Action
RBB	Rastriya Banijya Bank
RFP	Request for Proposal
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
SLF	Standing Liquidity Facility
SLR	Statutory Liquidity Ratio
SREV	Supervisory Review and Evaluation Process
ToT	Terms of Trade
VAT	Value Added Tax
VCTS	Vehicle and Consignment Tracking System

PART – 1

MACROECONOMIC AND FINANCIAL SITUATION

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PART – ONE
MACROECONOMIC AND FINANCIAL SITUATION

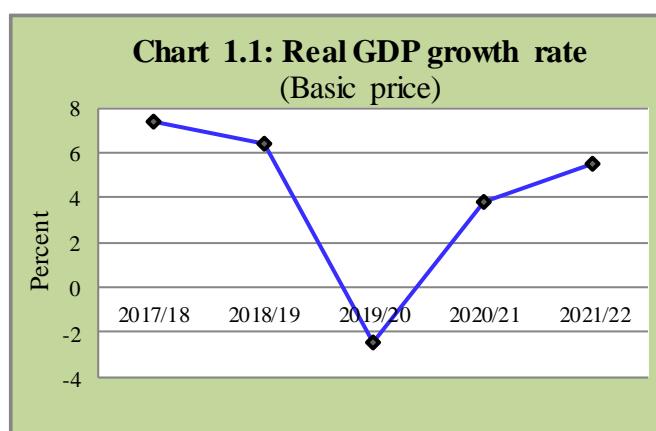
World Economic Situation and Outlook

- 1.1 The world economy contracted in 2022 because of high inflation, a decline in China's growth rate and the Russia-Ukraine war. However, according to the World Economic Outlook, October 2022 of International Monetary Fund (IMF), world economic growth has remained positive at 6 percent in 2021, whereas such growth was negative by 3.1 percent in 2020. Such growth rate is projected to be 3.2 percent in 2022 and 2.7 percent in 2023 respectively.
- 1.2 The overall economic growth rate of advanced economies is projected to remain at 2.4 percent in 2022 against a growth of 5.2 percent in 2021. The economic growth rate of emerging and developing economies is projected 3.7 percent in 2022 compared to the growth rate of 6.6 percent in 2021. The growth rate of emerging and developing Asian economies is projected to remain at 4.4 percent in 2022, which was 7.2 percent in 2021. Economic growth rate of India was 8.7 percent in 2021 while it is projected to be 6.8 percent in 2022. Likewise, the economic growth rate of China was 8.1 percent in 2021 and is projected to be 3.2 percent in 2022.
- 1.3 In 2021, the inflation remained at 3.1 percent in advanced economies and 5.9 percent in emerging and developing economies. In 2022, inflation is projected to remain at 7.2 percent for advanced economies and 9.9 percent for emerging and developing economies. The global trade of goods and services is projected to rise by 4.3 percent in 2022 compared to an increase of 10.1 percent in 2021.

Macroeconomic and Financial Situation of Nepal

Gross Domestic Product

- 1.4 According to the preliminary estimate of Central Bureau of Statistics (CBS), the country's real gross domestic product (GDP) is estimated to increase by 5.49 percent in basic prices and 5.84 percent in producer prices in 2021/22. In the previous year, such growth rates were 3.83 percent and 4.25 percent respectively. The preliminary estimate of the CBS is based on the data of 9 months of the 2021/22 and the economic growth is expected to



improve due to expansion in economic activity along with the decrease in the covid-19 infection in the quarter of the last fiscal year.

- 1.5 It is estimated that the production of the agricultural sector increased by 2.30 percent and the non-agricultural sector increased by 6.88 percent in the review year . In the previous year, the production of the agricultural sector increased by 2.85 percent and the non-agricultural sector by 4.26 percent. It is estimated that the production of the industrial sector under the non-agricultural sector increased by 10.19 percent and the service sector increased by 5.93 percent in the review year. In the previous year, the industrial sector grew by 4.51 percent and the growth rate of the service sector was 4.19 percent.

Sectoral Composition of GDP

- 1.6 In the review year, the share of agriculture, industry and service sector in the gross domestic product was 23.95 percent, 14.29 percent and 61.76 percent respectively. In the previous year, the share of these sectors in the GDP were 24.90 percent, 13.69 percent and 61.41 percent respectively.
- 1.7 When comparing economic growth by provinces, it is estimated that in fiscal year 2021/22, the highest share of contribution in the GDP of the country was 36.1 percent of Bagmati province and the least share was 4.1 percent of Karnali province.
- 1.8 Based on the broad industrial classification, the share of primary sector (agriculture and forestry, fisheries and mining and quarrying), secondary sector (manufacturing industry, electricity, gas and water and construction) and tertiary (service) sector in the GDP in the review year was 24.5 percent, 13.7 percent and 61.8 percent respectively. In the previous year, the share of these sectors in the GDP was 25.5 percent, 13.1 percent and 61.4 percent respectively (Table-1.1).

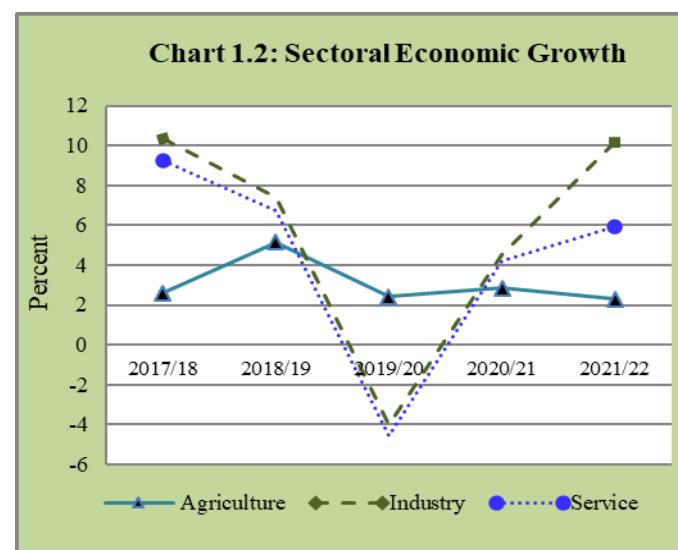


Table 1.1
Share of Primary, Secondary, and Tertiary Sectors in GDP
(at Current Prices)

Sectors	As Percent of GDP				
	2017/18	2018/19	2019/20	2020/21 ^R	2021/22 ^P
Primary ¹	26.25	25.58	25.75	25.49	24.53
Secondary ²	14.54	14.36	13.07	13.10	13.70
Tertiary ³	59.21	60.06	61.18	61.41	61.76

1 Agriculture, forestry and fishery, and mining and quarrying

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

3 Services

R Revised Estimates

P Preliminary Estimates

Source: Central Bureau of Statistics

Agriculture

- 1.9 It is estimated that agricultural output has increased by 2.30 percent in the 2021/22. In the previous year, the production of the agricultural sector increased by 2.85 percent. In the 2021/22, due to unseasonal rains, there was a decrease in the production of paddy, which caused a slight decrease in the growth rate of agriculture output.

Industry

- 1.10 The industrial sector is estimated to grow by 10.19 percent in the review year. Last year, such growth rate was 4.51 percent. The industrial sector is expected to improve compared to last year with the decline in the effect of COVID-19 pandemic.
- 1.11 In the review year, the mining and quarrying sub-sector of the industrial sector is estimated to grow by 8.15 percent. Last year, the production of this sector grew by 7.50 percent. The output of the manufacturing industry is estimated to grow by 6.14 percent. In the previous year, such production had grown by 4.14 percent. Production of electricity, gas, steam and air conditioning grew by 2.57 percent in the previous year and has grown by 36.67 percent in the review year. It is estimated that the production of water supply, sewage disposal, waste management and treatment activities, which grew by 1.49 percent in the previous year, is estimated to increase by 0.72 percent in the review year. Similarly, the construction sector has grown by 9.51 percent in the review year. Last year, the construction sector had grown by 5.19 percent.

Service

- 1.12 The service sector is estimated to grow by 5.93 percent in the review year. Last year, the growth rate of this sector was 4.19 percent. The production of the service sector is estimated to grow due to the improvement and expansion in the wholesale and retail trade, transportation and storage, housing and food services along with the control of COVID infection.

1.13 In the review year, there has been an increase of 9.12 percent in wholesale & retail trade and motor & motorcycle repair sector under the service sector. Last year, this sector had increased by 5.74 percent. The accommodation and food service activity sector which grew by 10.73 percent in the previous year has grown by 11.42 percent in the review year. Similarly, the transport and storage sector, which grew by 4.43 percent in the previous year, is estimated to grow by 4.54 percent in the review year. In the review year, information and communication sector grew by 3.58 percent, financial and insurance sector by 6.06 percent, real estate sector by 3.82 percent, business, scientific and technical sector by 3.78 percent, administrative and support services sector by 4.40 percent, public administration and defense; mandatory social security sector has grown by 4.05 percent, education sector by 4.08 percent and human health and social work sector by 6.91 percent. In the previous year, the growth rates of these sectors were 1.77 percent, 4.05 percent, 2.25 percent, 2.37 percent, 2.30 percent, 3.38 percent, 3.92 percent and 6.60 percent respectively. The output of arts, entertainment & recreation and other service activities has increased by 3.79 percent. Last year, the growth rate of this sector was 3.38 percent.

Saving and Gross National Disposable Income

- 1.14 The share of gross consumption in the GDP is estimated to be 90.73 percent in the review year. And such share was 92.29 percent in 2020/21.
- 1.15 In 2021/22, the gross national disposable income at current prices has grown by 10.79 percent. Such income had grown by 9.25 percent in the previous year. The ratio of Gross National Disposable Income to GDP remained at 122.67 percent in the review year. Such a ratio was 125.59 percent in the previous year.

Table 1.2
Gross National Disposable Income
(at Current Prices)

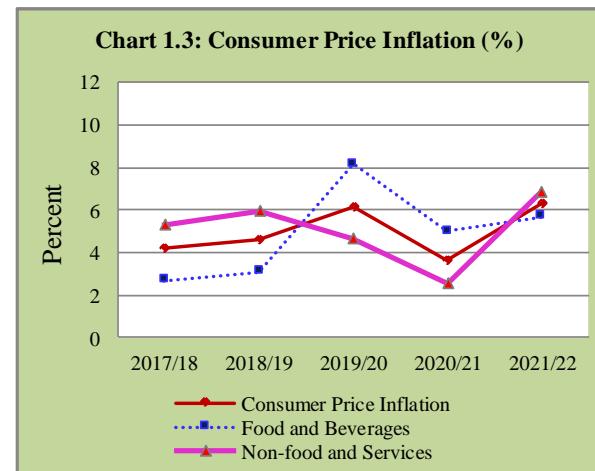
Particulars	Rs.in Billion			Percent Change	
	2019/20	2020/21 ^R	2021/22 ^P	2020/21 ^R	2021/22 ^P
Gross Domestic Product (at Producers' Prices)¹	3,888.7	4,277.3	4,851.6	9.99	13.43
Factor Income, Net ²	46.1	23.3	31.0	-49.49	33.01
Current Transfer, Net ²	982.2	1071.4	1069.2	9.07	-0.20
Gross National Disposable Income	4,917.0	5,372.0	5,951.8	9.25	10.79

- 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

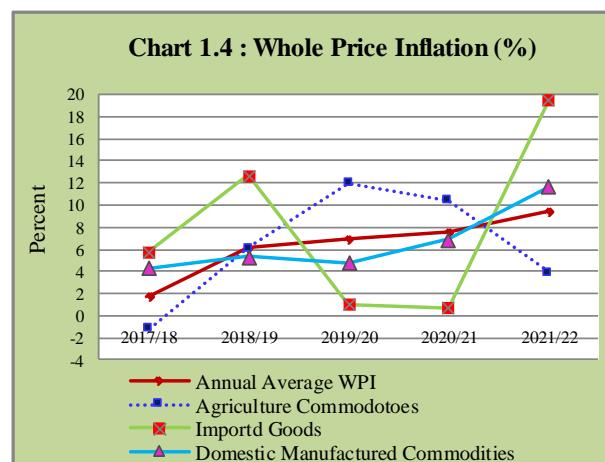
- 1.16 Inflation remained under pressure in the last months of 2021/22 due to the global increase in the prices of fuel and food items, the disruption in the supply system and the depreciation of the Nepali currency against the US dollar. However, due to low inflation in the initial months of 2021/22 the annual average consumer price inflation remained 6.32 percent. In the previous year, such inflation was 3.60 percent.



- 1.17 In the review year, the annual average inflation of food and beverages group and non-food and services group was 5.69 percent and 6.83 percent respectively. In the previous year, the annual average inflation of these groups was 5.00 percent and 2.51 percent respectively.
- 1.18 In the review year, the inflation of ghee and oil & pulses and legumes subgroups under the food and beverages group and transportation and education subgroups under the non-food and service group has increased significantly compared to the previous year.
- 1.19 In the review year, the annual average consumer price inflation was 5.73 percent in the Kathmandu Valley, 6.41 percent in the Terai, 6.87 percent in the hills and 6.07 percent in the Mountain. Last year, such inflation was 3.33 percent in Kathmandu valley, 3.68 percent in Terai, 3.87 percent in hills and 2.87 percent in mountains.

Wholesale Price Inflation

- 1.20 In the review year, the annual average wholesale price inflation was 9.51 percent. In the previous year, such inflation was 7.61 percent. In the review year, the average price inflation of primary goods, fuel and energy and manufactured goods under wholesale price stood at 3.92 percent, 19.49 percent and 11.67 percent respectively. In the previous year, the annual average price inflation of these groups had stood at 10.46 percent, 0.73 percent and 6.90 percent respectively.



- 1.21 Based on broad economic classification, the average annual wholesale price inflation of consumption goods, intermediate goods and capital goods stood at 9.92 percent, 9.68 percent and 7.11 percent respectively.

National Salary and Wage Rate Index

- 1.22 In the review year, the National Salary and Wage Rate Index increased by 6.65 percent. The index had increased by 1.60 percent in previous year. In the review year, salary index and wage rate index increased by 9.44 percent and 5.87 percent respectively. In the previous year, these indices had increased by 0.09 percent and 2.04 percent respectively. In the review year, wage rate indices of agricultural labor, industrial labor and construction labor increased by 4.31 percent, 9.71 percent and 4.70 percent respectively.

External Sector

- 1.23 In 2021/22, the trade deficit has widened due to high increase in the import of goods. The overall balance of payment had remained surplus marginally in 2020/2021. In the review year, the overall balance of payment remained in deficit due to high imports and increase in prices in the international market.

International Trade

- 1.24 In 2021/22, total merchandise exports increased by 41.7 percent to Rs.200.03 billion. Such exports had increased by 44.4 percent in the previous year. The ratio of total merchandise exports to GDP remained at 4.1 percent in the review year compared to 3.3 percent in the previous year.
- 1.25 Out of total merchandise exports, exports to India increased by 45.9 percent to Rs.155.22 billion in 2021/22 compared to an increase of 51.7 percent in the previous year. On commodity-wise basis, the exports of mainly palm oil, zinc sheet, juice, polyester yarn, oil cake, among others to India increased in the review year.
- 1.26 Exports to China decreased by 20.4 percent to Rs.808.8 million in 2021/22 compared to a decrease of 14.7 percent in the previous year. On commodity-wise basis, exports of mainly readymade garments, woolen carpets, noodles, pashmina, tanned skin, among others to China increased in 2021/22.
- 1.27 Exports to other countries increased by 30.4 percent to Rs.44.0 billion in 2021/22 compared to an increase of 27.7 percent in the previous year. During the review year, exports of mainly woolen carpets, readymade garments, gold and silverware and jewellery, pashmina, herbs, among others increased to other countries.
- 1.28 In 2021/22, total merchandise imports increased by 24.7 percent to Rs.1920.45 billion. Such imports had increased by 28.7 percent in the previous year. The ratio of imports to gross domestic product remained at 39.6 percent in the review year compared to 36.0 percent in the previous year.

- 1.29 In 2021/22, imports from India increased by 23.5 percent to Rs.1200.15 billion. Such imports had increased by 32.1 percent in the previous year. During the review year, imports of petroleum products, sponge iron, hot rolled sheet in coil, coal, other machinery and parts, among others increased from India.
- 1.30 In 2021/22, imports from China increased by 13.2 percent to Rs.264.78 billion compared to an increase of 28.6 percent in the previous year. During the review year, imports of other machinery and parts, telecommunication equipments and parts, computer and parts, medicine, textiles, among others increased from China.
- 1.31 In 2021/22, imports from other countries increased by 36.3 percent to Rs.455.51 billion compared to an increase of 19.6 percent in the previous year. During the review year, imports of crude palm oil, medicine, gold, silver, transportation equipments and parts, among others increased from other countries.
- 1.32 In 2021/22, total trade deficit increased by 23.0 percent to Rs.1720.42 billion. Such deficit had increased by 27.3 percent in the previous year. The ratio of trade deficit to GDP stood at 35.5 percent in 2021/22 compared to 32.7 percent in the previous year. In the review year, trade deficit with India increased by 20.8 percent to Rs.1044.93 billion, trade deficit with China increased by 13.3 percent to Rs.263.98 billion and trade deficit with other countries increased by 36.9 percent to Rs.411.51 billion.
- 1.33 In 2021/22, total merchandise trade increased by 26.1 percent to Rs.2120.48 billion compared to an increase of 29.9 percent in the previous year. The ratio of total trade to GDP stood at 43.7 percent in 2021/22 compared to 39.3 percent in the previous year. Total trade with India increased by 25.7 percent to Rs.1355.38 billion in 2021/22 compared to an increase of 33.8 percent in the previous year. Total trade with China increased by 13.0 percent to Rs.265.59 billion in 2021/22 compared to an increase of 28.3 percent in the previous year. Similarly, total trade with other countries increased by 35.7 percent to Rs.499.51 billion in 2021/22 compared to an increase of 20.3 percent in the previous year.
- 1.34 In 2021/22, the export-import ratio stood at 10.4 percent. Such ratio was 9.2 percent in the previous year. In the review period, India's share in total exports, total imports, total trade deficit, and total trade stood at 77.6 percent, 62.5 percent, 60.7 percent, and 63.9 percent respectively. Such ratios were 75.4 percent, 63.1 percent, 61.9 percent, and 64.1 percent respectively in the previous year.

Service Sector

- 1.35 In 2021/22, the service account remained at a deficit of Rs.108.12 billion. Such deficit was Rs.72.85 billion in the previous year.
- 1.36 In 2021/22, service income increased by 54.4 percent to Rs.122.08 billion. Such income had decreased by 49.4 percent in the previous year. Under service income, travel income increased by 346.5 percent to Rs.32.45 billion in the review period. Such income had decreased by 88.1 percent in the previous year.

- 1.37 In 2021/22, gross service payment increased by 51.5 percent to Rs.230.20 billion. Such payment had decreased by 3.4 percent in the previous year. Under service payment, travel expenditure increased by 196.7 percent to Rs.97.32 billion. Such expenditure had decreased by 38.3 percent in the previous year.

Transfers

- 1.38 In 2021/22, net income transfer increased by 4.3 percent to Rs.1117.88 billion. Such income had increased by 9.1 percent in the previous year.
- 1.39 Transfer income increased by 4.5 percent to Rs.1125.60 billion in the review year . Such income had increased by 9.1 percent in the previous year. Similarly, transfer payment increased by 27.3 percent to Rs.7.72 billion in the review year. Such payment had increased by 11.2 percent in the previous year.
- 1.40 Workers' remittance inflows increased by 4.8 percent to Rs.1007.31 billion in the review year. Such inflows had increased by 9.8 percent in the previous year. The ratio of remittance inflows to GDP stood at 20.8 percent in 2021/22 compared to 22.5 percent in 2020/21.
- 1.41 Pension income increased by 5.7 percent to Rs.61.96 billion in the review year. Such income had increased by 1.3 percent in the previous year.

Current Account and Balance of Payments (BOP)

- 1.42 In 2021/22, the current account deficit stood at Rs.623.33 billion. Such deficit was Rs.333.67 billion in the previous year. In the review year, the ratio of current account deficit to GDP stood at 12.8 percent. Such ratio was 7.8 percent previous year. In 2021/22, the current account deficit expanded due to high increase in trade deficit.
- 1.43 In the review year, the BOP remained at a deficit of Rs.255.26 billion against a surplus of Rs.1.23 billion in the previous year.
- 1.44 In the review year, the capital transfer decreased by 34.5 percent to Rs.10 billion. Under the financial account, net foreign direct investment decreased by 4.9 percent to Rs.18.56 billion in 2021/22, which had increased by 0.2 percent in the previous year.
- 1.45 Government foreign loan inflows decreased by 4.1 percent to Rs.122.02 billion in the review year compared to a decrease of 21.8 percent in the previous year. Similarly, principal repayment increased by 26.4 percent to Rs.29.42 billion against a decrease of 1.2 percent in the previous year.

Foreign Exchange Reserves

- 1.46 Total foreign exchange reserves decreased by 13.1 percent to Rs.1215.80 billion in mid-July 2022. Such reserves had decreased by 0.2 percent to Rs.1399.03 billion in the previous year. In the US dollar term, total foreign exchange reserve decreased by 18.9

percent to USD 9.54 billion. Such reserves had increased by 0.9 percent in the previous year.

- 1.47 Foreign exchange reserves held by the NRB decreased by 15.1 percent to Rs.1056.39 billion in mid-July 2022 from Rs.1244.63 billion in mid-July 2021. Out of the total foreign exchange reserves, the share of reserves held by the NRB stood at 86.9 percent. Similarly, out of the total foreign exchange reserve, the share of Indian currency reserves stood at 23.6 percent as of mid-July 2022.

Reserve Adequacy Indicators

- 1.48 Based on the imports of 2021/22, the foreign exchange reserves of the banking sector remained sufficient to cover the prospective merchandise imports for 7.8 months, and merchandise and services imports for 6.9 months in mid-July 2022.
- 1.49 In the review year, the ratio of foreign exchange reserve-to-GDP, reserve-to-import, reserve-to-broad money and reserve-to-reserve money stood at 25.1 percent, 57.8 percent, 22.1 percent and 147.3 percent respectively. Such ratios were 32.7 percent, 84.7 percent, 27.1 percent and 150.2 percent respectively a year ago (Table 1.3).

Table 1.3
Reserve Adequacy Indicators

Description	2019/20	2020/21	2021/22
1. Foreign Exchange Reserve Sufficient for Financing Imports of Equivalent Months			
a. Merchandise	14.4	11.2	7.8
b. Merchandise and Services	12.7	10.2	6.9
2. Gross Foreign Exchange Reserve/GDP (%)	36.0	32.7	25.1
3. Gross Foreign Exchange Reserve/Imports* (%)	105.7	84.7	57.8
4. Gross Foreign Exchange Reserve/Broad Money Supply (%)	33.1	27.1	22.1
5. Gross Foreign Exchange Reserve/Reserve Money (%)	158.2	150.2	147.2

* Merchandise and Service Imports

Foreign Assets and Liabilities Position

- 1.50 In mid-July 2022, foreign assets and liabilities of the country stood at Rs.1330.65 billion and Rs.1588.27 billion respectively. As a result, the net international investment position (IIP) remained at negative of Rs.257.62 billion in mid-July 2022 against a surplus of Rs.80.12 billion in mid-July 2021.

Trend of Foreign Exchange Rate

- 1.51 The exchange rate of Nepalese rupee vis-à-vis Indian rupee remained fixed in 2021/22 as well. Nepalese rupee depreciated by 6.64 percent against the US dollar and appreciated by 17.19 percent against the Japanese yen, 9.26 percent against Pound

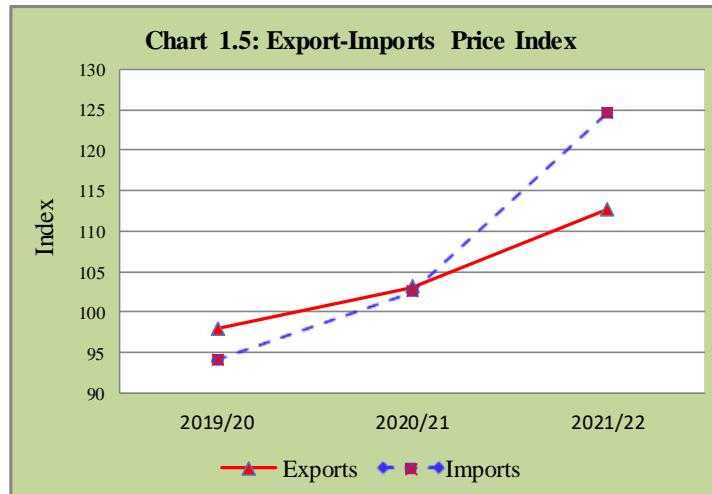
sterling and 9.52 percent against Euro in mid-July 2022 compared to mid-July 2021 (Table 1.4).

Table 1.4
The trend of Exchange Rate of Nepalese Rupee

Foreign Currency	Buying Rate in NPR			Appreciation (+)	
	Mid-July			Depreciation (-)	
	2020	2021	2022	2021	2022
1 US Dollar	120.37	119.04	127.51	+1.12	-6.64
1 Pound Sterling	150.69	164.83	150.86	-8.58	+9.26
1 Euro	136.81	140.39	128.19	-2.55	+9.52
10 Japanese Yen	11.21	10.77	9.19	+4.09	+17.19

Export Import Price Index

- 1.52 The y-o-y unit value export price index, based on customs data, increased 9.3 percent and the unit value import price index increased 21.6 percent in the mid July 2022. The terms of trade (ToT) index decreased 10.1 percent in mid-July 2022 compared to a decrease of 3.4 percent in mid-July 2021 (Chart 1.5).

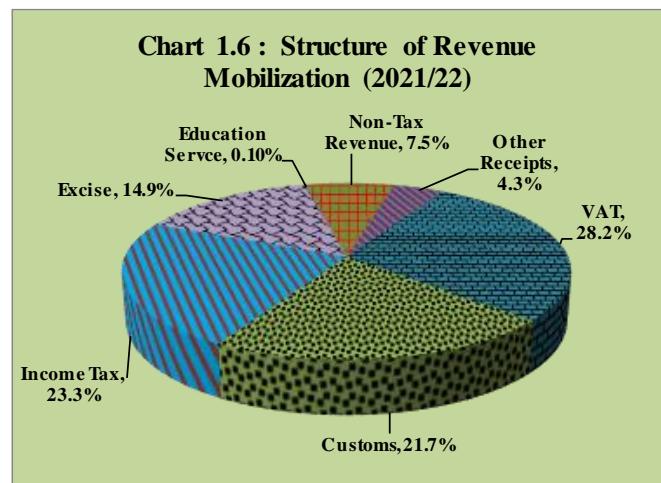


Fiscal Situation

Government Revenue

- 1.53 In 2021/22, government revenue (including other receipts) increased by 14.1 percent to Rs.1116.42 billion. In the previous year, government revenue had increased by 16.3 percent to Rs.978.75 billion. In the review year, the ratio of revenue to GDP stood at 23.0 percent compared to 22.9 percent in the previous year.
- 1.54 Value added tax (VAT) increased by 11.4 percent to Rs.314.28 billion in the review year compared to an increase of 25.9 percent to Rs.282.02 billion in the previous year.
- 1.55 Income tax increased by 13.0 percent to Rs.260.09 billion in the review year compared to an increase of 4.7 percent to Rs.230.08 billion in the previous year.
- 1.56 In the review year, customs revenue increased by 8.0 percent to Rs.241.78 billion. Such revenue had increased by 62.2 percent to Rs.223.86 billion in the previous year.
- 1.57 In the review year, excise duty increased by 24.7 percent to Rs.166.78 billion. Such revenue had increased by 32.9 percent to Rs 133.78 billion in the previous year.

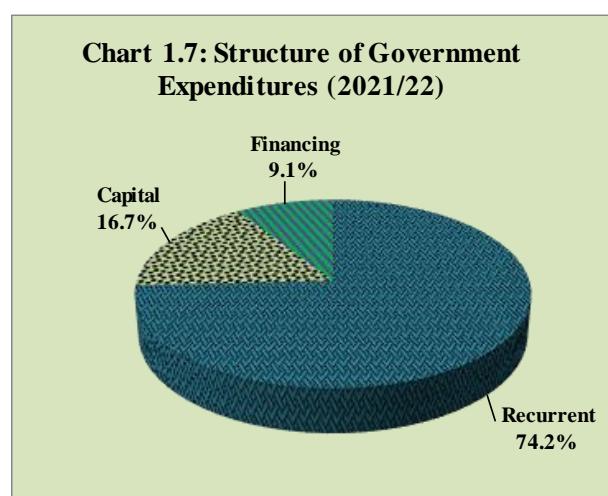
1.58 Of the total revenue mobilized (including other receipts) in the review year, the share of VAT was the highest at 28.2 percent followed by income tax (23.3 percent), customs duty (21.7 percent) and excise duty (14.9 percent) (Chart 1.6). These ratios were 28.8 percent, 23.5 percent, 22.9 percent and 13.7 percent respectively in the previous year.



- 1.59 In the review year, mobilization of non-tax revenue increased by 22.8 percent to Rs.83.79 billion. Such revenue had decreased by 27.2 percent to Rs.68.21 billion in the previous year.
- 1.60 Of the total revenue, the share of tax revenue, non-tax revenue and other receipts stood at 88.2 percent, 7.5 percent and 4.3 percent respectively in the review year. Likewise, the share of direct and indirect tax revenue in the total revenue stood at 26.6 percent and 73.4 percent respectively. In the previous year, the share of tax revenue, non-tax revenue and other receipts in the total revenue remained 88.9 percent, 7.0 percent and 4.1 percent respectively. Likewise, in the previous year, the share of direct and indirect tax revenue in the total tax revenue stood at 26.5 and 73.5 percent respectively.

Government Expenditure

- 1.61 In 2021/22, total government expenditure increased by 8.3 percent to Rs.1296.24 billion. In the previous year such expenditure increased by 9.7 percent to Rs.1196.68 billion.
- 1.62 In 2021/22, recurrent expenditure increased by 13.6 percent to Rs.961.47 billion. Recurrent expenditure in the previous year had increased by 7.9 percent to Rs.846.22 billion.
- 1.63 In the review year, capital expenditure decreased by 5.4 percent to Rs.216.37 billion. Capital expenditure had increased by 21.0 percent to Rs.228.84 billion in the previous year.
- 1.64 In 2021/22, financial management expenditure decreased by 2.7 percent to Rs.118.40 billion. Such expenditure had increased by 3.2 percent to Rs.121.62 billion in the previous year.



- 1.65 Share of total government expenditure, capital expenditure, recurrent expenditure and financing expenditure in government revenue constituted 16.7 percent, 74.2 percent and 9.1 percent respectively in the review year (Chart 1.7).
- 1.66 In 2021/22, total government expenditure, based on banking transaction, increased by 8.2 percent to Rs.1255.84 billion. In the previous year, such expenditure had increased by 10.6 percent to Rs.1160.27 billion.

- 1.67 The ratio of recurrent, capital and financing expenditure to GDP stood at 19.8 percent, 4.5 percent and 2.4 percent respectively in the 2021/22 compared to 19.8 percent, 5.4 percent and 2.8 percent respectively in the previous year (Table 1.5).

Budget Deficit

- 1.68 In 2021/22, government budget, on the basis of banking transaction, remained at a deficit of Rs.260.16 billion. Such budget deficit had amounted to Rs.262.69 billion in the previous year.

Sources of Financing Budget Deficit

- 1.69 In 2021/22, mobilization of total domestic borrowings amounted to Rs.231.30 billion. The ratio of such borrowings to GDP stood at 4.8 percents. Such borrowings had amounted to Rs.224 billion in the previous year. In the review year, the repayment of domestic debt amounted to Rs.47.34 billion.
- 1.70 GON maintained a cash balance of Rs.227.69 billion with NRB (including the cash balance of provincial and local level government) at the end of 2021/22. Such balance had amounted to Rs.198.76 billion at the end of the previous fiscal year.

Government Debt

- 1.71 In mid-July 2022, the total outstanding external debt of GON stood at Rs.1027.30 billion and domestic debt stood at Rs.984.28 billion. Thereby total outstanding government debt reached Rs.2011.58 billion. Such debt was Rs.1734.47 billion on mid-July of the previous fiscal year. Total government debt to GDP ratio reached 41.5 percent in the review year compared to 40.6 percent a year ago (Table 1.6).

Table 1.5 Government Finance Indicators (Percent of Gross Domestic Product)			
Particulars	2019/20	2020/21	2021/22
Total Expenditure	28.1	28.0	26.7
Recurrent Expenditure	20.2	19.8	19.8
Capital Expenditure	4.9	5.4	4.5
Financial Management	3.0	2.8	2.4
Revenue	21.6	22.9	23.0
Tax Revenue	18.0	20.3	20.3
Fiscal Deficit	-7.1	-6.1	-5.4

Table 1.6:
Government Debt Situation (in percent)

S.N.	Government Debt Indicators	2019/20	2020/21	2021/22
1.	Total Debt/Gross Domestic Product	36.7	40.6	41.5
2.	External Debt/Gross Domestic Product	20.9	21.8	21.2
3.	Domestic Debt/Gross Domestic Product	15.8	18.7	20.3
4.	External Debt/Exports	833.1	661.9	513.6
5.	External Debt Service/Exports	24.1	16.5	14.7
6.	Total Debt Service/Revenue	4.1	3.8	4.2
7.	Domestic Debt Service/Revenue	6.9	6.2	6.9
8.	External Debt Service/Revenue	2.8	2.4	2.6

Source: FCGO and NRB

Provincial Financial Situation

- 1.72 In 2021/22, total expenditure of the provincial governments based on the banking transactions stood at Rs.185.63 billion. Resource mobilization of provincial governments was Rs.201.20 billion in review period. Among these, the federal government transferred Rs.153.24 billion as grants and revenue from divisible fund to provincial governments. Similarly, during this period, provincial governments mobilized Rs.47.96 billion in revenue and other receipts.

Policy Provisions Relating to Revenue

- 1.73 In the budget of 2021/22, GON has made the following provisions in revenue mobilization with the objective of priority in economic recovery while providing relief and concessions to tax payers considering adverse situation caused by the crisis in human health and economy.
- Providing tax exemption, and relief to the businesses affected by the COVID-19 pandemic.
 - Promoting domestic and foreign investment, protecting domestic industries and providing trade facilitation through revenue policy.
 - Broadening the tax net, protecting the tax base and controlling the revenue leakage to mobilize additional revenue.
 - Making the revenue system more progressive, clean, transparent, automated and predictable.
 - Promoting voluntary tax participation by enhancing efficiency of revenue administration, developing infrastructure and maximum utilization of information technology.
- 1.74 Major policies and programs for implementing the mentioned revenue policy and improving tax system embodied in the budget include the following.

Tax Exemption and Relief

- For the income of 2020/21, arrangements have been made to provide 90 percent income tax exemption to the taxpayers having annual turnover up to Rs.2 million, 75 percent to the taxpayers having annual turnover of Rs.2 million to 5 million and 50 percent exemption to the taxpayers having annual turnover of Rs.5 million to 10 million.
- An arrangement has been made to levy only one percent income tax on their taxable income and provision to extend their losses to carry-forward over the period upto 10 years for sectors that are severely affected by COVID-19 such as hotels, travel, trekking, transport and aviation services, film industry and media houses.
- For the companies and firms which have not submitted their annual statements and have not renewed till 2018/19, arrangements have been made to waive fees and penalities if they submitted their statements and pay 10 percent of their fees and penalties by mid-October 2022.
- An arrangement has been made to waive remaining interest, fees, additional charge and penalty for those tax payers who have paid assessed tax and 50 percent of the incurred interest within mid-December 2021 as well as withdrawn cases, except involving fraud and counterfeit invoices, filed in IRD or Revenue Tribunal or Court against the tax assessment made within mid-July 2020 under Income Tax Act, 2002, VAT Act 1996 and Excise Act 2002.
- Arrangement have been made to waive fees, penalty and additional charge if the tax amount and its incurred interest outstanding till mid-July 2019 as per Income Tax Act, 2002, VAT, 1996 and Excise Act, 2002 is paid by mid-January 2022.
- An arrangement has been made for the amount contributed to the COVID-19 Infection Prevention, Control and Treatment Fund established by the Government of Nepal, Provincial Government or local level as a deductible expense for the purpose of calculating taxable income for 2020/21.
- An arrangement has been made for the amount spent for the construction of specialized hospitals as prescribed by the Ministry of Health and Population or for the purchase of health equipment and accessories related to the treatment of COVID-19 and provided to prescribed health institutions as a deductible expense for the purpose of calculating taxable income.
- An arrangement has been to exempt additional 25 percent while calculating the taxable income from pension.
- An arrangement has been made to exempt VAT, on the purchases of diesel and LP gas, used in the taxable transaction of the taxpayers. Likewise, VAT is exempted on transportation service, vehicle rental, cargo service, e-library service, deposit guarantee fee, trekking and tour package, silo and service charge on silo use, and fee for issuing certificate of origin.
- The timeline has been extended up to mid-April 2022 for exporting and releasing the bank guarantee for those export-oriented industries that were unable to export

the finished goods produced from raw materials imported on bank guarantee in time under bonded warehouse facility.

- An arrangement has been made to exempt customs duty, VAT and excise duty on import, production as well as on sales and distribution of oxygen gas, liquid oxygen, oxygen cylinder, oxygen concentrator and other life-saving materials and medicines till mid-January 2022.
- Customs tariff has been reduced by completely abolishing excise duty on the import of electric vehicles.
- The custom tariff has been made one percent for induction stove.
- The custom tariff has been reduced by abolishment of excise duty on electrical appliances such as refrigerator, grinder, rice cooker, fan, etc.
- Customs tariff has been reduced by 50 percent on the milk consumed by infants.

Broadening of Tax Base

- The VAT rate is kept unchanged. Minor adjustments have been made on custom tariff. Excise duty on alcohol, beer, wine, cigarettes, tobacco and soft drinks has been increased.
- Taxpayers having transaction of good and service above taxable threshold will be brought into the scope of VAT and arrangements shall be made for all the taxpayers registered in VAT to mandatorily issue tax invoice through electronic system..
- Maintaining the tax rate unchanged for small taxpayers, transaction thereshold for filing presumptive income tax return has been raised from Rs.2 million to Rs.3 million. The transaction threshold has been raised from Rs.5 million to Rs.10 million for tax payers filing turnover tax. An arrangement has been made to make the income from mutual fund non-taxable.
- Provision is made to immediately refund 10 percent of VAT paid on the purchase of goods and services through use of an electronic medium to the consumers.

Industrial Protection and Investment Promotion

- An arrangement has been made to keep customs tariff for industrial raw-material at least one layer lower than that of their finished good. Excise duty levied on some of the domestically produced goods has been abolished.
- The customs duty on machinery equipment and spare parts used in tea, jute, movie, pashmina, hatchery industries and agricultureand nursery farms has been exempted. The customs duty on importing containers by shipping companies registered in Nepal has been reduced.
- Fifty percent tax on commercial agricultural income is exempted. 50 percent customs duty on one transport vehicle imported by agriculture cooperatives that run collective commercial farming has been exempted.
- The corporate income tax rate for productive industries is reviewed and made competitive.
- The income tax has been exempted by 100 percent to startup businesses for 5 years from the date of commencement of business. Arrangement has been made to deduct upto hundred thousand given to startup business in the form of seed capital by

industries of private sectors as expenses while calculating the taxable income for maximum five startups.

- An arrangement has been made to levy only 10 percent income tax on income generated from the sale of domestically produced raw material and auxiliary raw materials to special industries
- The rate of withholding tax on the interest paid by banks for loans from foreign financial institutions has been reduced. The provision of levying withholding tax on interest paid by the cooperative bank and cooperatives while lending to each other has been abolished.
- An arrangement has been made to exempt income tax by 50 percent for first 3 years and 25 percent for additional 2 years from the date of transaction, to those industries which produce new products by utilizing used goods only as raw materials, which are directly hazardous to environment.
- An arrangement has been made to exempt income tax by 50 percent for the first 3 years and 25 percent for the additional 5 years from the date of production, to the industries, which relocate to industrial area from outside.

Revenue Leakage Control

- Revenue leakage is to be strictly controlled. Market monitoring, tax audit and investigation will be accelerated.
- An integrated taxpayer information system will be developed by interconnecting Central Billing Monitoring System, ASYCUDA World System, Vehicle and Consignments Tracking System (VCTS), Land Records Information Management System and records and information system of BFIs.
- The valuation of imported goods is to be based on the Transaction Value method. A robust, factual, and realistic customs valuation system will be developed based on information collected through regular market surveys. The provision to procure under-invoiced goods at the customs point is to be strictly implemented.

Tax System and Administrative Reform

- A high-level tax system review commission will be formed to suggest for reforms in direct and indirect tax including VAT, income tax, customs duty, excise and non-tax revenue to expand the scope of revenue and protect tax base, control tax leakage and create investment friendly environment.
- Arrangements will be made to receive tax clearance certificate through automatic system by all the taxpayers having no tax arrears and paid tax as per self-assessment in the current fiscal year. The provision of certifying purchase and sales book of VAT by a tax officer every year has been abolished.
- The National Single Window System will be fully implemented.
- Arrangements will be made to pay all the taxes and duties at customs points through electronic system. Arrangements have been made for industry to renew the Export and Import code number (EXIM Number) at once for a period of five years.
- Modern equipment such as container scanner machine, weighing machine etc shall be installed in seven large customs offices: Mekhi, Biratnagar, Birgunj,

Bhairahawa, Nepalgunj, Rasuwa and Tatopani. Customs offices shall be established and bring into operation at Gautam Buddha International Airport, Pokhara International Airport and Janakpur Railway Station.

- An integrated laboratory will be established and upgraded in customs offices on priority basis in order to control the import of goods which adversely affect national security, human health and environment.
- An arrangement wil be made to make the excise stickers QR code readable and that data will be recorded in the automated system of IRD. The provision to install flow meter in breweries shall be implemented.

Tax Rates

- 1.75 For 2021/22, total number of import tariff rates have remained at eight categories namely 1,5,10,15,20,30,40 and 80 percents similar to 2020/21. Similarly, the total number of export tariff rates for 2021/22 has also remained same. The number of excise rates applicable for 2021/22 has remained at seventeen categories namely 2.5, 5, 7, 10, 15, 30, 35, 40, 50,55, 60, 65, 70, 80, 85, 90 and 100 percent as in 2020/21. The threshold of non-taxable income and payable rates of natural person has been kept unchanged, corporate tax threshold and rates and non taxable income threshold, other taxes threshold and rates kept the same in 2021/22.

Table 1.7
Tax Rates

Descriptions	2020/21	2021/22
1. Import Duties (Percent)	1,5,10,15,20,30,40,80	1,5,10,15,20,30,40,80
2. Export Duties (Percent)	200	200
3. Excise (Percent)	2.5, 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90, 100	2.5, 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90, 100
4. VAT (Percent)	13	13
5. Income Tax <u>For Natural Person</u>		
(a) Exemption Threshold		
(i) Individual	Rs.400,000	Rs.400,000
(ii) Couple or Family	Rs.450,000	Rs.450,000
(b) Tax Rates (Percent)		
(i) Above 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, finance companies and Financial Institutions	30 Percent	30 Percent
(ii) Telecommunication & Internet service provider, Remittance service provider, Securities business, Merchant Banking business and Commodity Broker business	30 percent	30 Percent
(ii) Businesses involved in Cigarettes, tobacco, cigar, alcoholic drinks and beer related transactions.	30 percent	30 percent
(iii) 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
Capital Gain Tax	5 percent	5 percent
In case of gold		
Up to 50 gram for each 10 gram	Rs.9,500	Rs.9,500
50-100 gram for each 10 gram	Rs.10,500	Rs.10,500
above 100 gram for each 10 gram	To be seized	To be seized

Source: Arthik Bideyak 2078 (Economic Ordinance 2021), Inland Revenue Department.

Status of Public Enterprises

- 1.76 In 2020/21, the steps taken to prevent, control and cure the infection of Covid-19 have greatly affected the overall economy, and there has also been some contraction in the performance of public enterprises. The financial indicators of public enterprises are given in Table 1.8.
- 1.77 In 2020/21, a total of 44 public enterprises (PEs) are in existence. Among these, 10 are in industrial sector, 5 in public utility sector, 4 are in trading sector, 9 in the financial sector, 5 in Social Sector, and 11 are in services sector. Among these legally existing PEs, only 35 are in operation. In the previous year, 38 PEs were in operation. While analyzing the financial performance of legally existing PEs, 22 enterprises earned profit, 19 PEs are in loss and 3 are with zero financial transactions in 2020/21. The net profit of 22 profit-earning PEs decreased by 40.30 percent and the net loss of 18 loss- incurring PEs increased by 3.61 percent.
- 1.78 Net profit recorded by PEs decreased by 45.43 percent from Rs.48.30 billion in 2019/20 to Rs.26.36 billion in 2020/21 (Table 1.8). Also, Nepal Telecommunication Company (Rs.7.13 billion), Nepal Electricity Authority (Rs.6.10 billion), Agricultural Development Bank (Rs.3.53 billion), Rastriya Banijya Bank (Rs.3.42 billion), Nepal bank limited (Rs.2.96 billion), Citizen Investment Trust (Rs.2.25 billion), Hydropower Investment and Development Company (Rs.800 million), Nepal Civil Aviation Authority (Rs.730 million) and other few PEs remained in profit.
- 1.79 In 2020/21, the total shareholders' fund of PEs has increased as well as GON's share and loan has also increased. The share and loan investment of GON has increased by 9.2 percent in comparision to the previous year.
- 1.80 In 2020/21, GON received a dividend of Rs.6.72 billion from PEs as compared to a divided of Rs.14.10 billion in 2019/20. This amount of dividend represented 2.14 percent of the total share investment of the GON. In the review year, the GON received a dividend from Nepal Oil Corporation, Nepal Telecommunication Company Limited, Agricultural Development Bank, Rastriya Banijya Bank, Nepal Bank Limited and Nepal Stock Exchange Limited.
- 1.81 Net retained profit of PEs in increased by 21.3 precent to Rs.91.78 billion in 2020/21 compared to Rs.75.64 billion in the previous year.
- 1.82 The share of unfunded liability in each of the PEs has been substantial on account of the facility being provided to retiring PEs staffs under various headings like gratuity, pension, medical care, insurance, and cash in lieu of leave. In 2020/21, such unfunded liability increased by 2.9 percent to Rs.59.39 billion compared to Rs.57.71 billion in the previous year.

Monetary and Financial Situation

Monetary Situation

- 1.83 In 2021/22, broad money (M2) increased by 6.8 percent compared to an increase of 21.8 percent in the previous year. In the review year, narrow money (M1) decreased by 9.7 percent in comparison to an increase of 22.6 percent in the previous year.

Table 1.8
Financial Condition of Public Enterprises

	Rs.in Billion			Growth Rate (%)	
	2018/19	2019/20	2020/21	2019/20	2020/21
Government Investment	464.64	519.55	567.29	11.8	9.2
<i>Share Investment</i>	271.89	288.66	314.65	6.2	9.0
<i>Loan Investment</i>	192.75	230.90	252.64	19.8	9.4
Shareholders' Fund	622.34	703.90	755.73	13.1	7.4
Unfunded Liabilities	48.61	57.71	59.39	18.7	2.9
Operating Income	471.24	428.71	435.17	-9.0	1.5
Net Profit/Loss	48.89	48.30	26.36	-1.2	-45.4
Retained Profit/Loss	58.30	75.64	91.78	29.8	21.3

- 1.84 Currency in circulation decreased by 11.6 percent in the review year compared to an increase of 16.6 percent in the previous year. Demand deposits decreased by 7.4 percent in the review year compared to an increase of 30.5 percent in the previous year.
- 1.85 In 2021/22, net foreign assets (foreign exchange valuation gain/loss adjusted) decreased by Rs.255.26 billion (19.1 percent) compared to an increase of Rs.1.23 billion (0.1 percent) in the previous year.
- 1.86 In the review year, domestic credit expanded by 14.5 percent, compared to an increase of 27.1 percent in the previous year.
- 1.87 In the review year, net claims of the monetary sector on the GON increased by 26.3 percent (Rs.155.03 billion). Such claims had increased by 27.6 percent in the previous year. The cash balance of the GON with NRB amounted to Rs.227.69 billion at the end of the review year.
- 1.88 In the review year, the monetary sector's claims on private sector increased by 13.3 percent (Rs.549.44 billion) compared to an increase of 26.3 percent in the previous year.
- 1.89 In the review year, reserve money decreased by 11.4 percent compared to an increase of 5.2 percent in the previous year.
- 1.90 Deposits at BFIs increased by 9 percent in the review year, compared to an increase of 21.4 percent in the previous year. Similarly, credit to the private sector from BFIs increased by 13.1 percent in the review year, compared to an increase of 27.3 percent in the previous year.

Inter-Bank Transactions and Use of SLF

- 1.91 In 2021/22, inter-bank transactions of commercial banks amounted to Rs.2784.10 billion and those of other financial institutions (excluding transactions among commercial banks) stood at Rs.316.25 billion (Table 1.9). These respective transactions was Rs.1782.96 billion and Rs.213.62 billion respectively in the previous year.

Table 1.9
Inter-Bank Transactions and Use of Standing Liquidity Facility

Particulars	2019/20	2020/21	2021/22
Inter-bank transactions of commercial banks (Rs.in billion)	1501.45	1782.96	2784.10
Inter-bank rate of commercial banks (In Percent) ¹	0.35	4.12	6.99
Inter-bank transaction of other financial institutions except among commercial banks (Rs.in billion)	129.40	213.62	316.25
Inter-bank rate of other financial institutions (In Percent) ¹	1.01	4.30	7.20
Use of standing liquidity facility (Rs.in billion)	103.28	370.34	9170.11

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

Liquidity Management

- 1.92 Liquidity of the banking system has been managed using the appropriate instruments (repo, reverse repo, outright sale, outright purchase, deposit collection, SLF and NRB bonds) following the decision of the open market operation committee which considers existing liquidity in the banking system and weighted average interbank rate between BFIs as per the NRB Open Market Operation Bylaw, 2021.
- 1.93 In 2021/22, liquidity amounting to Rs.60 billion was mopped up through open market operations. Out of the amount absorbed, Rs.28.35 billion was mopped up through reverse repo auction and Rs.31.65 billion through deposit collection auctions. Similarly, total liquidity amounting Rs.9702.41 billion was injected in the review year. Out of which Rs.270 billion was injected through regular repo, Rs.206.39 billion through repo under interest rate corridor, Rs.55.92 billion through direct purchase auction and Rs.9170.11 billion through standing liquidity facility.
- 1.94 In 2021/22, Rs.9170.11 billion of SLF has been provided to the demanding BFIs to manage short term liquidity against the collateral of government securities (treasury bills and development bonds) for 7 working days.

Foreign Exchange Transaction

- 1.95 In 2021/22, NRB injected net liquidity amounting to Rs.355.57 billion through the net purchase of US\$ 2.91 billion from the foreign exchange market (commercial banks). In previous year, net liquidity amounting to Rs.425.94 billion was injected through the net purchase of US\$ 3.60 billion (Table 1.10). In the review year, Indian Currency (IC) equivalent to Rs.595.23 billion was purchased by selling US\$ 4.92 billion. In the previous year, IC equivalent to Rs.535.23 billion was purchased by selling the US\$ 4.54 billion.

Table 1.10
Overall Situation of Foreign Exchange Transactions

Particulars	2019/20	2020/21	2021/22 (Rs.in billion)
1. US\$ purchase	492.65	431.47	369.94
2. US\$ sale	0.41	5.53	14.38
3. Net liquidity injection	492.24	425.94	355.57
4. Purchase of Indian currency by Selling US\$	442.13	535.23	595.23

Short-Term Interest Rates

- 1.96 The 91-day weighted average T-bill rate and weighted average inter-bank rate among commercial banks both increased in July 2022 compared to the same period of 2021. The 91-day weighted average T-bill rate in July 2022 stood at 10.66 percent in comparison to the rate of 4.55 percent in the same month of the previous year. Similarly, the weighted average inter-bank transaction rate among commercial banks stood at 6.99 percent in July 2022, compared to an average rate of 4.12 percent in the previous year. Likewise, the weighted average inter-bank interest rate among other financial institutions (excluding transactions among commercial banks) stood at 7.20 percent in July 2022 in comparison to an average of 4.30 percent a year ago. The weighted average interbank rate among commercial banks, development banks and finance companies as the operating target of monetary policy stood 7.01 percent in July 2022.
- 1.97 Weighted average lending and deposit interest rates of commercial banks stood at 11.62 percent and 7.41 percent respectively in July 2022 (Table 1.11). Such rates were 8.43 percent and 4.65 percent in the previous year. Similarly, the average base rate (commercial banks) stood at 9.54 percent in mid-June to July 2022 compared to the rate of 6.86 percent in the same period of previous year.

Table 1.11
Interest Rate of Commercial Banks

Particulars	2019/20	2020/21	2021/22
Weighted average lending rate	10.11	8.43	11.62
Weighted average deposit rate	6.01	4.65	7.41
Average base rate	8.50	6.86	9.54

Status of Sources and Uses of Funds of BFIs

Commercial Banks

- 1.98 In 2021/22, total assets/liabilities of commercial banks increased by 10.5 percent (Rs.563.55 billion) to Rs.5956.08 billion in comparison to an increase of 23.4 percent (Rs.1022.94 billion) in the previous year.
- 1.99 In 2021/22, total deposits mobilized by commercial banks increased by 8.6 percent (Rs.358.16 billion) to Rs.4525.62 billion in mid-July 2022 in comparison to an increase of 20.3 percent (Rs.702.31 billion) in the previous year. In the review year, the demand

deposit and saving deposit liabilities of commercial banks decreased by 6.8 percent and 11.5 percent respectively where as the fixed deposit liabilities increased by 28.6 percent. Such deposits increased by 22.2 percent, 31.2 percent, and 16.1 percent respectively in the previous year.

- 1.100 The loans and advances of commercial banks in the review year increased by 14.4 percent (Rs.654.87 billion) to Rs.5191.74 billion in mid-July 2022. The loans and advances of commercial banks had increased by 28.1 percent (Rs.996.35 billion) in the previous year. In the review year, claims on the private sector of commercial banks increased by 12.7 percent (Rs.464.07 billion) compared to an increase of 27.8 percent (Rs.792.22 billion) in the previous year. The ratio of commercial bank's claims on the private sector to GDP stood at 84.64 percent in mid-July 2022.
- 1.101 In 2021/22, loans and advances on priority sectors by commercial banks have reached to 27.44 percent (Rs.1136.91 billion) of the total loan disbursed. Out of total loans to priority sector, loans disbursed to agriculture and non-agriculture sectors are 12.34 percent and 15.10 percent respectively.
- 1.102 In the review year, commercial banks' investment in government securities increased by 27.2 percent (Rs.177.19 billion) to Rs.828.83 billion in mid-July 2022. Such investment had increased by Rs.160.26 billion in the previous year.
- 1.103 In mid-July 2022, the liquid assets of commercial banks (including investment in government securities) amounted to Rs.1268.10 billion. These liquid assets accounts for 28 percent of the total deposits this year as compared to 27 percent in the previous year. However, among the components of liquid assets, liquid funds decreased by 7.3 percent in the review period. Commercial Banks' balance held in foreign banks decreased by 2.9 percent (Rs.4.42 billion) to Rs.155.99 billion while the balance with NRB decreased by 21.3 percent (Rs.48.96 billion) to Rs.180.72 billion in mid-July 2022.

Development Banks

- 1.104 In the review year, total assets/liabilities of development banks increased by 15.7 percent (Rs.81.18 billion) to Rs.599.52 billion in mid-July 2022 in contrast to a decrease of 25.8 percent (Rs.106.20 billion) in the previous year.
- 1.105 Total deposits, the major source of resource mobilization, increased by 12.3 percent (Rs.54.51 billion) to Rs.495.97 billion in the review year. Likewise, liquid assets of development banks (including investment in government securities) in mid-July 2022 amounted to Rs.90.06 billion which accounts to 18.2 percent of the total deposits. Such a ratio was 17.9 percent in the previous year. However, among the components of liquid assets, liquid funds contracted by 4.8 percent to Rs.21.07 billion in the review year.
- 1.106 In the review year, loans and advances of development banks increased by 16.7 percent (Rs.80.47 billion) to Rs.561.70 billion in mid-July 2022 in contrast to a decrease of 27 percent (Rs.102.26 billion) in the previous year. Among the components of loans and

advances, credit to the private sector increased by 13.9 percent to Rs.426.07 billion in mid-July 2022 which accounts to 8.8 percent of the GDP.

Finance Companies

- 1.107 In the review year, total assets/liabilities of finance companies increased by 20.4 percent (Rs.25.77 billion) to Rs.151.79 billion in mid-July 2022. Such assets/liabilities had been expanded by 1.3 percent to Rs.126.02 billion in the previous year. Deposit mobilization, the major source of resource mobilization, increased by 17.8 percent (Rs.15.58 billion) to Rs.102.84 billion in mid-July 2022 in comparison to the increase of 0.5 percent in the previous year.
- 1.108 Liquid assets of finance companies (including investment in government securities) in mid-July 2022 amounted to Rs.27.20 billion, which accounts for 26.5 percent of total deposits. Such ratio was 32.4 percent in the previous year. Among the components of liquid assets, liquid funds contracted by 14.3 percent to Rs.5.02 billion in mid-July 2022.
- 1.109 In the review year, loans and advances of finance companies decreased by 20.3 percent (Rs.23.53 billion) to Rs.139.55 billion in mid-July 2022 in contrast to the decrease of 0.7 percent in the previous year. Among the components of loans and advances, credit to the private sector increased by 29.8 percent to Rs.88.61 billion in mid-July 2022, which accounts for 1.8 percent of the GDP.

Microfinance Financial Institutions (MFIs)

- 1.110 In mid-July 2022, there are 65 MFIs in operation. Among them, 4 institutions are carrying out wholesale microfinance lending transactions.
- 1.111 In mid-July 2022, the total assets/liabilities of MFIs increased by 16.6 percent to Rs.519.65 billion. Likewise, the total deposits and borrowings of MFIs reached Rs.159.02 billion and Rs.233.58 billion respectively while total loans and investments reached Rs.449.69 billion and Rs.6.10 billion respectively.

Infrastructure Development Bank

- 1.112 The assets/liabilities of Nepal Infrastructure Bank; established to invest in infrastructure, increased by 5.7 percent to Rs.25.82 billion in mid-July 2022. In mid-July 2022, the paid up capital of the bank is maintained at Rs.21.60 billion where as loans and investment were Rs.15.54 billion and Rs.6.54 billion respectively.

Insurance Companies

- 1.113 In mid-July 2022, there are 40 insurance companies in operation including 19 life insurance companies, 19 non-life insurance companies and 2 reinsurance companies. Based on data received from Insurance Board, the total assets/liabilities of insurance companies increased by 15 percent to Rs.624.13 billion in mid-July 2022, compared to the amount of Rs.542.65 billion in mid-July 2021.

Employees Provident Fund (EPF)

- 1.114 In mid-July 2022, total assets/liabilities of the EPF increased by 3.7 percent to Rs.459.42 billion compared to an increase of 15.3 percent to Rs.442.84 billion in the previous year. The provident fund of the employees expanded by 5 percent to Rs.416.36 billion in mid-July 2022 compared to Rs.396.63 billion in mid-July 2021.

Citizen Investment Trust (CIT)

- 1.115 Based on data obtained from CIT, total assets/liabilities of the trust rose by 26 percent to Rs.247.52 billion in mid-July 2022, compared to Rs.196.40 billion in the previous year. Fund collection, a major component in the liabilities side of CIT, increased by 16.7 percent to Rs.187.45 billion in mid-July 2022 compared to the amount of Rs.160.66 billion in the previous year. Loans and advances increased by 21.7 percent to Rs.64.64 billion compared to the amount of Rs.53.12 billion in the previous year.

Social Security Fund

- 1.116 Based on data obtained from Social Security Fund, total assets/liabilities of Social Security Fund has increased by 41.4 percent to Rs.54.70 billion in mid-july 2022 compared to a 33.6 percent increase to Rs.38.68 billion in the previous year. 346,744 contributors of 17,192 firms /companies have been registered till mid-July 2022. Among these, Rs.21.8 billion was collected from 244,161 contributors of 3,785 firms/companies. The payment of Rs.1.66 billion has been made to 47,050 insurance claims received from the 33,819 contributors while the payment of Rs.1.37 billion has been made to 21,152 old age security claims received from the 20,085 contributers till mid-July 2022.

Postal Savings Bank

- 1.117 Among the 117 offices of Postal Saving Bank authorized for collecting deposits under Postal Services Department of the GON, only 65 offices are currently involved in deposit collection. In mid-July 2022, total deposits of Postal Saving Bank amounted to Rs.2.29 billion while the loans amounted to Rs.0.28 billion (Table 1.12).

**Table 1.12
Transaction Details of Postal Saving Bank**

Particulars	Mid-July		
	2020	2021	2022
Number of offices licensed to accept deposits	117	117	117
Number of offices accepting deposits	66	65	65
Number of offices doing investment	57	57	57
Number of accounts	62,475	59,428	57,532
Total deposits (Rs.in million)	1756.5	1653.4	2298.0
Total investment outstanding (Rs.in million)	403.3	473.2	287.0

Source: Department of Postal Services, GON

Deposit and Credit Guarantee Fund (DCGF)

- 1.118 The DCGF has been providing credit guarantee services for priority sector as well as livestock and vegetable farming sector loans, concessional loans, foreign employment loans, micro and deprived sector loans, and small and medium-scale enterprises loans. The DCGF guaranteed total credit amounting to Rs.197.64 billion and total deposits amounting to Rs.879.21 billion in mid-July 2022 (Table 1.13).

Table 1.13
Transaction Details of Deposit and Credit Guarantee Fund

Particulars	Mid-July			Percent Change	
	2020	2021	2022	2020/21	2021/22
Total deposit guaranteed (Rs.in billion)	689.49	811.62	879.21	17.7	8.3
Total credit guaranteed (Rs.in billion)	62.15	141.00	197.64	126.9	40.2

- Source: Deposit and Credit Guarantee Fund

Credit Information Centre Limited

- 1.119 A total of 6,907,397 credit information were demanded by 26 commercial banks, 17 development banks, 17 finance companies, and 65 microfinance financial institutions. According to information available from Credit Information Centre Limited, the number of blacklisted borrowers reached 29,810 in mid-July 2022 compared to 16,987 in mid-July 2021.

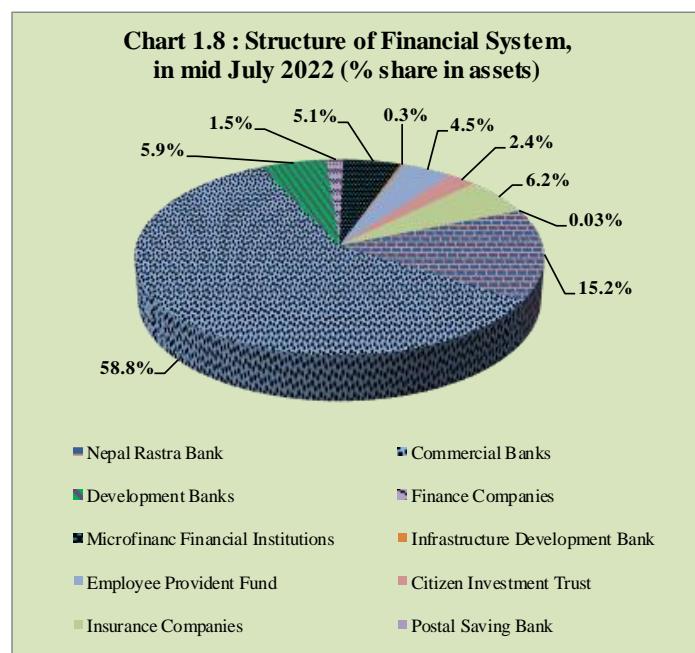
Financial Structure

- 1.120 In mid-July 2022, a total of 184 banks and non-bank financial institutions are in operation which includes 141 BFIs (NRB licensed 126 and 15 others), 40 insurance companies, EPF, CIT and Postal Saving Bank. In the previous year, the number of such institutions in operation was 192.

Table 1.14
Number of Banks and Non Bank Financial Institutions

Banks and Non Bank Financial Institutions	Mid-July		
	2020	2021	2022
Commercial banks	27	27	26
Development banks	20	18	17
Finance companies	22	17	17
Microfinance financial institutions	85	70	65
Infrastructure development bank	1	1	1
Institutions licensed by NRB to conduct banking transactions	155	133	126
Other institutions	14	15	15
Insurance companies	40	41	40
Employees provident fund	1	1	1
Citizen investment trust	1	1	1
Postal saving bank	1	1	1
Total	212	192	184

1.121 In mid-July 2022, the share of NRB in total assets/liabilities of the financial system remained 15.2 percent. Similarly, the share of commercial banks stood at 58.8 percent, development banks' at 5.9 percent, finance companies' at 1.5 percent, MFIs at 5.1 percent, infrastructure development bank's 0.3 percent, EPFs 4.5 percent, CITs 2.4 percent, insurance companies' 6.2 percent and postal saving banks' 0.03. The ratio of total assets/liabilities of the banking system and GDP stood at 181 percent in mid-July 2022.



Financial Expansion

- 1.122 The number of BFIs licensed by NRB declined to 126 in mid-July 2022 compared to 133 in mid-July 2021. As of mid-July 2022, there are 26 commercial banks, 17 development banks, 17 finance companies, 65 MFIs and 1 infrastructure development bank.
- 1.123 Of the total 753 local levels, commercial banks extended their branches to 752 levels till mid-July 2022 in comparison to 750 levels in mid-July 2021.
- 1.124 The total number of deposit accounts and borrowers accounts of commercial banks, development banks and finance companies have reached 44.97 million and 1.83 million respectively in mid-July 2022. Such numbers were 37.77 million and 1.72 million respectively in mid-July 2021. Similarly, the number of members and borrowers in MFIs reached 5.86 million and 3.33 million respectively in mid-July 2021. These MFIs have provided their services in all 77 districts.
- 1.125 The number of institutions licensed by NRB to carry out limited banking operations remained constant at 15 in mid-July 2022.

Securities Market

- 1.126 On y-o-y basis, the NEPSE index decreased by 30.3 percent to 2009.5 points in mid-July 2022. The index was increased by 111.6 percent to 2883.4 in mid-July 2021.
- 1.127 The NEPSE sensitive index decreased by 28.7 percent to 385.9 points in mid-July 2022 over 541.4 points in mid-July 2021. Similarly, the NEPSE float index also decreased by 30.4 percent to 139.4 points in mid-July 2022 from 200.3 points in mid-July 2021.

1.128 Securities market transactions decreased in 2021/22 as compared to previous year. The total volume of share transactions decreased by 17.35 percent to Rs.1202.10 billion in the review year from Rs.1454.44 billion in the previous year.

1.129 In mid-July 2022, market capitalization on y-o-y basis decreased by 28.5 percent to Rs.2869.34 billion. The market capitalization to GDP ratio remained 59.1 percent in review year from 93.8 percent in mid-July 2021. In the review year, the share of BFIs (including insurance companies), hydropower, investment company, manufacturing and processing, hotels, trading institutions and others in stock market capitalization stood at 67.3 percent, 11 percent, 6.9 percent, 4.3 percent, 1.6 percent, 0.4 percent and 8.5 percent respectively.

1.130 The paid-up value of listed shares in NEPSE increased by 16.5 percent to Rs.667.75 billion in mid July 2022. Additional securities worth Rs.237.61 billion were listed at NEPSE during the twelve months of 2021/22. Such securities comprise government development bond worth Rs.89.50 billion, bonus shares worth Rs.55.89 billion, debenture worth Rs.53.22 billion, ordinary share worth Rs.23.28 billion, right share worth Rs.11.97 billion and mutual fund worth Rs.3.75 billion.

1.131 The number of companies listed in Nepal Stock Exchange Limited has reached 234 in mid-July 2022. Such number was 219 in mid-July 2021. Among the listed companies, 146 are BFIs (including insurance companies), 51 hydropower companies, 19 manufacturing and processing industries, 6 investment companies, 6 hotels, 4 trading companies and 3 others.

Chart 1.9 : Trend of Stock Market (NEPSE)

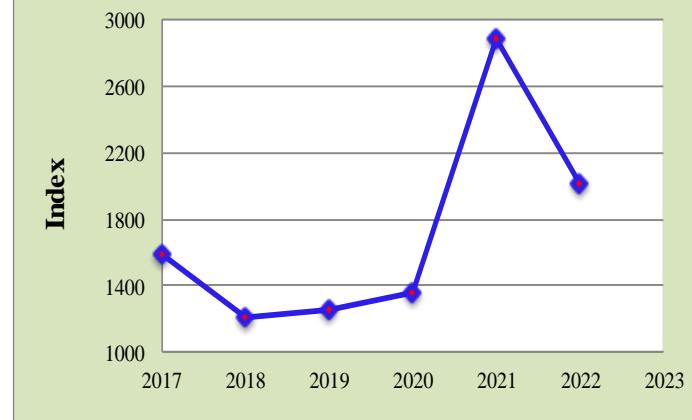


Table 1
World Economic Growth Rate, Price and Trade
(Annual Percent Change)

Description	2021	Projection	
		2022	2023
World Output	6.0	3.2	2.7
Advanced Economies	5.2	2.4	1.1
United States	5.7	1.6	1.0
Euro Area	5.2	3.1	0.5
Japan	1.7	1.7	1.6
Emerging and Developing Economies	6.6	3.7	3.7
Emerging and Developing Asia	7.2	4.4	4.9
China	8.1	3.2	4.4
India	8.7	6.8	6.1
Goods Price			
Fuel	65.9	41.4	-12.9
Non-fuel	26.3	7.3	-6.2
Consumer Price			
Advanced Economies	4.7	8.8	6.5
Emerging and Developing Economies	3.1	7.2	4.4
World Trade (Merchandise and Services)	5.9	9.9	8.1
World Trade (Merchandise and Services)	10.1	4.3	2.5

Source: International Monetary Fund, World Economic Outlook, October 2022

Table 2
Macroeconomic Indicators

S.N.	Description	Percent Change		
		2019/20	2020/21	2021/22
1	Producers' Prices:			
	1.1 GDP at constant (2010/11) prices	-2.37	4.25	5.84
	1.2 GDP at current prices	0.77	9.99	13.43
2	Basic Prices:			
	2.1 GDP at constant (2010/11) prices	-2.42	3.83	5.49
	2.2 GDP at current prices	2.57	6.82	12.10
	GNI at Current Prices	0.92	9.30	13.53
	Total consumption at current prices	12.17	7.67	11.50
	Gross domestic saving at current prices	-62.34	48.24	36.47
	Gross national saving at current prices	-23.04	13.88	8.83
	Total investment at current prices	-25.87	29.30	18.08
	Gross fixed capital formation at current prices	-9.20	7.76	11.61
3	Gross National Disposable Income at current prices	0.48	9.25	10.79
4	Money supply (M1)	17.8	22.6	-9.7
5	Broad money supply (M2)	18.1	21.8	6.8
6	Total domestic credit	14.0	27.1	14.5
7	Fixed deposits	25.1	17.6	30.2
8	Total exports	0.6	44.4	41.7
9	Total imports	-15.6	28.7	24.7
10	Gross foreign exchange reserve	34.9	-0.2	-13.1
11	Government revenue	0.2	16.3	14.1
12	Government expenditure	-1.7	9.7	8.3
13	Annual average consumer price inflation	6.15	3.60	6.32
14	Annual average wholesale price inflation	6.87	7.61	9.51
As Percent of Nominal GDP at Producers' Prices				
1	Total consumption	94.28	92.29	90.73
2	Gross domestic saving	5.72	7.71	9.27
3	Gross national saving	32.16	33.30	31.95
4	Total investment at current prices	30.44	35.78	37.25
5	Gross fixed capital formation	30.44	35.78	37.25
6	Gross national disposable income	126.44	125.59	122.68
7	Money supply (M1)	22.0	24.5	19.5
8	Broad money supply (M2)	108.8	120.5	113.5
9	Total domestic credit	100.2	115.9	116.9
10	Fixed deposits	47.9	51.2	58.8
11	Total exports	2.5	3.3	4.1
12	Total imports	30.8	36.0	39.6
13	Foreign exchange reserve	36.0	32.7	25.1
14	Government revenue	21.6	22.9	23.0
15	Government expenditure	28.1	28.0	26.7
16	Government budget surplus/deficit *	-7.1	-6.1	-5.4
17	Trade balance (-Deficit)	-28.3	-32.7	-35.5
18	Current account balance (-Deficit)	-0.9	-7.8	-12.8
19	Total outstanding external debt	15.4	20.8	21.8
20	Total outstanding domestic debt	11.7	15.7	18.8

* On cash basis

Source: Economic Survey, 2020.21; Financial Comptroller General Office

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

Description	Growth rate (percentage)		
	2019/20	2020/21 ^R	2021/22 ^P
1. Agriculture sector	2.43	2.85	2.30
Agriculture, forestry and fishing	2.43	2.85	2.30
2. Non agriculture sector	-4.42	4.26	6.88
A. Industry sector	-4.02	4.51	10.19
Mining and quarrying	-2.23	7.50	8.15
Manufacturing	-9.03	4.14	6.14
Electricity, gas, steam and air conditioning supply	19.51	2.57	36.67
Water supply, sewerage, waste management and remediation activities	2.15	1.49	0.72
Construction	-4.39	5.19	9.51
B. Service sector	-4.53	4.19	5.93
Wholesale and retail trade; repair of motor vehicles and motorcycles	-11.39	5.74	9.12
Transportation and storage	-11.79	4.43	4.54
Accommodation and food service activities	-36.78	10.73	11.42
Information and communication	2.02	1.77	3.58
Financial and insurance activities	-0.35	4.05	6.06
Real estate activities	2.08	2.25	3.82
Professional, scientific and technical activities	1.52	2.37	3.78
Administrative and support service activities	2.19	2.30	4.40
Public administration and defence; compulsory social security	6.16	3.38	4.05
Education	3.20	3.92	4.08
Human health and social work activities	5.20	6.60	6.91
Arts, entertainment and recreation; Other service activities; and Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1.77	3.38	3.79

R = Revised estimate

P = Preliminary estimate

Source: Central Bureau of Statistics

Table 4
Province-wise Economic Growth Rate and Share

Province	2020/21 ^R		2021/22 ^P	
	Growth Rate	Share	Growth Rate	Share
Province 1	4.3	15.8	5.4	15.7
Madhesh	3.8	13.4	4.8	13.3
Bagmati	4.6	36.7	6.7	36.9
Gandaki	3.7	8.9	6.2	8.9
Lumbini	4.1	14.1	5.4	14.1
Karnali	4.3	4.1	5.5	4.1
Sudur-Paschim	4.2	7.0	4.9	7.0
National	4.2	100.00	5.8	100.00

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 %	2019/20	2020/21	2021/22	Percent Change	
					2020/21	2021/22
Overall Index	100.00	132.84	137.62	146.32	3.60	6.32
1. Food & Beverage	43.91	129.49	135.97	143.70	5.00	5.69
Cereal Grains & their Products	11.33	124.69	128.29	131.35	2.89	2.39
Legume Varieties	1.84	98.12	108.57	119.34	10.65	9.92
Vegetables	5.52	143.03	149.29	147.84	4.38	-0.97
Meat & Fish	6.75	129.53	137.23	146.29	5.94	6.60
Milk Products & Eggs	5.24	131.92	134.33	143.46	1.83	6.80
Ghee & Oil	2.95	127.51	149.87	189.03	17.54	26.13
Fruits	2.08	135.90	145.17	156.07	6.82	7.51
Sugar & Sweets	1.74	124.13	130.38	137.97	5.04	5.82
Spices	1.21	137.22	131.61	129.64	-4.09	-1.50
Soft Drinks	1.24	120.91	129.18	139.40	6.84	7.91
Hard Drinks	0.68	165.60	173.71	188.59	4.90	8.57
Tobacco Products	0.41	142.99	157.05	172.50	9.83	9.84
Restaurant and Hotel	2.92	134.83	139.91	148.07	3.77	5.83
2. Non-Food & Services	56.09	135.52	138.92	148.41	2.51	6.83
Clothing & Footwear	7.19	148.69	152.75	161.29	2.73	5.59
Household stuffs & Utilities	20.30	146.98	148.41	156.64	0.97	5.55
Furnishing & Household Equipment	4.30	129.47	134.22	143.74	3.67	7.09
Health	3.47	114.88	119.24	125.66	3.80	5.38
Transport	5.34	111.00	118.12	136.81	6.41	15.82
Communication	2.82	105.64	109.49	111.80	3.64	2.11
Recreation & Culture	2.46	119.41	123.73	132.00	3.62	6.68
Education	7.41	144.36	143.60	156.21	-0.53	8.78
Miscellaneous Goods & Services	2.81	138.54	150.80	157.04	8.85	4.14
Consumer Price Index - Kathmandu Valley						
Overall Index	100.00	133.19	137.62	145.50	3.33	5.73
1. Food & Beverage	39.77	132.49	140.14	147.14	5.77	5.00
2. Non-Food & Services	60.23	133.65	135.98	144.43	1.74	6.21
Consumer Price Index - Terai						
Overall Index	100.00	131.15	135.98	144.69	3.68	6.41
1. Food & Beverage	44.14	127.03	133.35	140.92	4.98	5.68
2. Non-Food & Services	55.86	134.49	138.08	147.74	2.67	7.00
Consumer Price Index - Hills						
Overall Index	100.00	135.57	140.81	150.48	3.87	6.87
1. Food & Beverage	46.88	130.96	136.98	145.36	4.60	6.12
2. Non-Food & Services	53.12	139.78	144.25	155.14	3.20	7.55
Consumer Price Index - Mountain						
Overall Index	100.00	131.88	135.67	143.91	2.87	6.07
1. Food & Beverage	59.53	127.42	131.71	140.83	3.37	6.92
2. Non-Food & Services	40.47	138.73	141.71	148.55	2.15	4.83

Table 6
National Wholesale Price Index
(Annual Average)
 (Base Year: 2017/2018=100)

Groups/Sub-Groups	Weight %	2019/20	2020/21	2021/22	Percent Change	
					2020/21	2021/22
1. Overall Index	100.00	113.52	122.16	133.78	7.61	9.51
1.1 Primary Commodities	33.59	118.89	131.32	136.47	10.46	3.92
Foodgrains	8.76	119.61	131.91	136.54	10.28	3.51
Non-food	57.65	109.10	123.41	135.56	13.11	9.85
1.2 Fuel and Power	31.27	113.78	114.62	136.96	0.73	19.49
Petroleum Products	2.31	121.34	122.63	157.21	1.06	28.21
Electricity	5.66	100.00	100.00	100.00	0.00	0.00
1.3 Manufactured Commodities	3.10	110.36	117.98	131.74	6.90	11.67
Food Beverages & Tobacco	15.16	118.77	127.09	142.70	7.01	12.28
Textiles	1.01	120.15	127.36	140.98	6.00	10.69
Leather and Leather-related Products	0.29	112.98	113.12	117.76	0.13	4.10
Wood and Wood-related Products	2.07	113.62	117.61	138.90	3.50	18.11
Paper and Paper Products	1.08	103.26	114.09	124.49	10.49	9.11
Chemical and Chemical Goods	6.55	105.88	121.32	136.04	14.57	12.14
Rubber and Plastic Products	1.92	108.45	108.72	116.14	0.24	6.83
Non-metalic Mineral Products	4.50	99.88	100.04	105.05	0.16	5.01
Basic Metals	12.55	108.46	119.53	140.40	10.21	17.46
Electric & Electronic Goods	4.45	98.33	97.71	100.27	-0.62	2.62
Machinery and Goods	3.17	107.48	113.04	122.68	5.17	8.53
Transport, Equipment & Parts	3.80	118.30	123.72	135.07	4.58	9.17
Others	1.08	109.64	117.84	123.20	7.48	4.55
Broad Economic Classification	100.00	113.52	122.16	133.78	7.61	9.51
Consumption Goods	32.90	114.46	123.30	135.53	7.73	9.92
Intermediate Goods	56.30	114.45	123.97	135.97	8.32	9.68
Capital Goods	10.80	105.81	109.27	117.04	3.27	7.11
Construction Materials	14.03	103.82	107.70	128.63	3.74	19.43

Table 7
National Salary and Wage Rate Index
(2004/05 = 100)

	Groups/Sub-Groups	Weight %	2019/20	2020/21	2021/22	Percent Change	
						2020/21	2021/22 ^p
	Overall Index	100.00	537.38	545.99	582.32	1.60	6.65
1.	Salary Index	26.97	446.04	446.42	488.57	0.09	9.44
	Officers	9.80	425.18	425.39	453.78	0.05	6.67
	Non-Officers	17.17	457.91	458.40	508.40	0.11	10.91
1.1	Civil Service	2.82	541.80	541.80	580.07	0.00	7.06
	Officers	0.31	421.45	421.45	437.65	0.00	3.84
	Non-Officers	2.51	556.41	556.41	597.36	0.00	7.36
1.2	Public Corporations	1.14	441.98	442.09	486.70	0.02	10.09
	Officers	0.19	393.40	393.65	428.53	0.06	8.86
	Non-Officers	0.95	451.70	451.78	498.34	0.02	10.31
1.3	Bank & Financial Institutions	0.55	653.50	663.85	851.35	1.58	28.24
	Officers	0.10	476.98	481.55	604.63	0.96	25.56
	Non-Officers	0.45	693.90	705.58	907.83	1.68	28.66
1.4	Army & Police Forces	4.01	483.76	483.76	561.72	0.00	16.12
	Officers	0.17	382.61	382.61	420.08	0.00	9.79
	Non-Officers	3.84	488.30	488.30	568.08	0.00	16.34
1.5	Education	10.55	466.92	467.34	509.95	0.09	9.12
	Officers	6.80	452.32	452.54	486.81	0.05	7.57
	Non-Officers	3.75	493.37	494.17	551.89	0.16	11.68
1.6	Private Institutions	7.90	350.97	350.97	365.22	0.00	4.06
	Officers	2.24	346.35	346.35	352.90	0.00	1.89
	Non-Officers	5.66	352.79	352.79	370.08	0.00	4.90
2.	Wage Rate Index	73.03	571.12	582.76	616.94	2.04	5.87
2.1	Agricultural Labourer	39.49	654.26	668.67	697.52	2.20	4.31
	Male	20.49	633.06	649.52	661.07	2.60	1.78
	Female	19.00	677.14	689.34	736.85	1.80	6.89
2.2	Industrial Labourer	25.25	464.88	472.82	518.73	1.71	9.71
	Highly Skilled	6.31	444.39	450.70	490.80	1.42	8.90
	Skilled	6.31	442.94	451.64	493.92	1.96	9.36
	Semi-Skilled	6.31	446.40	454.59	505.12	1.83	11.12
	Unskilled	6.32	525.73	534.27	585.01	1.62	9.50
2.3	Construction Labourer	8.29	498.53	508.24	532.13	1.95	4.70
	Mason	2.76	464.19	468.20	489.48	0.86	4.55
	Skilled	1.38	452.00	458.39	477.88	1.41	4.25
	Unskilled	1.38	476.37	478.01	501.07	0.34	4.82
	Carpenter	2.76	453.54	460.11	474.53	1.45	3.13
	Skilled	1.38	436.46	443.76	454.71	1.67	2.47
	Unskilled	1.38	470.61	476.45	494.35	1.24	3.76
	Worker	2.77	577.67	596.19	632.11	3.21	6.02
	Male	1.38	581.47	595.85	625.62	2.47	5.00
	Female	1.39	573.89	596.53	638.57	3.95	7.05

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

Months	2019/20			2020/21			2021/22^P		
	Nepal	India	Deviation	Nepal	India	Deviation	Nepal	India	Deviation
August	6.95	3.28	3.67	3.49	6.69	-3.20	4.35	5.30	-0.95
September	6.16	3.99	2.17	4.52	7.34	-2.82	3.49	4.35	-0.86
October	6.21	4.62	1.59	3.79	7.61	-3.82	4.24	4.48	-0.24
November	5.76	5.54	0.22	4.05	6.93	-2.88	6.04	4.91	1.13
December	6.55	7.35	-0.80	2.93	4.59	-1.66	7.11	5.66	1.45
January	6.82	7.59	-0.77	3.56	4.06	-0.50	5.65	6.01	-0.36
February	6.87	6.58	0.29	2.70	5.03	-2.33	6.24	6.07	0.17
March	6.70	5.91	0.79	3.03	5.52	-2.49	7.14	6.95	0.19
April	6.74	-	-	3.10	4.29	-1.19	7.28	7.79	-0.51
May	5.83	-	-	3.65	6.30	-2.65	7.87	7.04	0.83
June	4.54	6.23	-1.69	4.19	6.26	-2.07	8.56	7.01	1.55
July	4.78	6.93	-2.15	4.19	5.59	-1.40	8.08	6.71	1.37
Annual Average	6.15	5.80	0.33	3.60	5.85	-2.25	6.32	6.02	0.31

Table 9
Direction of Foreign Trade*

	2019/20 ^R	2020/21 ^R	2021/22 ^P	Percent Change	
				2020/21	2020/21 ^P
TOTAL EXPORTS	97709.1	141124.1	200031.0	44.4	41.7
India	70108.9	106372.1	155222.3	51.7	45.9
China	1191.2	1016.1	808.8	-14.7	-20.4
Other Countries	26409.0	33736.0	43999.9	27.7	30.4
TOTAL IMPORTS	1196799.1	1539837.1	1920448.4	28.7	24.7
India	735294.8	971603.9	1200152.7	32.1	23.5
China	181920.3	233923.1	264783.7	28.6	13.2
Other Countries	279583.9	334310.1	455511.9	19.6	36.3
TOTAL TRADE BALANCE	-1099089.9	-1398713.0	-1720417.4	27.3	23.0
India	-665185.9	-865231.9	-1044930.4	30.1	20.8
China	-180729.1	-232907.0	-263975.0	28.9	13.3
Other Countries	-253174.9	-300574.1	-411512.0	18.7	36.9
TOTAL FOREIGN TRADE	1294508.2	1680961.2	2120479.3	29.9	26.1
India	805403.7	1077976.0	1355375.0	33.8	25.7
China	183111.5	234939.1	265592.5	28.3	13.0
Other Countries	305993.0	368046.0	499511.8	20.3	35.7

(In Percent)			
1. Ratio of Exports to Imports	8.2	9.2	10.4
India	9.5	10.9	12.9
China	0.7	0.4	0.3
Other Countries	9.4	10.1	9.7
2. Share in Total Exports			
India	71.8	75.4	77.6
China	1.2	0.7	0.4
Other Countries	27.0	23.9	22.0
3. Share in Total Imports			
India	61.4	63.1	62.5
China	15.2	15.2	13.8
Other Countries	23.4	21.7	23.7
4. Share in Trade Balance			
India	60.5	61.9	60.7
China	16.4	16.7	15.3
Other Countries	23.0	21.5	23.9
5. Share in Total Trade			
India	62.2	64.1	63.9
China	14.1	14.0	12.5
Other Countries	23.6	21.9	23.6
6. Share of Exports & Imports in Total Trade			
Export	7.5	8.4	9.4
Import	92.5	91.6	90.6

* Based on customs data

R= Revised, P= Provisional

Table 10
Exports of Major Commodities to India*

(Rs.in Million)

S.N.	Commodities	Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	64959.4	98161.8	140697.9	51.1	43.3
1	Brans	204.5	474.9	610.4	132.2	28.5
2	Cardamom	4007.3	6935.9	4779.0	73.1	-31.1
3	Cattlefeed	195.4	30.8	251.4	-84.2	-
4	Cinnamon	61.9	143.0	152.1	131.0	6.4
5	Copper Wire Rod	487.9	442.9	436.2	-9.2	-1.5
6	Fruits	4.4	12.4	12.8	179.4	4.0
7	G.I.pipe	94.2	48.8	66.0	-48.3	35.3
8	Ginger	400.2	375.4	465.4	-6.2	24.0
9	Handicraft Goods	53.9	17.2	32.3	-68.1	87.8
10	Herbs	926.9	1248.6	971.9	34.7	-22.2
11	Juice	3430.2	4215.8	6074.8	22.9	44.1
12	Jute Goods	5262.2	6705.1	7496.8	27.4	11.8
	Jute Goods - Hessian	312.8	407.5	382.6	30.3	-6.1
	Jute Goods - Sackings	4949.4	6297.6	7114.2	27.2	13.0
13	Marble Slab	40.0	15.1	10.3	-62.3	-31.6
14	Medicine (Ayurvedic)	975.8	1592.2	1279.1	63.2	-19.7
15	Mustard & Linseed	26.1	14.9	7.0	-42.8	-52.9
16	Noodles	789.1	1401.2	1348.3	77.6	-3.8
17	Oil Cakes	1566.4	2265.9	3492.2	44.7	54.1
18	Palm Oil	18318.0	1.0	41064.7	-100.0	-
19	Paper	4.4	17.2	60.3	289.7	250.3
20	Particle Board	12.1	14.8	352.0	21.8	-
21	Pashmina	87.8	160.6	37.8	82.9	-76.5
22	Plastic Utensils	22.9	61.3	42.8	167.7	-30.3
23	Polyester Yarn	4426.0	5773.9	7523.6	30.5	30.3
24	Readymade Garments	171.2	86.8	171.5	-49.3	97.7
25	Rosin	812.1	1125.1	1853.7	38.5	64.8
26	Shoes and Sandals	755.2	768.9	1055.4	1.8	37.3
27	Skin	70.8	67.4	351.3	-4.9	-
28	Soyabean Oil	12691.1	53651.6	48120.4	322.7	-10.3
29	Tea	2492.3	3383.0	3005.5	35.7	-11.2
30	Textiles**	2873.7	3296.4	3277.9	14.7	-0.6
31	Thread	1015.4	1571.3	1992.4	54.7	26.8
32	Tooth Paste	733.3	927.4	844.6	26.5	-8.9
33	Turpentine	186.8	197.2	255.3	5.5	29.5
34	Vegetables	116.4	105.8	151.5	-9.1	43.2
35	Wire	617.6	322.2	209.6	-47.8	-35.0
36	Zinc sheet	1025.5	690.0	2841.7	-32.7	311.8
	B. Others	5149.5	8210.2	14524.4	59.4	76.9
	Total (A+B)	70108.9	106372.1	155222.3	51.7	45.9

* Based on customs data

** Includes PP fabric

R= Revised,

P= Provisional

Table 11
Imports of Major Commodities from India*

S.N.	Commodities	Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	582422.2	752129.5	972703.9	29.1	29.3
1	Agriculture Equipment.& Parts	4431.5	6593.1	6856.1	48.8	4.0
2	Aluminium Bars, Rods, Profiles, Foil etc.	4050.7	5247.3	7158.0	29.5	36.4
3	Baby Food & Milk Products	6069.7	7094.5	7355.6	16.9	3.7
4	Bitumen	5462.8	6564.5	6251.7	20.2	-4.8
5	Books and Magazines	792.0	545.4	984.8	-31.1	80.6
6	Cement	4866.3	3981.6	689.4	-18.2	-82.7
7	Chemical Fertilizer	896.5	1088.9	1826.0	21.5	67.7
8	Chemical	6367.6	9176.7	11979.1	44.1	30.5
9	Coal	7513.5	5739.6	16511.5	-23.6	187.7
10	Coldrolled Sheet in coil	6513.7	3444.3	3853.0	-47.1	11.9
11	Cooking Stoves	525.4	824.7	903.1	57.0	9.5
12	Cosmetic Goods	2645.7	2871.5	3512.7	8.5	22.3
13	Cuminseeds and Peppers	2275.5	2472.5	2103.6	8.7	-14.9
14	Dry Cell Battery	2617.6	3628.1	3780.9	38.6	4.2
15	Electrical Equipment	18909.9	26588.0	33671.0	40.6	26.6
16	Enamel & other paints	3570.2	5979.8	7047.7	67.5	17.9
17	sponge iron	4748.7	7879.7	23981.7	65.9	204.3
18	Fruits	8628.1	10357.1	10932.8	20.0	5.6
19	Glass Sheet and GlassWares	3633.6	6102.1	7521.2	67.9	23.3
20	Hotrolled Sheet in coil	23906.3	25615.4	36585.2	7.1	42.8
21	Incense Sticks	934.2	1239.4	1248.1	32.7	0.7
22	Insecticides	3838.9	4936.7	4418.1	28.6	-10.5
23	Live Animals	120.1	122.0	454.8	1.5	272.8
24	M.S. Billet	42236.7	71528.4	51330.3	69.4	-28.2
25	M.S. Wire Rod, Bars, Coils, Bars	11143.3	17478.2	18430.8	56.8	5.5
26	Medicine	26198.2	29484.9	35683.8	12.5	21.0
27	Molasses Sugar	145.0	914.3	219.2	-	-76.0
28	Other Machinery and Parts	39859.4	45544.7	55452.0	14.3	21.8
29	Other Stationery Goods	890.6	877.5	1251.7	-1.5	42.6
30	Paper	6308.2	6667.7	8696.6	5.7	30.4
31	Petroleum Products	161615.3	172685.7	330704.9	6.8	91.5
32	Pipe and Pipe Fittings	3222.7	3926.7	7369.2	21.8	87.7
33	Plastic Utensils	2915.4	3647.6	5834.8	25.1	60.0
34	Polypropylene Granuals	3936.9	6028.1	7201.5	53.1	19.5
35	Radio, TV, Deck & Parts	1712.5	1444.2	1727.8	-15.7	19.6
36	Raw Cotton	238.5	209.6	182.1	-12.1	-13.1
37	Readymade Garments	6772.8	9274.8	9574.7	36.9	3.2
38	Rice/Paddy	33350.4	50478.2	47356.0	51.4	-6.2
39	Salt	1527.0	1969.0	1835.6	28.9	-6.8
40	Sanitaryware	2158.3	3094.0	3712.6	43.4	20.0
41	Shoes and Sandals	609.5	892.3	1135.8	46.4	27.3
42	Steel Sheet	1638.4	8554.0	10995.7	-	28.5
43	Tea	69.9	123.4	65.3	76.7	-47.1
44	Telecommunication Equipments and Parts	6993.4	12666.4	14187.9	81.1	12.0
45	Textiles	6784.8	10795.4	11885.3	59.1	10.1
46	Thread	7538.9	12635.6	17521.0	67.6	38.7
47	Tobacco	2687.7	2583.3	2984.3	-3.9	15.5
48	Tyre, Tubes and Flapes	7563.4	10231.1	11043.8	35.3	7.9
49	Vegetables	13582.2	15277.7	16961.3	12.5	11.0
50	Vehicles & Spare Parts	63814.4	100552.1	94299.0	57.6	-6.2
51	Wire Products, Notbolt, Handles, Lock B. Others	3590.0	4472.0	5434.6	24.6	21.5
	Total (A+B)	735294.8	971603.9	1200152.7	32.1	23.5

* Based on customs data

R= Revised,

P= Provisional

Table 12
Exports of Major Commodities to China*

S.N.		Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	466.1	661.9	579.2	42.0	-12.5
1	Agarbatti	5.5	3.3	3.7	-40.7	14.5
2	Handicraft (Metal and Wooden)	87.8	141.9	89.9	61.7	-36.7
3	Noodles	2.8	0.0	8.4	-	-
4	Other Handicraft goods	151.8	165.9	87.8	9.2	-47.1
5	Pashmina	13.4	16.1	23.5	19.6	46.5
6	Readymade Garments	19.3	50.0	91.6	159.6	83.2
7	Readymade Leather Goods	0.9	1.3	0.0	52.8	-99.1
8	Rudrakshya	39.3	38.3	12.4	-2.5	-67.6
9	Tanned Skin	0.6	22.3	26.7	-	19.4
10	Tea	4.2	0.0	0.2	-	-
11	Wheat Flour	3.2	0.0	0.0	-	-
12	Woolen Carpet	137.4	222.8	235.0	62.2	5.5
	B. Others	725.1	354.2	229.6	-51.2	-35.2
	Total (A+B)	1191.2	1016.1	808.8	-14.7	-20.4

* Based on customs data

R= Revised, P= Provisional

Table 13
Imports of Major Commodities from China*

S.N.	Commodities	Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	144921.2	184574.7	213133.7	27.4	15.5
1	Aluminum Scrap, Flake, Foil, Bars, & Rods	2128.8	1852.9	1261.1	-13.0	-31.9
2	Apple	3227.0	5824.0	5989.5	80.5	2.8
3	Bags	911.2	664.8	1257.2	-27.0	89.1
4	Camera	763.6	1626.9	2330.2	113.0	43.2
5	Ceramic Products	1413.0	1372.4	1235.0	-2.9	-10.0
6	Chemical	1511.1	2315.8	3582.3	53.3	54.7
7	Chemical Fertilizer	9291.0	9025.2	7009.8	-2.9	-22.3
8	Computer and Parts	6446.5	12038.8	16060.4	86.7	33.4
9	Cosmetic Goods	721.5	1045.6	980.0	44.9	-6.3
10	Dry Cell Battery	543.3	195.3	142.3	-64.1	-27.1
11	Electrical Goods	16425.7	16709.1	18353.2	1.7	9.8
12	Fastener	259.1	278.1	375.4	7.3	35.0
13	Garlic	294.8	1049.3	1043.5	255.9	-0.6
14	Glasswares	1690.2	1621.3	1880.4	-4.1	16.0
15	Medical Equipment & Tools	3351.7	7820.8	5185.8	133.3	-33.7
16	Medicine	1134.5	4502.6	8470.3	296.9	88.1
17	Metal & Wooden furniture	1657.0	810.5	1423.8	-51.1	75.7
18	Office Equipment & Stationery	1137.5	784.9	1762.2	-31.0	124.5
19	Other Machinery and Parts	19013.7	21187.1	25709.0	11.4	21.3
20	Other Stationeries	959.9	774.8	940.9	-19.3	21.4
21	P.V.C Compound	195.4	1218.2	744.3	-	-38.9
22	Paraffin Wax	6.2	4.9	0.3	-20.6	-93.0
23	Pipe and Pipe Fittings	848.0	573.0	808.9	-32.4	41.2
24	Plywood & Particle board	355.0	374.2	495.2	5.4	32.3
25	Polyethylene Terephthalate (Plastic pet chips/Pet Resin)	570.8	584.7	896.0	2.4	53.2
26	Polythene Granules	50.5	1211.8	463.0	-	-61.8
27	Raw Silk	1528.1	1912.7	2745.8	25.2	43.6
28	Raw Wool	188.1	171.0	407.3	-9.1	138.2
29	Readymade Garments	14682.7	17968.2	20336.6	22.4	13.2
30	Seasoning Powder & Flavour for Instant Noodles	92.8	105.2	256.4	13.4	143.6
31	Shoes and Sandals	4668.6	5555.1	7077.8	19.0	27.4
32	Silver	0.0	1285.1	2026.7	-	57.7
33	Smart Cards	169.1	72.7	380.1	-57.0	-
34	Solar Panel	1662.8	1203.7	1501.5	-27.6	24.7
35	Steel Rod & Sheet	643.7	566.3	498.3	-12.0	-12.0
36	Storage Battery	1087.2	464.3	403.1	-57.3	-13.2
37	Telecommunication Equipments and Parts	19332.2	31552.2	36027.4	63.2	14.2
38	Textiles	9571.0	13537.1	15912.5	41.4	17.5
39	Threads	516.9	299.5	472.6	-42.1	57.8
40	Toys	1210.5	1758.9	1512.4	45.3	-14.0
41	Transport Equipment & Parts	4933.5	5606.6	6924.9	13.6	23.5
42	Tyre, Tubes and Flaps	332.1	630.0	392.5	89.7	-37.7
43	Video Television & Parts	7888.4	5201.0	5632.8	-34.1	8.3
44	Welding Rods	580.8	657.1	1020.6	13.1	55.3
45	Wheat flour	235.7	316.3	353.3	34.2	11.7
46	Writing & Printing Paper	689.2	244.8	851.0	-64.5	247.6
B.	Others	36999.2	49348.3	51650.0	33.4	4.7
	Total (A + B)	181920.3	233923.1	264783.7	28.6	13.2

* Based on customs data

R= Revised, P= Provisional

Table 14
Exports of Major Commodities to Other Countries*

S.N.	Commodities	Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	14214.6	17224.5	22762.8	21.2	32.2
1	Handicraft (Metal and Wooden)	115.3	205.1	382.9	77.9	86.7
2	Herbs	583.4	371.8	657.4	-36.3	76.8
3	Musical Instruments, parts and accessories	384.5	774.8	938.9	101.5	21.2
4	Nepalese Paper & their Products	312.8	417.2	561.7	33.4	34.6
5	Noodles	303.2	394.3	477.4	30.0	21.1
6	Other handicraft goods	367.6	372.0	527.8	1.2	41.9
7	Pashmina	1662.4	2367.9	2697.0	42.4	13.9
8	Pulses	949.0	567.7	569.5	-40.2	0.3
9	Readymade Garments	2611.1	3318.9	4618.9	27.1	39.2
10	Readymade Leather Goods	137.6	176.4	287.5	28.2	63.0
11	Gold & Silverware and Jewelries	386.0	762.4	1157.2	97.5	51.8
12	Tanned Skin	99.5	64.6	135.1	-35.1	109.2
13	Tea	284.6	411.0	421.5	44.4	2.5
14	Woolen Carpet	6017.7	7020.6	9330.0	16.7	32.9
B.	Others	12194.4	16511.5	21237.1	35.4	28.6
	Total (A+B)	26409.0	33736.0	43999.9	27.7	30.4

* Based on customs data

R= Revised, P= Provisional

Table 15
Imports of Major Commodities from Other Countries*

S.N.	Commodities	Fiscal Year			Percent Change	
		2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A.	Major Commodities	217921.4	271493.4	372939.0	24.6	37.4
1	Aircraft Spareparts	21369.0	3759.2	6028.5	-82.4	60.4
2	Bags	35.6	28.0	41.5	-21.3	48.1
3	Betelnut	2828.7	1001.6	3947.6	-64.6	294.1
4	Camera	778.4	551.0	797.4	-29.2	44.7
5	Chemical	1864.9	2063.6	2341.6	10.7	13.5
6	Chemical Fertilizers	8715.5	12706.6	12527.2	45.8	-1.4
7	Cigarette Paper	52.1	61.5	57.4	18.1	-6.6
8	Clove	140.1	289.9	60.6	106.9	-79.1
9	Coal	13871.7	21383.9	23047.2	54.2	7.8
10	Coconut Oil	22.8	6.6	18.3	-71.0	176.3
11	Computer and Parts	4221.9	4121.1	2867.8	-2.4	-30.4
12	Copper Wire Rod, Scraps & Sheets	4513.8	5169.2	6704.2	14.5	29.7
13	Cosmetic Goods	1437.1	1574.6	1996.1	9.6	26.8
14	Crude Palm Oil	17991.2	7234.9	39310.7	-59.8	-
15	Crude Soyabean Oil	18741.1	53364.3	56256.7	184.7	5.4
16	Door Locks	17.6	8.6	3.5	-51.3	-58.7
17	Dry Cell Battery	36.7	30.3	14.5	-17.5	-52.2
18	Edible Oil	10425.2	17012.9	18881.6	63.2	11.0
19	Electrical Goods	1566.6	2482.7	2616.6	58.5	5.4
20	Flash Lights	21.2	27.4	26.4	29.0	-3.7
21	Glasswares	597.2	793.1	1117.5	32.8	40.9
22	Gold	13637.5	27486.0	42691.2	101.5	55.3
23	Insecticides	196.0	194.1	230.4	-0.9	18.7
24	Medical Equip & Tools	5639.8	10031.2	10545.4	77.9	5.1
25	Medicine	3894.8	5988.3	31935.6	53.8	-
26	Office Equip & Stationery	1087.6	961.1	1334.1	-11.6	38.8
27	Oil seeds	5894.8	9996.2	12158.5	69.6	21.6
28	Other Machinery and Parts	8221.9	13993.8	10410.4	70.2	-25.6
29	Other Stationeries	688.4	852.9	2110.5	23.9	147.5
30	P.V.C Compound	2756.3	4188.9	5281.3	52.0	26.1
31	Palm Oil	1099.1	1420.3	1752.4	29.2	23.4
32	Peas	11279.3	6471.8	7098.0	-42.6	9.7
33	Petroleum Products	2542.3	2931.7	3641.5	15.3	24.2
34	Pipe and Pipe Fittings	193.1	175.6	128.7	-9.1	-26.7
35	Polythene Granules	10058.4	10795.9	11965.5	7.3	10.8
36	Powder Milk	471.6	225.2	169.0	-52.3	-25.0
37	Preparations used in animals feeding	1654.7	794.6	1068.5	-52.0	34.5
38	Pulses	3487.1	8932.4	6050.2	156.2	-32.3
39	Raw Wool	771.5	891.8	1374.4	15.6	54.1
40	Readymade Garments	916.6	860.2	998.2	-6.2	16.0
41	Shoes and Sandals	279.8	309.8	426.5	10.7	37.7
42	Silver	9491.6	8595.0	13921.2	-9.4	62.0
43	Small Cardamom	918.2	814.5	464.1	-11.3	-43.0
44	Steel Rod & Sheet	209.5	46.6	27.8	-77.8	-40.3
45	Storage Battery	429.4	541.3	550.3	26.1	1.7
46	Synthetic & Natural Rubber	341.1	285.7	298.9	-16.2	4.6
47	Synthetic Carpet	426.7	346.2	335.9	-18.9	-3.0
48	Telecommunication Equipments and Parts	2507.8	2977.7	3502.6	18.7	17.6
49	Tello	68.9	98.1	117.2	42.4	19.5
50	Textile Dyes	221.3	152.7	175.8	-31.0	15.1
51	Textiles	538.2	795.5	933.2	47.8	17.3
52	Thread	3622.4	3569.5	5158.8	-1.5	44.5
53	Toys	198.2	228.8	240.1	15.4	5.0
54	Transport Equip & Parts	6873.3	6243.7	10621.3	-9.2	70.1
55	Tyres, Tubes and Flapes	428.3	432.0	635.3	0.9	47.1
56	Video, Television and Parts	4024.8	2555.5	2773.8	-36.5	8.5
57	Watches & Bands	472.9	351.2	646.5	-25.7	84.1
58	Writing & Printing Paper	2226.9	1212.1	1651.2	-45.6	36.2
59	X-Ray Film	500.7	463.0	617.4	-7.5	33.4
60	Zinc Ingots	402.6	611.5	234.5	51.9	-61.7
B.	Others	61662.5	62816.7	82572.9	1.9	31.5
	Total (A+B)	279583.9	334310.1	455511.9	19.6	36.3

* Based on customs data

R= Revised, P= Provisional

Table 16
Summary of Balance of Payments

Particulars	Year			Percent Change	
	2019/20 ^R	2020/21 ^R	2021/22 ^P	2020/21	2021/22 ^P
A. Current Account	-33763.1	-333671.9	-623325.2	-	86.8
Goods: Exports f.o.b.	108288.1	143744.6	211464.7	32.7	47.1
<i>Oil</i>	9590.2	2227.2	8068.5	-76.8	262.3
<i>Other</i>	98697.9	141517.5	203396.2	43.4	43.7
Goods: Imports f.o.b.	-1169261.4	-1499201.6	-1873440.1	28.2	25.0
<i>Oil</i>	-166928.6	-176320.3	-327073.5	5.6	85.5
<i>Other</i>	-1002332.8	-1322881.2	-1546366.6	32.0	16.9
Balance on Goods	-1060973.3	-1355456.9	-1661975.4	27.8	22.6
Services: Net	-964.7	-72852.5	-108117.5	-	48.4
Services: Credit	156349.8	79069.9	122083.7	-49.4	54.4
<i>Travel</i>	60885.4	7266.3	32447.2	-88.1	346.5
<i>Government n.i.e.</i>	12338.0	6331.6	9526.2	-48.7	50.5
<i>Other</i>	83126.5	65472.0	80110.2	-21.2	22.4
Services: Debit	-157314.5	-151922.4	-230201.2	-3.4	51.5
<i>Transportation</i>	-68340.4	-80973.5	-92230.5	18.5	13.9
<i>Travel</i>	-53137.4	-32800.1	-97322.9	-38.3	196.7
<i>O/W Education</i>	-25813.2	-24959.4	-67701.6	-3.3	171.2
<i>Government Services:Debit</i>	-2408.3	-3673.5	-1754.5	52.5	-52.2
<i>Other</i>	-33428.4	-34475.2	-38893.3	3.1	12.8
Balance on Goods & Services	-1061938.0	-1428309.5	-1770092.9	34.5	23.9
Income: Net	45953.6	23285.5	28890.9	-49.3	24.1
Income: Credit	68055.4	60878.6	57494.0	-10.5	-5.6
Income: Debit	-22101.8	-37593.0	-28603.1	70.1	-23.9
Balance on Goods,Services& Income	-1015984.4	-1405023.9	-1741202.0	38.3	23.9
Transfers: Net	982221.3	1071352.0	1117876.8	9.1	4.3
Current Transfers: Credit	987673.5	1077414.0	1125595.3	9.1	4.5
<i>Grants</i>	51925.7	57340.7	54707.4	10.4	-4.6
<i>Workers' Remittances</i>	875027.0	961054.6	1007306.9	9.8	4.8
<i>Pensions</i>	57818.0	58595.1	61962.1	1.3	5.7
<i>Other (Indian Excise Refund)</i>	2902.9	423.6	1618.9	-85.4	282.2
Current Transfers: Debit	-5452.3	-6062.0	-7718.5	11.2	27.3
B. Capital Account (Capital Transfer)	14213.2	15263.7	9992.4	7.4	-34.5
Total (Group A plus B)	-19549.9	-318408.2	-61332.7	-	92.6
C. Financial Account (Excluding Group E)	278748.5	230671.8	313019.0	-17.2	35.7
Direct Investment in Nepal	19478.7	19512.7	18560.3	0.2	-4.9
<i>Foreign Direct Investment</i>	19678.5	19909.4	19219.0	1.2	-3.5
<i>Repatriation of Investment</i>	-199.8	-396.7	-658.7	98.6	66.1
Portfolio Investment	0.0	0.0	0.0	-	-
Other Investment: Assets	-6304.4	-15838.1	-14062.5	151.2	-11.2
<i>Trade Credits</i>	-6083.4	-15881.7	-14255.6	161.1	-10.2
<i>Other</i>	-221.0	43.6	193.0	-	342.7
Other Investment: Liabilities	265574.1	226997.2	308521.2	-14.5	35.9
<i>Trade Credits</i>	82238.3	116853.4	118482.6	42.1	1.4
<i>Loans</i>	149599.3	114054.3	115990.2	-23.8	1.7
General Government	139015.9	103907.6	92601.8	-25.3	-10.9
<i>Drawings</i>	162576.3	127176.2	122017.7	-21.8	-4.1
<i>Repayments</i>	-23560.4	-23268.6	-29415.9	-1.2	26.4
Other Sectors	10583.4	10146.7	23388.3	-4.1	130.5
<i>Drawings</i>	12662.9	13205.6	29471.0	4.3	123.2
<i>Repayments</i>	-2079.5	-3058.9	-6082.6	47.1	98.9
<i>Currency & Deposits</i>	33706.2	-3903.8	37487.4	-	-
Nepal Rastra Bank	26.0	22.6	-43.7	-13.0	-
Deposit Money Banks	33680.2	-3926.4	37531.1	-	-
<i>Other Liabilities</i>	30.3	-6.7	36561.0	-	-
Total (Group A through C)	259198.5	-87736.4	-300313.8	-	242.3
D. Miscellaneous Items, Net	56917.2	85059.4	119103.1	49.4	40.0
Total (Group A through D)	316115.7	-2677.0	-181210.7	-	-
E. Reserves & Related Items	-316115.7	2677.0	181210.7	-	-
Reserve Assets	-315244.7	2677.0	181210.7	-	-
<i>Nepal Rastra Bank</i>	-276220.9	-18889.3	186042.6	-93.2	-
<i>Deposit Money Banks</i>	-39023.8	21566.3	-4831.9	-	-
Use of Fund Credit and Loans	-871.0	0.0	0.0	-	-
Changes in Reserve Net (- increase)	-282409.5	-1226.7	255259.1	-	-

R= Revised, P= Provisional

Table 17
Gross Foreign Exchange Reserve (mid-July)

	Rs.in Million			Percent Change	
	2020	2021	2022 ^P	2020/21	2021/22 ^P
Nepal Rastra Bank	1226122.3	1244633.6	1056394.6	1.5	-15.1
Convertible	921000.7	925919.4	783819.6	0.5	-15.3
Inconvertible	305121.6	318714.2	272575.0	4.5	-14.5
Commercial Banks	175713.9	154391.7	159407.5	-12.1	3.2
Convertible	161285.7	137938.9	144563.9	-14.5	4.8
Inconvertible	14428.2	16452.8	14843.6	14.0	-9.8
Total Reserve	1401836.3	1399025.3	1215802.2	-0.2	-13.1
Convertible	1082286.4	1063858.3	928383.5	-1.7	-12.7
Inconvertible	319549.8	335167.0	287418.7	4.9	-14.2
	US dollars in Million			Percent Change	
Nepal Rastra Bank	10186.3	10455.6	8284.8	2.6	-20.8
Convertible	7651.4	7778.2	6147.1	1.7	-21.0
Inconvertible	2534.9	2677.4	2137.7	5.6	-20.2
Commercial Banks	1459.8	1297.0	1250.2	-11.2	-3.6
Convertible	1339.9	1158.8	1133.7	-13.5	-2.2
Inconvertible	119.9	138.2	116.4	15.3	-15.8
Total Reserve	11646.1	11752.6	9535.0	0.9	-18.9
Convertible	8991.3	8937.0	7280.9	-0.6	-18.5
Inconvertible	2654.7	2815.6	2254.1	6.1	-19.9

P; Provisional

Table 18
International Investment Position (IIP)

S.N.	Items	As of Mid July		
		2020 ^R	2021 ^R	2022 ^P
A	Assets	1,467,785.6	1,481,123.9	1,330,654.4
1	Direct Investment	-	-	-
2	Portfolio Investment	-	-	-
3	Other Investments	193,571.9	182,220.7	185,975.1
	Other equity	11,529.9	13,193.7	12,809.3
	Currency and deposits	87,628.2	75,391.7	86,132.1
	Loans	869.0	861.7	1,024.4
	Trade credit and advances	6,083.4	15,881.7	14,255.6
	Other account receivable	87,461.5	76,891.8	71,753.8
4	Official Reserve Assets	1,274,213.7	1,298,903.2	1,144,679.3
B	Liabilities	1,214,285.6	1,401,003.4	1,588,272.6
1	Direct Investment	198,520.8	227,946.9	246,507.2
2	Portfolio Investment	-	-	-
3	Other Investments	1,015,764.9	1,173,056.5	1,341,765.4
	Other equity	-	-	-
	Currency and deposits	69,764.7	55,851.2	58,217.3
	Loans	852,518.2	988,754.0	1,128,450.9
	Trade credit and advances	82,238.3	116,853.4	118,482.6
	Other account payable	44.6	35.3	53.6
	Special drawing rights	11,199.0	11,562.6	36,561.0
	Net IIP	253,499.9	80,120.5	-257,618.2

R: Revised

P: Provisional

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

Headings	Amount			Percent Change	
	2019/20*	2020/21	2021/22	2020/21	2021/22 ^p
Total Expenditure	104889.8	1160271.1	1255839.3	10.6	8.2
Recurrent	778,779.70	841,378.20	-	8.04	-
a. Domestic Resources	732,618.20	746,684.60	-	1.92	-
b. Foreign Loans	37,379.80	73,265.60	-	96.00	-
c. Foreign Grants	8,781.70	21,428.00	-	144.01	-
Capital	178,727.00	217,766.80	-	21.84	-
a. Domestic Resources	135,861.90	152,107.20	-	11.96	-
b. Foreign Loans	39,326.40	59,262.30	-	50.69	-
c. Foreign Grants	3,538.70	6,397.30	-	80.78	-
Financial	91,383.10	101,126.10	-	10.66	-
a. Domestic Resources	91,383.10	85,804.60	-	(6.10)	-
b. Foreign Loans	-	15,321.50	-	-	-
c. Foreign Grants	-	-	-	-	-
Total Resources	772404.6	897581.5	995676.3	16.2	10.9
Revenue and Grants	724838.8	857148.5	947217.2	18.3	10.5
Revenue	794851.2	935887.1	1067958.8	17.7	14.1
Federal Government	705498.2	824375.7	940118.6	16.9	14.0
Province and Local Govt.(Transferable)	89353.0	111511.4	127840.2	24.8	14.6
Foreign Grants	19340.6	32772.8	7098.6	69.5	-78.3
Other Receipts	47565.8	40433.0	48459.1	-15.0	19.9
Deficits(-) Surplus(+)	-276485.2	-262689.6	-260163.0	-5.0	-1.0
Sources of Financing	342456.9	321342.8	318489.0	-6.2	-0.9
Internal Loans	193485.5	222778.8	219620.5	15.1	-1.4
Domestic Borrowings	194642.4	224009.2	231303.0	15.1	3.3
(i) Treasury Bills	93000.0	90000.0	103916.6	-3.2	15.5
(ii) Development Bonds	100000.0	130000.0	124500.0	30.0	-4.2
(iii) National Savings Certificates	0.0	0.0	0.0	-	-
(iv) Citizen Saving Certificates	1605.2	3953.9	2829.8	146.3	-28.4
(v) Foreign Employment Bond	37.1	55.2	56.7	48.8	2.6
Overdrafts	-	-	-	-	-
Others	-1156.9	-1230.4	-11682.5	6.4	849.5
Principal Refund and Share Divestment	1788.2	3223.5	2938.5	80.3	-8.8
Foreign Loans	147183.2	95340.5	95930.0	-35.2	0.6
Total resources available to the Government	65971.7	58653.2	58326.0	-11.1	-0.6
Province Government Expenditure	153871.0	188750.3	185629.1	22.7	-1.7
Province Government Resources+++	148825.8	160048.8	201204.5	7.5	25.7
Grant and Revenue Transfer from Federal Government	109332.4	118689.0	153245.4	8.6	29.1
Revenue and Recovery	39493.4	41359.8	47959.1	4.7	16.0
Deficit (-)/Surplus (+) of Province Government	-5045.2	-28701.5	15575.4	-	-154.3
Change in Balance of Local Government	16165.6	15446.9	-51832.2	-4.4	-435.6
Balance of Govt. Office Account	-1933.8	12550.7	6863.8	-749.0	-45.3
V. A. T. Fund Account	-64.5	-89.1	-141.1	38.1	58.4
Customs Fund Account	(793.30)	331.70	2,624.30	141.81	691.17
Reconstruction Fund Account	0.0	0.0	0.0	-	-
Others	-1076.0	12308.1	4380.6	-1243.9	-64.4
Current Balance (-Surplus)	75158.3	57949.3	28933.0	-22.9	-50.1
Last year's Cash Balance in the Treasury	65653.7	140812.0	198761.3	114.5	41.2
Adjustment	0.0	0.0	0.0	-	-
Cash Balance of General Government	140812.0	198761.3	227694.3	41.2	14.6

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

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

++ Includes 20% Local Govt. Deposit With NRB which is 27.83 billion

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

Table 20
Revenue Collection of GON

Heading	Amount			Growth Rate		Composition	
	2019/20	2020/21^R	2021/22^P	2020/21	2021/22	2020/21	2021/22^P
Value Added Tax	224016.5	282019.1	314279.1	25.9	11.4	28.8	28.2
Customs	137990.3	223862.1	241781.1	62.2	8.0	22.9	21.7
Income Tax	219741.2	230077.3	260085.4	4.7	13.0	23.5	23.3
Excise	100626.9	133780.5	166777.7	32.9	24.7	13.7	14.9
Educational Service Tax	583.8	367.6	1240.9	-37.0	237.5	0.0	0.1
Other Tax*	17096.8	0.0	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	93691.2	68214.4	83794.4	-27.2	22.8	7.0	7.5
Total Revenue	793746.6	938321.1	1067958.6	18.2	13.8	95.9	95.7
Other Receipts	47565.8	40433.0	48459.1	-15.0	19.9	4.1	4.3
Total Revenue/Receipts	841312.4	978754.1	1116417.7	16.3	14.1	100.0	100.0

* Other tax includes road maintenance and improvement duty, road construction and maintenance duty, firm and agency registration fee and ownership certificate charges.

P: Provisional

R: Revised

Source: Ministry of Finance (MOF)

Table 21
Outstanding Domestic Debt of GON

S.N.	Instruments and Ownership	Amount			Amount Change		Percentage Change	
		2019/20	2020/21	2021/22 ^R	2020/21	2021/22 ^R	2020/21	2021/22 ^R
1	Treasury Bills	215218.1	279591.5	354508.0	64373.4	74916.5	29.9	26.8
	a. Nepal Rastra Bank	21319.9	15473.3	15128.3	-5846.6	-345.0	-27.4	-2.2
	b. Commercial Banks	183326.9	235282.1	323987.7	51955.2	88705.7	28.3	37.7
	c. Development Banks	9572.1	19063.6	10760.0	9491.5	-8303.6	99.2	-43.6
	d. Finance Companies	719.2	9402.6	4132.0	8683.4	-5270.6	1207.4	-56.1
2	Development Bond	389947.0	513947.0	620447.0	124000.0	106500.0	31.8	20.7
	a. Nepal Rastra Bank	43556.5	41129.0	33457.0	-2427.5	-7672.0	-5.6	-18.7
	b. Commercial Banks	308055.3	416359.6	504842.5	108304.3	88482.9	35.2	21.3
	c. Development Banks	21815.6	37694.7	58225.4	15879.1	20530.7	72.8	54.5
	d. Finance Companies	11904.4	13038.6	18050.4	1134.2	5011.9	9.5	38.4
3	Citizen Saving Bond	7642.0	6595.9	9140.0	-1046.1	2544.1	-13.7	38.6
	a. Nepal Rastra Bank (Secondary Market)	1945.6	181.2	3001.4	-1764.4	2820.2	-90.7	1556.7
	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	-	-
4	Foreign Employment Bond	405.0	185.7	190.2	-219.3	4.5	-54.2	2.4
	a. Nepal Rastra Bank	10.7	3.0	3.0	-7.7	0.0	-72.0	0.0
	b. Others	394.3	182.7	187.2	-211.6	4.5	-53.7	2.5
5	Total Domestic Debt	613212.0	800320.1	984285.2	187108.1	183965.2	30.5	23.0
	a. Nepal Rastra Bank	66832.7	56786.5	51589.7	-10046.2	-5196.8	-15.0	-9.2
	b. Commercial Banks	491382.2	651641.6	828830.2	160259.4	177188.6	32.6	27.2
	c. Development Banks	31387.7	56758.3	68985.4	25370.6	12227.2	80.8	21.5
	d. Finance Companies	12623.6	22441.2	22182.4	9817.6	-258.7	77.8	-1.2
6	Balance at NRB (Overdraft (+)/Surplus(-)	140812.0	198761.3	227694.3	-57949.3	-28933.0	41.2	14.6

Memorandum Item

<i>a. IMF Promissory Note</i>	485.9	3673.7	53770.6
<i>b. Foreign Debt</i>	813973.9	934147.1	1027297.1
<i>c. Total Public Debt (Excluding IMF Promissory Note)</i>	1427185.9	1734467.2	2011582.3

Table 22
Monetary Survey

(Rs.in Million)

	Mid-July			Annual Change			
				2020/21		2021/22 ^P	
	2020	2021 ^R	2022 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1328349.0	1335620.1	1112363.6	1226.7 ¹	0.1	-255259.1 ²	-19.1
1.1 Foreign Assets	1449927.6	1453294.9	1304086.8	3367.3	0.2	-149208.1	-10.3
1.2 Foreign Currency Deposits	121578.6	117674.8	191723.2	-3903.8	-3.2	74048.4	62.9
(a) Deposits	106693.2	91794.6	97100.7	-14898.7	-14.0	5306.1	5.8
(b) Other	14885.3	25880.2	94622.6	10994.9	73.9	68742.3	265.6
2. Net Domestic Assets	2902620.7	3819233.1	4393037.2	922656.7 ¹	31.8	605806.7 ²	15.9
2.1 Domestic Credit	3897627.9	4955476.5	5671677.1	1057848.6	27.1	716200.5	14.5
(a) Net Claims on Government	461404.1	588866.2	743893.4	127462.1	27.6	155027.2	26.3
Claims on Government	602216.1	787627.5	971587.8	185411.4	30.8	183960.2	23.4
Government Deposits	140812.0	198761.3	227694.3	57949.3	41.2	28933.0	14.6
(b) Claims on Non-Financial Govt Enterprises	8702.6	7512.6	3783.9	-1190.0	-13.7	-3728.7	-49.6
(c) Claims on Financial Enterprises	150629.2	219542.3	235000.7	68913.1	45.8	15458.5	7.0
Government	1560.4	1615.7	1564.5	55.3	3.5	-51.2	-3.2
Non-Government.	149068.7	217926.6	233436.3	68857.9	46.2	15509.7	7.1
(D) Claims on Private Sector	3276892.0	4139555.4	4688998.9	862663.4	26.3	549443.5	13.3
2.2 Net Non-Monetary Liabilities	995007.1	1136243.4	1278639.9	135192.0 ¹	13.6	110393.8 ²	9.7
3. Broad Money Supply (M2)	4230969.8	5154853.2	5505400.8	923883.4	21.8	350547.6	6.8
3.1 Money Supply (M1+)	2368304.5	2964265.4	2652266.1	595960.8	25.2	-311999.3	-10.5
(a) Money Supply (M1)	856260.8	1049410.2	948113.4	193149.3	22.6	-101296.8	-9.7
Currency	490396.4	571971.8	505902.9	81575.4	16.6	-66068.9	-11.6
Demand Deposits	365864.4	477438.4	442210.5	111574.0	30.5	-35227.9	-7.4
(b) Saving & Call Deposits	1512043.7	1914855.2	1704152.7	402811.5	26.6	-210702.5	-11.0
3.2 Time Deposits	1862665.2	2190587.8	2853134.7	327922.5	17.6	662546.9	30.2
4. Broad Money Liquidity (M3)	4337663.0	5246647.7	5602501.5	908984.7	21.0	355853.8	6.8

P = Provisional

1 Adjusting exchange valuation gain of Rs 6,044.3

2 Adjusting exchange valuation gain of Rs.32,002.6

Table 23
Central Bank Survey

(Rs.in Million)

	Mid-July			Annual Change			
				2020/21		2021/22 ^p	
	2020	2021	2021 ^p	Amount	Percent	Amount	Percent
1. Foreign Assets	1274213.7	1298903.2	1144679.3	24689.5	1.9	-154223.9	-11.9
1.1 Gold Investment	44996.9	51132.9	60042.2	6136.0	13.6	8909.3	17.4
1.2 SDR Holdings	420.1	419.9	25568.3	-0.2	0.0	25148.4	-
1.3 IMF Reserve Position	2674.4	2716.7	2674.1	42.3	1.6	-42.6	-1.6
1.4 Foreign Exchange	1226122.3	1244633.6	1056394.6	18511.3	1.5	-188239.0	-15.1
2. Claims on Government	66822.5	56786.5	51589.7	-10036.0	-15.0	-5196.8	-9.2
2.1 Treasury Bills	21319.9	15473.3	15128.3	-5846.6	-27.4	-345.0	-2.2
2.2 Development Bonds	43556.5	41129.0	33457.0	-2427.5	-5.6	-7672.0	-18.7
2.3 Other Government Securities	1946.1	184.2	3004.4	-1761.9	-90.5	2820.2	-
2.4 Loans and Advances	0.0	0.0	0.0	0.0		0.0	
3. Claims on Non-Financial Government Enterprises	31.0	33.6	33.6	2.6	8.5	0.0	0.0
4. Claims on Non-Financial Institutions	577.7	643.7	643.7	66.0	11.4	0.0	0.0
4.1 Government Institutions	577.7	643.7	643.7	66.0	11.4	0.0	0.0
4.2 Non-Government Institutions	0.0	0.0	0.0	0.0		0.0	
5. Claims on Banks and Financial Institutions	7487.5	122703.9	270063.7	115216.5	1538.8	147359.8	120.1
5.1 Refinance	7487.5	122703.9	111961.2	115216.5	1538.8	-10742.7	-8.8
5.2 Repo Lending and SLF	0.0	0.0	158102.5	0.0		158102.5	
6. Claims on Private Sector	3515.7	3395.0	6558.1	-120.7	-3.4	3163.1	93.2
7. Other Assets	60458.0	73546.7	61600.2	13088.7	21.6	-11946.6	-16.2
Assets = Liabilities	1413106.1	1556012.8	1535168.4	142906.7	10.1	-20844.3	-1.3
8. Reserve Money	885865.9	931591.4	825695.9	45725.5	5.2	-105895.5	-11.4
8.1 Currency Outside ODCs	490396.4	571971.8	505902.9	81575.4	16.6	-66068.9	-11.6
8.2 Currency Held by ODCs	91393.7	99629.2	108250.2	8235.5	9.0	8621.0	8.7
8.3 Deposits of Commercial Banks	274907.3	229681.9	180720.7	-45225.5	-16.5	-48961.1	-21.3
8.4 Deposits of Development Banks	17466.2	14003.0	13564.9	-3463.2	-19.8	-438.0	-3.1
8.5 Deposits of Finance Companies	4163.1	4358.9	3427.9	195.8	4.7	-931.0	-21.4
8.6 Other Deposits	7539.2	11946.7	13829.3	4407.5	58.5	1882.6	15.8
9. Govt. Deposits	140812.0	198761.3	227694.3	57949.3	41.2	28933.0	14.6
10. Deposit Auction	0.0	0.0	0.0	0.0		0.0	
11. Reverse Repo	0.0	0.0	0.0	0.0		0.0	
12. NRB Bond	0.0	0.0	0.0	0.0		0.0	
13. Foreign Liabilities	109.6	132.2	36649.6	22.6	20.6	36517.3	-
13.1 Foreign Deposits	109.6	132.2	88.5	22.6	20.6	-43.7	-33.1
13.2 IMF Trust Fund	0.0	0.0	0.0	0.0		0.0	
13.3 Use of Fund Resources	0.0	0.0	0.0	0.0		0.0	
13.4 SAF	0.0	0.0	0.0	0.0		0.0	
13.5 ESAF	0.0	0.0	0.0	0.0		0.0	
13.6 ECF	0.0	0.0	0.0	0.0		0.0	
13.7 RCF	0.0	0.0	0.0	0.0		0.0	
13.8 CSI	0.0	0.0	36561.0	0.0		36561.0	
14. Capital and Reserve	295357.3	348295.5	390656.9	52938.2	17.9	42361.4	12.2
15. Other Liabilities	90961.2	77232.3	54471.8	-13728.9	-15.1	-22760.6	-29.5

Memorandum Items

Net Foreign Assets	1274104.0	1298771.0	1108029.7	18866.7 ^l	1.5	-222559.9 ²	-17.1
Net Domestic Assets	-388238.1	-367179.6	-282333.8	26858.8 ^l	-6.9	116664.4 ²	-31.8
Other Items Net	325860.5	351981.1	383528.4	20320.3 ^l	6.2	-271.3 ²	-0.1

P = Provisional

1 Adjusting exchange valuation gain of Rs 5,800.3

2 Adjusting exchange valuation gain of Rs.31,818.7

Table 24
Condensed Assets and Liabilities of BFIs

	Mid-July			Annual Change			
				2020/21		2021/22 ^P	
	2020	2021	2022 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	3839727.4	4662729.3	5082769.3	823001.9	21.4	420040.0	9.0
1.1 Demand Deposits	385837.9	486192.6	451151.3	100354.7	26.0	-35041.3	-7.2
(a) Domestic Deposits	358325.2	465491.7	428381.2	107166.5	29.9	-37110.6	-8.0
(b) Foreign Deposits	27512.6	20700.8	22770.1	-6811.8	-24.8	2069.3	10.0
1.2 Saving Deposits	1224454.9	1593008.3	1402175.9	368553.3	30.1	-190832.4	-12.0
(a) Domestic Deposits	1212050.4	1578479.1	1389415.6	366428.7	30.2	-189063.5	-12.0
(b) Foreign Deposits	12404.5	14529.2	12760.3	2124.6	17.1	-1768.9	-12.2
1.3 Fixed Deposits	1867838.8	2189914.5	2837429.9	322075.7	17.2	647515.4	29.6
(a) Domestic Deposits	1838770.8	2157760.3	2800271.3	318989.6	17.3	642511.0	29.8
(b) Foreign Deposits	29068.1	32154.2	37158.5	3086.1	10.6	5004.3	15.6
1.4 Call Deposits	337701.3	360786.5	339148.9	23085.2	6.8	-21637.6	-6.0
(a) Domestic Deposits	299993.3	336376.1	314737.2	36382.8	12.1	-21638.9	-6.4
(b) Foreign Deposits	37708.0	24410.4	24411.8	-13297.6	-35.3	1.4	0.0
1.5 Margin Deposits	23894.5	32827.5	52863.3	8933.0	37.4	20035.9	61.0
2. Borrowings from NRB	7487.5	122703.9	270063.7	115216.5	1538.8	147359.8	120.1
3. Foreign Liabilities	14775.7	25748.0	57973.0	10972.3	74.3	32225.0	125.2
4. Other Liabilities	975330.6	1185000.6	1244169.9	209669.9	21.5	59169.4	5.0
4.1 Paid-up Capital	331602.8	365763.5	407837.6	34160.8	10.3	42074.0	11.5
4.2 General Reserves	246222.3	287790.8	315540.8	41568.5	16.9	27750.0	9.6
4.3 Debentures	53676.0	100380.3	136839.1	46704.3	87.0	36458.9	36.3
4.4 Other Liabilities	343829.6	431065.9	383952.4	87236.4	25.4	-47113.5	-10.9
Assets = Liabilities	4837321.2	5996181.8	6654975.9	1158860.6	24.0	658794.2	11.0
5. Liquid Funds	563643.9	502055.9	465361.0	-61587.9	-10.9	-36694.9	-7.3
5.1 Cash in Hand	91393.7	99629.2	108250.2	8235.5	9.0	8621.0	8.7
5.2 Balance with NRB	296536.6	248043.8	197713.6	-48492.8	-16.4	-50330.2	-20.3
5.3 Foreign Currency in Hand	4686.7	2736.1	3390.2	-1950.6	-41.6	654.1	23.9
5.4 Balance Held Abroad	171011.4	151631.3	155995.2	-19380.0	-11.3	4363.9	2.9
5.5 Cash in Transit	15.5	15.5	11.9	0.0	0.0	-3.6	-23.3
6. Loans and Advances	3967508.9	5093403.2	5840568.3	1125894.3	28.4	747165.1	14.7
6.1 Claims on Government	535393.6	730841.0	919998.0	195447.4	36.5	189157.0	25.9
6.2 Claims on Non-Financial Government Enterprises	8671.6	7479.0	3750.3	-1192.6	-13.8	-3728.7	-49.9
6.3 Claims on Financial Enterprises	150051.4	218898.6	234357.0	68847.1	45.9	15458.5	7.1
Government	982.7	972.0	920.8	-10.7	-1.1	-51.2	-5.3
Non-Government	149068.7	217926.6	233436.3	68857.9	46.2	15509.7	7.1
6.4 Claims on Private Sector	3273376.3	4136160.4	4682440.8	862784.1	26.4	546280.4	13.2
Principal	3209791.0	4084810.2	4621095.7	875019.2	27.3	536285.5	13.1
Non-financial Private Corporations	2007526.8	2597215.9	2926802.2	589689.1	29.4	329586.3	12.7
Households	1202264.3	1487594.3	1694293.5	285330.0	23.7	206699.2	13.9
Interest Accrued	63585.3	51350.2	61345.1	-12235.1	-19.2	9994.9	19.5
6.5 Foreign Bills Purchased & Discounted	15.9	24.2	22.1	8.3	52.3	-2.1	-8.7
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	306168.5	400722.7	349046.6	94554.2	30.9	-51676.1	-12.9

P = Provisional

Table 25
Condensed Assets and Liabilities of Commercial Banks

(Rs.in Million)

Headings	2020	2021	2022	Changes during the fiscal year			
	Mid Jul	Mid Jul (R)	Mid Jul (P)	2020/21		2021/22 ^P	
				Amount	Percent	Amount	Percent
1. Total Deposits	3465151.0	4167463.3	4525619.6	702312.2	20.3	358156.3	8.6
1.1 Demand Deposits	388445.9	474641.4	442501.5	86195.5	22.2	-32139.8	-6.8
a. Domestic Deposits	360935.1	453926.9	419717.4	92991.8	25.8	-34209.5	-7.5
b. Foreign Deposits	27510.8	20714.5	22784.1	-6796.3	-24.7	2069.6	10.0
1.2 Saving Deposits	1087516.8	1426354.1	1261714.2	338837.2	31.2	-164639.9	-11.5
a. Domestic Deposits	1075115.7	1411828.1	1248958.7	336712.5	31.3	-162869.5	-11.5
b. Foreign Deposits	12401.2	14526.0	12755.6	2124.8	17.1	-1770.4	-12.2
1.3 Fixed Deposits	1633374.2	1896158.5	2439039.7	262784.3	16.1	542881.2	28.6
a. Domestic Deposits	1604306.1	1864001.8	2401881.2	259695.7	16.2	537879.4	28.9
b. Foreign Deposits	29068.1	32156.7	37158.5	3088.6	10.6	5001.8	15.6
1.4 Call Deposits	332086.9	337684.2	329727.9	5597.4	1.7	-7956.3	-2.4
a. Domestic Deposits	294378.8	313273.2	305315.4	18894.3	6.4	-7957.8	-2.5
b. Foreign Deposits	37708.0	24411.1	24412.5	-13296.9	-35.3	1.5	0.0
1.5 Margin Deposits	23727.3	32625.0	52636.2	8897.8	37.5	20011.1	61.3
2. Borrowings from Nepal Rastra Bank	7305.8	113365.5	240011.5	106059.7	1451.7	126646.1	111.7
3. Foreign Liabilities	14775.7	25748.0	57973.0	10972.3	74.3	32225.0	125.2
4. Other Liabilities	882356.4	1085949.9	1132473.2	203593.5	23.1	46523.3	4.3
4.1 Paid-up Capital	285293.4	320629.1	356095.4	35335.6	12.4	35466.4	11.1
4.2 General Reserves	223379.8	263123.0	287025.3	39743.3	17.8	23902.2	9.1
4.3 Debentures	53226.0	98433.5	130392.2	45207.6	84.9	31958.7	32.5
4.4 Other Liabilities	320457.2	403764.2	358960.3	83307.0	26.0	-44804.0	-11.1
Assets = Liabilities	4369588.9	5392526.6	5956077.3	1022937.7	23.4	563550.7	10.5
5. Liquid Funds	532194.2	474058.6	439269.5	-58135.6	-10.9	-34789.1	-7.3
5.1 Cash in Hand	81731.8	90132.9	99279.4	8401.1	10.3	9146.5	10.1
5.2 Balance with Nepal Rastra Bank	274907.3	229681.9	180720.7	-45225.5	-16.5	-48961.1	-21.3
5.3 Foreign Currency in Hand	4534.0	2660.2	3267.2	-1873.8	-41.3	607.0	22.8
5.4 Balance Held Abroad	171006.1	151568.6	155990.8	-19437.5	-11.4	4422.2	2.9
5.5 Cash in Transit	15.0	15.0	11.4	0.0	0.0	-3.6	-24.0
6. Loans and Advances	3540520.0	4536868.9	5191736.4	996348.9	28.1	654867.5	14.4
6.1 Claims on Government	491382.3	651641.6	828830.2	160259.3	32.6	177188.6	27.2
6.2 Claims on Non-Financial Government Enterprises	7919.3	7333.0	3636.6	-586.3	-7.4	-3696.4	-50.4
6.3 Claims on Financial Enterprises	140540.1	195313.1	204044.4	54772.9	39.0	8731.3	4.5
a. Government	982.7	972.0	920.8	-10.7	-1.1	-51.2	-5.3
b. Non-Government	139557.4	194341.1	203123.6	54783.6	39.3	8782.5	4.5
6.4 Claims on Private Sector	2900662.4	3682557.0	4155203.1	781894.6	27.0	472646.0	12.8
a. Principal	2850128.2	3642346.0	4106414.5	792217.9	27.8	464068.4	12.7
i. Non-financial Private Corporations	1919682.4	2494309.0	2784850.4	574626.6	29.9	290541.4	11.6
ii. Households	930445.7	1148037.0	1321564.0	217591.3	23.4	173527.0	15.1
b. Interest Accrued	50534.2	40211.0	48788.6	-10323.2	-20.4	8577.6	21.3
6.5 Foreign Bills Purchased & Discounted	15.9	24.2	22.1	8.3	52.3	-2.1	-8.7
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	296874.7	381599.1	325071.4	84724.4	28.5	-56527.7	-14.8

R = Revised

P = Provisional

Table 26
Condensed Assets and Liabilities of Development Banks

Headings	2020	2021	2022	Changes during the fiscal year			
	Mid Jul	Mid Jul (R)	Mid Jul (P)	2020/21		2021/22 ^P	
	Amount	Percent	Amount	Percent			
1. Total Deposits	351960.2	441460.5	495973.0	89500.3	25.4	54512.5	12.3
1.1 Demand Deposits	9178.6	13589.8	9456.1	4411.2	48.1	-4133.7	-30.4
a. Domestic Deposits	9176.7	13588.0	9454.0	4411.3	48.1	-4134.0	-30.4
b. Foreign Deposits	1.9	1.8	2.2	0.0	-0.3	0.3	17.7
1.2 Saving Deposits	113123.0	140720.2	120608.5	27597.2	24.4	-20111.7	-14.3
a. Domestic Deposits	113119.7	140717.0	120603.8	27597.3	24.4	-20113.2	-14.3
b. Foreign Deposits	3.4	3.2	4.7	-0.1	-4.4	1.5	47.3
1.3 Fixed Deposits	187415.9	243409.0	327124.9	55993.2	29.9	83715.8	34.4
a. Domestic Deposits	187415.9	243409.0	327124.9	55993.2	29.9	83715.8	34.4
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.4 Call Deposits	42077.5	43551.7	38577.2	1474.3	3.5	-4974.6	-11.4
a. Domestic Deposits	42077.5	43551.7	38577.2	1474.3	3.5	-4974.6	-11.4
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.5 Margin Deposits	165.2	189.7	206.3	24.5	14.8	16.6	8.7
2. Borrowings from Nepal Rastra Bank	135.9	7582.5	20091.1	7446.6	5479.4	12508.7	165.0
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	60047.7	69298.3	83459.1	9250.6	15.4	14160.8	20.4
4.1 Paid-up Capital	31964.1	32101.8	36993.6	137.7	0.4	4891.8	15.2
4.2 General Reserves	14569.9	17070.3	19794.3	2500.5	17.2	2723.9	16.0
4.3 Debentures	0.0	1000.0	5500.0	1000.0		4500.0	450.0
4.4 Other Liabilities	13513.7	19126.2	21171.3	5612.5	41.5	2045.1	10.7
Assets = Liabilities	412143.8	518341.3	599523.2	106197.5	25.8	81181.9	15.7
5. Liquid Funds	25389.0	22145.0	21074.9	-3244.0	-12.8	-1070.1	-4.8
5.1 Cash in Hand	7765.0	8058.7	7382.5	293.7	3.8	-676.1	-8.4
5.2 Balance with Nepal Rastra Bank	17466.2	14003.0	13564.9	-3463.2	-19.8	-438.0	-3.1
5.3 Foreign Currency in Hand	152.5	75.8	122.9	-76.7	-50.3	47.1	62.1
5.4 Balance Held Abroad	5.3	7.5	4.5	2.2	42.6	-3.1	-40.7
5.5 Cash in Transit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Loans and Advances	378970.8	481229.8	561699.9	102258.9	27.0	80470.1	16.7
6.1 Claims on Government	31387.7	56758.3	68985.4	25370.6	80.8	12227.2	21.5
6.2 Claims on Non-Financial Government Enterprises	366.6	0.6	0.6	-366.0	-99.8	0.0	4.2
6.3 Claims on Financial Enterprises	56719.7	47650.5	63170.6	-9069.1	-16.0	15520.0	32.6
a. Government	0.0	0.0	0.0	0.0		0.0	
b. Non-Government	56719.7	47650.5	63170.6	-9069.1	-16.0	15520.0	32.6
6.4 Claims on Private Sector	290496.9	376820.4	429543.3	86323.5	29.7	52722.9	14.0
a. Principal	286801.5	374184.2	426074.8	87382.7	30.5	51890.6	13.9
i. Non-financial Private Corporations	67935.5	84804.7	118683.7	16869.2	24.8	33879.0	39.9
ii. Households	218866.0	289379.5	307391.1	70513.5	32.2	18011.6	6.2
b. Interest Accrued	3695.4	2636.2	3468.4	-1059.2	-28.7	832.3	31.6
6.5 Foreign Bills Purchased & Discounted	0.0	0.0	0.0	0.0		0.0	
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	7783.9	14966.5	16748.4	7182.6	92.3	1781.9	11.9

P = Provisional

Table 27
Condensed Assets and Liabilities of Finance Companies

Headings	2020	2021	2022	Changes during the fiscal year			
	Mid Jul	Mid Jul (R)	Mid Jul (P)	2020/21		2021/22 ^P	
	Amount	Percent	Amount	Percent			
1. Total Deposits	86837.0	87261.3	102837.4	424.3	0.5	15576.1	17.8
1.1 Demand Deposits	4253.2	2867.1	3179.4	-1386.1	-32.6	312.3	10.9
a. Domestic Deposits	4253.2	2867.1	3179.4	-1386.1	-32.6	312.3	10.9
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.2 Saving Deposits	23816.1	25934.5	19853.3	2118.5	8.9	-6081.3	-23.4
a. Domestic Deposits	23816.1	25934.5	19853.3	2118.5	8.9	-6081.3	-23.4
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.3 Fixed Deposits	49766.4	50528.9	71745.3	762.5	1.5	21216.3	42.0
a. Domestic Deposits	49766.4	50528.9	71745.3	762.5	1.5	21216.3	42.0
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.4 Call Deposits	8999.3	7918.0	8038.6	-1081.2	-12.0	120.6	1.5
a. Domestic Deposits	8999.3	7918.0	8038.6	-1081.2	-12.0	120.6	1.5
b. Foreign Deposits	0.0	0.0	0.0	0.0		0.0	
1.5 Margin Deposits	2.0	12.7	20.9	10.7	525.5	8.2	64.4
2. Borrowings from Nepal Rastra Bank	45.8	1756.0	9961.1	1710.2	3736.9	8205.1	467.3
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	37503.5	37005.9	38991.2	-497.6	-1.3	1985.3	5.4
4.1 Paid-up Capital	14345.2	13032.7	14748.6	-1312.5	-9.1	1715.9	13.2
4.2 General Reserves	8272.7	7597.4	8721.3	-675.2	-8.2	1123.9	14.8
4.3 Debentures	450.0	946.7	946.9	496.7	110.4	0.2	0.0
4.4 Other Liabilities	14435.6	15429.1	14574.5	993.4	6.9	-854.6	-5.5
Assets = Liabilities	124386.3	126023.2	151789.7	1636.9	1.3	25766.5	20.4
5. Liquid Funds	6060.6	5852.4	5016.7	-208.3	-3.4	-835.6	-14.3
5.1 Cash in Hand	1896.9	1437.6	1588.3	-459.3	-24.2	150.7	10.5
5.2 Balance with Nepal Rastra Bank	4163.1	4358.9	3427.9	195.8	4.7	-931.0	-21.4
5.3 Foreign Currency in Hand	0.2	0.1	0.1	-0.1	-37.5	0.0	-41.6
5.4 Balance Held Abroad	0.0	55.3	0.0	55.3		-55.3	-100.0
5.5 Cash in Transit	0.4	0.4	0.4	0.0	0.0	0.0	0.0
6. Loans and Advances	116815.8	116013.8	139546.2	-802.0	-0.7	23532.4	20.3
6.1 Claims on Government	12623.6	22441.2	22182.4	9817.6	77.8	-258.7	-1.2
6.2 Claims on Non-Financial Government Enterprises	385.7	145.4	113.1	-240.3	-62.3	-32.3	-22.2
6.3 Claims on Financial Enterprises	21589.4	16644.3	19556.3	-4945.1	-22.9	2912.0	17.5
a. Government	0.0	0.0	0.0	0.0		0.0	
b. Non-Government	21589.4	16644.3	19556.3	-4945.1	-22.9	2912.0	17.5
6.4 Claims on Private Sector	82217.1	76783.0	97694.5	-5434.1	-6.6	20911.5	27.2
a. Principal	72861.4	68279.9	88606.4	-4581.5	-6.3	20326.5	29.8
i. Non-financial Private Corporations	19908.8	18102.2	23268.0	-1806.7	-9.1	5165.8	28.5
ii. Households	52952.6	50177.8	65338.4	-2774.8	-5.2	15160.6	30.2
b. Interest Accrued	9355.7	8503.1	9088.1	-852.6	-9.1	585.0	6.9
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	1509.9	4157.1	7226.8	2647.2	175.3	3069.7	73.8

P = Provisional

Table 28
Sectorwise Outstanding Loan of Commercial Banks

Headings	2020	2021	2022	Changes during the fiscal year			
	Mid Jul	Mid Jul (R)	Mid Jul (P)	2020/21		2021/22 ^P	
	Amount	Percent	Amount	Percent			
1. Agriculture	225772.4	324201.2	388227.3	98428.8	43.6	64026.1	19.7
2. Mining	6453.8	8655.2	8789.4	2201.5	34.1	134.2	1.6
3. Production sector	533668.2	643540.0	695093.6	109871.8	20.6	51553.7	8.0
4. Construction	347419.8	411328.5	190196.0	63908.7	18.4	-221132.5	-53.8
5. Metal Productions, Machinery, and Electrical Tools and fitting	46073.2	61989.5	72472.0	15916.4	34.5	10482.5	16.9
6. Transportation Equipment Production and Fitting	49822.0	52951.3	55598.5	3129.4	6.3	2647.2	5.0
7. Communications and Public Services	209752.9	252462.8	292149.2	42709.9	20.4	39686.4	15.7
8. Wholesale and Retailer Sellers	662828.2	836742.4	947637.5	173914.2	26.2	110895.2	13.3
9. Finance, Insurance, and Fixed Assets	252637.9	337198.1	375243.4	84560.3	33.5	38045.3	11.3
10. Service Industries	299277.4	361863.4	393407.0	62585.9	20.9	31543.6	8.7
11. Consumable Loan	91347.8	152367.4	867484.7	61019.6	66.8	715117.4	469.3
12. Local Government	1583.1	1540.2	1125.2	-42.8	-2.7	-415.0	-26.9
13. Others	539375.5	727945.0	421706.1	188569.6	35.0	-306238.9	-42.1
Total	3266011.9	4172785.0	4709130.1	906773.1	27.8	536345.1	12.9

P = Provisional

Table 29
Outstanding Amount of Refinance Facility Provided by Nepal Rastra Bank to Banks and Financial Institutions

Institutions	Fiscal Year		
	2019/20	2020/21	2021/22 ^P
Commercial Banks	7,302.91	108,867.94	96,541.62
Development Banks	138.80	7,744.48	9,051.14
Finance Companies	45.77	1,253.57	998.57
Microfinance Financial Institutions	-	4,837.94	5,369.90
Total	7,487.47	122,703.93	111,961.24

Table 30
Sources and Uses of Funds of Microfinance Institutions

Headings	Mid-July			Percentage Change	
	2020	2021 ^R	2022 ^P	2020/21	2021/22 ^P
Sources					
Capital Fund	33412.19	39092.26	50333.99	17.0	28.8
Deposits	106191.24	130425.41	159022.78	22.8	21.9
Borrowings	142092.27	207349.06	233581.54	45.9	12.7
Others	38021.27	56791.81	64335.01	49.4	13.3
Profit/Loss	5437.00	11838.63	12377.80	117.7	4.6
Sources = Uses	325153.96	445497.16	519651.11	37.0	16.6
Uses					
Liquid Fund	30379.81	28288.44	20319.62	-6.9	-28.2
Investment	10199.39	14712.52	6095.50	44.2	-58.6
Loans and Advances	262732.25	365554.02	449685.76	39.1	23.0
Others	21754.86	36929.67	43390.27	69.8	17.5
Profit/Loss	87.66	12.51	159.96	-85.7	1178.3

P: Provisional

Table 31
Sources and Uses of Funds of Insurance Companies

Headings	Mid-July			Changes			
				2020/21		2021/22 ^P	
2020	2021 ^R	2022 ^P	Amount	Percent	Amount	Percent	
Sources	-						
Paid up capital	50409.5	58750.7	66695.4	8341.2	16.5	7944.7	13.5
Reserves	363675.8	456329.1	485433.4	92653.3	25.5	29104.3	6.4
Other Liabilities	23175.6	27573.2	71997.0	4397.6	19.0	44423.8	161.1
Sources = Uses	437260.9	542653.0	624125.8	105392.1	24.1	81472.8	15.0
Uses							
Cash and bank balance	11018.6	10792.8	7975.0	-225.8	-2.0	-2817.8	-26.1
Investment	380036.2	468522.9	551310.4	88486.7	23.3	82787.5	17.7
Fixed assets	4371.9	4854.8	5524.3	482.9	11.0	669.5	13.8
Other assets	41834.2	58482.5	59316.1	16648.3	39.8	833.6	1.4
Total Uses	Fill up						

Provisional

Source: Insurance Board Nepal

Table 32
Sources and Uses of Funds of EPF

Headings	Mid-July			Changes			
				2020/21		2021/22 ^P	
	2020	2021 ^R	2022 ^P	Amount	Percent	Amount	Percent
Sources	-						
Provident Fund	349631.4	396632.9	416361.1	47001.5	13.4	19728.3	5.0
Reserves and Surplus	29703.5	39899.7	34197.4	10196.2	34.3	-5702.3	-14.3
Other Liabilities and Provisions	4674.5	6303.2	8866.2	1628.7	34.8	2563.0	40.7
Sources = Uses	384009.3	442835.8	459424.8	58826.5	15.3	16589.0	3.7
Uses							
Cash and Bank Balance	2974.5	3235.3	6487.5	260.8	8.8	3252.3	100.5
Investment	124735.3	166642.8	149609.3	41907.4	33.6	-17033.5	-10.2
Fixed Deposit	101897.5	130770.8	121411.4	28873.3	28.3	-9359.4	-7.2
Government Securities	776.0	320.0	320.0	-456.0	-58.8	0.0	0.0
Housing Project	0.0	0.0	0.0	0.0		0.0	
Investment on Shares	22061.9	34439.1	25667.9	12377.2	56.1	-8771.2	-25.5
Other Investment	0.0	1112.9	2210.0	1112.9		1097.1	98.6
Loans and Advances	252329.4	270066.9	306016.0	17737.5	7.0	30534.7	11.3
Loans to Project	61413.2	68444.3	75979.8	7031.1	11.4	7535.5	11.0
Loans to Contributors	190916.2	201622.6	224621.8	10706.4	5.6	22999.2	11.4
Fixed Assets	1250.5	1448.7	1477.6	198.3	15.9	28.9	2.0
Other Assets	2719.6	1442.1	1248.8	-1277.5	-47.0	-193.3	-13.4

R: Revised

P: Provisional

Source: Employees Provident Fund

Table 33
Sources and Uses of Funds of CIT

Headings	Mid-July			Changes			
				2020/21		2021/22 ^P	
	2020	2021 ^R	2022 ^P	Amount	Percent	Amount	Percent
Sources							
Paid up Capital	1640.7	3270.0	3270.0	1629.3	99.3	0.0	0.0
Reserve and Surplus	7685.3	16084.9	29876.9	8399.6	109.3	13792.1	85.7
Fund Collection	141299.4	160657.1	187446.0	19357.7	13.7	26789.0	16.7
Other Liabilities	10450.4	16388.4	26922.5	5938.0	56.8	10534.1	64.3
Sources = Uses	161075.8	196400.3	247515.5	35324.5	21.9	51115.1	26.0
Uses							
Liquid Assets	1153.5	2240.4	4302.4	1086.9	94.2	2062.0	92.0
Investment	101080.6	122656.9	130286.6	21576.3	21.3	7629.7	6.2
Loans and Advances	45565.0	53118.6	64636.9	7553.6	16.6	11518.2	21.7
Other Assets	13276.7	18384.4	48289.6	5107.7	38.5	29905.2	162.7

R: Revised

P: Provisional

Source: Citizen Investment Trust

Table 34
Structure of Nepalese Financial System

Headings	2019/20			2020/21 ^R			2021/22 ^P		
	Amount	Percent		Amount	Percent		Amount	Percent	
	Total Assets /Liabilities	Share	Ratio with GDP	Total Assets /Liabilities	Share	Ratio with GDP	Total Assets /Liabilities	Share	Ratio with GDP
Financial Institutions	6658347.4	87.1	171.2	8062824.6	87.2	188.5	8788033.9	86.8	181.1
Nepal Rastra Bank	1413106.1	18.5	36.3	1556012.8	16.8	36.4	1535168.4	15.2	31.6
Commercial Banks	4369588.9	57.2	112.4	5392526.6	58.3	126.1	5956077.3	58.8	122.8
Development Banks	412143.8	5.4	10.6	518341.3	5.6	12.1	599523.2	5.9	12.4
Finance Companies	124386.3	1.6	3.2	126023.2	1.4	2.9	151789.7	1.5	3.1
Microfinance Financial Institutions	325154.0	4.3	8.4	445497.2	4.8	10.4	519651.1	5.1	10.7
Nepal Infrastructure Bank	13968.4	0.2	0.4	24423.6	0.3	0.6	25824.2	0.3	0.5
Contractual Saving Institutions	982346.0	12.9	25.3	1181889.1	12.8	27.6	1331066.0	13.2	27.4
Employment Provident Fund	384009.3	5.0	9.9	442835.8	4.8	10.4	459424.8	4.5	9.5
Citizen Investment Fund	161075.8	2.1	4.1	196400.3	2.1	4.6	247515.5	2.4	5.1
Insurance Companies	437260.9	5.7	11.2	542653.0	5.9	12.7	624125.8	6.2	12.9
Postal Saving Bank	1857.0	0.0	0.0	2026.9	0.0	0.0	2810.4	0.0	0.1
Total	7642550.4	100.0	196.5	9246740.6	100.0	216.2	10121910.4	100.0	208.6
Gross Domestic Product			3888703.7			4277301.9			4851624.7
Market Capitalization of Capital Market			1792762.7			4010957.8			2869344.2
Ratio of Market Capitalization to GDP			46.1			93.8			59.1

Table 35
Stock Market Indicators

	Particulars	Mid-July		Percentage Change	
		2020	2021	2022	2020/21
1	Number of Listed Companies	212	219	234	3.3
2	Paid up Capital of Listed Companies (Rs.in million)	473389.6	573236.2	667754.0	21.1
3	Market Capitalization (Rs.in million)	1792762.7	4010957.8	2869344.2	123.7
4	Annual Turnover (Rs.in million)	150039.3	1454443.9	1202101.40	869.4
5	Number of Transaction Days	182	246	239	35.2
6	Number of Transaction Companies	268	332	362	23.9
7	Number of Transaction	1848773	15417668	14712483	733.9
8	Number of Listed Securities (in Thousand)	4827581.58	5826048.26	6771226.54	20.7
9	Number of Transacted Shares (jn Thousand)	428522	3404513	2492011	694.5
10	Ratio of Paid up Capital to GDP (percentage)	12.2	13.4	13.8	10.1
11	Ratio of Transaction Amount to Paid up Capital (percentage)	31.7	253.7	180.0	700.5
12	Ratio of Transaction Amount to Market Capitalization (percentage)	8.4	36.3	41.9	333.3
13	Ratio of Market Capitalization to GDP (percentage)	46.1	93.8	59.1	103.4
14	NEPSE Index (Closing)	1362.4	2883.4	2009.5	111.6
15	NEPSE Sensitive Index (Closing)	288.3	541.4	385.9	87.8
16	NEPSE Float Index (Closing)	95.5	200.3	139.4	109.8

Source: Nepal Stock Exchange Limited

Table 36
Securities Listed at Nepal Stock Exchange Limited

Headings	2020/21			2021/22^P		
	No. of Shares (Thousand)	Amount (Rs in million)	Share (Percentage)	No. of Shares (Thousand)	Amount (Rs in million)	Share (Percentage)
On the basis of Institutions						
Commercial Banks	619896.7	52586.8	13.0	512468.8	83841.5	35.3
Development Banks	38452.6	4745.3	1.2	47986.9	8848.7	3.7
Beema Companies	149875.3	14987.5	3.7	102946.2	10294.6	4.3
Finance Companies	11007.9	1550.8	0.4	17832.1	1783.2	0.8
Microfinance Financial Institutions	39953.8	3995.4	1.0	66666.1	6531.1	2.7
Production and Processing Companies	2892.3	289.2	0.1	6626.9	662.7	0.3
Hotels	10990.4	1099.0	0.3	0.0	0.0	0.0
Trading Companies	384.5	38.4	0.0	615.1	61.5	0.0
Hydropower	120769.2	12076.9	3.0	316545.2	31654.5	13.3
Others	67853274.2	313403.8	77.4	358782.5	93928.2	39.5
Total	68847497.0	404773.3	100.0	1430469.8	237606.0	100.0
On the basis of Securities						
Ordinary Shares	421661.0	42166.1	10.4	232821.7	23282.2	9.8
Right Shares	55177.5	5517.7	1.4	119693.6	11969.4	5.0
Bonus Shares	467373.8	46737.4	11.5	560238.3	55888.3	23.5
Government Securities	67199470.0	284947.0	70.4	89500.0	89500.0	37.7
Convertible Preference Shares	0.0	0.0	0.0	0.0	0.0	0.0
Debentures Issued by Banks	18552.4	18552.4	4.6	53216.2	53216.2	22.4
Mutual Funds	685262.4	6852.6	1.7	375000.0	3750.0	1.6
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total	68847497.0	404773.3	100.0	1430469.8	237606.0	100.0

Source: Nepal Stock Exchange Limited

Table 37
Listed Companies and Market Capitalization

Headings	Number of Listed Companies			Market Capitalization (Amount in Rs.million)						Percentage Change in Market Capitalization		
	2020 Jul	2021 Jul	2022 Jul	2020 July	2021 Jul	2022 Jul	Amount	Share	Amount	Share	Amount	Share
											2020/21	2021/22^R
Financial Institutions	147	143	146	1402330.8	78.2	2762882.2	68.9	1932240.0	67.3	97.0	-30.1	
Commercial Banks	26	26	26	868998.1	48.5	1513050.0	37.7	1053955.5	36.7	74.1	-30.3	
Development Banks	24	17	16	75570.9	4.2	168377.4	4.2	128420.3	4.5	122.8	-23.7	
Finance Companies	24	23	20	21486.9	1.2	84412.6	2.1	50824.7	1.8	292.9	-39.8	
Microfinance Financial Institutions	51	49	54	166769.5	9.3	382308.4	9.5	332474.4	11.6	129.2	-13.0	
Insurance Companies	22	28	30	269505.5	15.0	614733.9	15.3	366565.0	12.8	128.1	-40.4	
Manufacturing and Processing	19	19	19	65536.7	3.7	147671.6	3.7	123503.2	4.3	125.3	-16.4	
Hotels	4	5	5	19405.7	1.1	61413.5	1.5	45885.8	1.6	216.5	-25.3	
Trading	4	4	4	5096.0	0.3	21671.0	0.5	11790.2	0.4	325.3	-45.6	
Investment Companies		5	6			323777.7	8.1	197846.4	6.9		-38.9	
Hydropower	33	40	51	97259.6	5.4	337025.0	8.4	314232.4	11.0	246.5	-6.8	
Others	5	3	3	203134.0	11.3	356516.7	8.9	243846.2	8.5	75.5	-31.6	
Total	212	219	234	1792762.8	100.0	4010957.7	100.0	2869344.2	100.0	123.7	-28.5	

Source: Nepal Stock Exchange Limited

Appendix 1.1**Lists of BFIs Licensed for Financial Transactions**

(As in mid-July 2021)

1. Commercial Banks

S.N.	Name	Head Office	Operation Date	Paid-up Capital # (Rs.in Million)	Working Area
1	Nepal Bank Ltd.	Dharmapath, Kathmandu	1937/11/15	14,405.9	National Level
2	Agriculture Development Bank Ltd.	Ramshahpath, Kathmandu	1968/01/21	18,620.6	National Level
3	Nabil Bank Ltd.	Beena Marg, Kathmandu	1984/07/12	22,832.9	National Level
4	Nepal Investment Bank Ltd.	Durbarmarg, Kathmandu	1986/03/09	18,307.5	National Level
5	Standard Chartered Bank Nepal Ltd.	Nayabaneshwor, Kathmandu	1987/02/28	9,429.5	National Level
6	Himalayan Bank Ltd.	Kamaladi, Kathmandu	1993/01/18	12,968.7	National Level
7	Nepal SBI Bank Ltd.	Kesharmahal, Kathmandu	1993/07/07	9,825.9	National Level
8	Everest Bank Ltd.	Lazimpat, Kathmandu	1994/10/18	9,467.3	National Level
9	Kumari Bank Ltd.	Durbarmarg, Kathmandu	2001/04/03	14,711.2	National Level
10	Laxmi Bank Ltd.	Hattisar, Kathmandu	2002/04/03	11,551.3	National Level
11	Citizens Bank International Ltd.	Narayanhiti Path, Kathmandu	2007/04/20	14,201.0	National Level
12	Prime Commercial Bank Ltd.	Kamalpokhari, Kathmandu	2007/09/24	18,656.3	National Level
13	Sunrise Bank Ltd.	Gairidhara, Kathmandu	2007/10/12	10,118.9	National Level
14	Century Commercial Bank Ltd.	Putalisadak, Kathmandu	2011/03/10	9,553.9	National Level
15	Sanima Bank Ltd.	Nagpokhari, Kathmandu	2012/02/15	11,327.4	National Level
16	Machhapuchhre Bank Ltd.	Lazimpat, Kathmandu	2012/07/09*	10,257.2	National Level
17	NIC Asia Bank Ltd.	Thapathali, Kathmandu	2013/06/30*	11,564.0	National Level
18	Global IME Bank Ltd.	Kamaladi, Kathmandu	2019/09/04*	23,795.8	National Level
19	NMB Bank Ltd.	Babarmahal, Kathmandu	2019/09/28*	18,366.7	National Level
20	Prabhu Bank Ltd.	Babarmahal, Kathmandu	2016/02/12*	12,708.7	National Level
21	Siddhartha Bank Ltd.	Hattisar, Kathmandu	2016/06/21*	12,524.4	National Level
22	Bank of Kathmandu Ltd.	Kamalpokhari, Kathmandu	2016/07/14*	10,624.0	National Level
23	Civil Bank Ltd.	Sundhara Kathmandu	2016/10/17*	9,075.8	National Level
24	Nepal Credit and Commerce Bank Ltd.	Thapathali, Kathmandu	2017/01/01*	11,139.7	National Level
25	Rastriya Banijya Bank Ltd.	Singhadurbar Plaza, Kathmandu	2018/05/02*	13,940.4	National Level
26	Mega Bank Nepal Ltd.	Kamaladi, Kathmandu	2018/05/13*	16,120.5	National Level

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2022.

2. Development Banks

S.N.	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	262.5	1-3 District Level (Nawalparasi, Chitwan, Makwanpur)
2	Karnali Bikash Bank Ltd.	Nepalgunj, Banke	2004/02/18	502.8	1-5 District Level (Banke, Bardiya, Dang, Rolpa, Pyuthan)
3	Excel Development Bank Ltd.	Birtamod, Jhapa	2005/07/21	1,151.8	1-5 District Level (Ilam, Jhapa, Morang, Sunsari, Panchthar)
4	Miteri Development Bank Ltd.	Dharan, Sunsari	2006/10/13	903.4	1-5 District Level (Jhapa, Morang, Sunsari, Dhankuta, Udaypur)
5	Mukti Nath Bikas Bank Ltd.	Kamaladi, Kathmandu	2007/01/03	5,657.2	National Level
6	Corporate Development Bank Ltd.	Birgunj, Parsa	2007/11/07	500.0	1-3 District Level (Parsa, Makwanpur, Kavrepalanchowk)
7	Sindhu Bikas Bank Ltd.	Barhabise, Sindhupalchowk	2010/09/09	557.5	1-5 District Level (Sindhupalchowk, Kavrepalanchowk, Dolka, Makwanpur, Chitwan)
8	Salapa Bikash Bank Ltd.	Diktel, Khotang	2012/07/16	28.0	1 District Level (Khotang)
9	Green Development Bank Ltd.	Pokhara, Kaski	2013/08/25	519.0	1-5 District Level (Baglung, Myagdi, Kaski, Tanahu, Nawalparasi East)
10	Sangrila Development Bank Ltd.	Baluwatar, Kathmandu	2014/07/13*	3,010.7	National Level

11	Shine Resunga Development Bank Ltd.	Butwal, Rupandehi	2016/06/11*	3,781.0	National Level
12	Jyoti Bikas Bank Ltd.	Kamaladi, Kathmandu	2016/07/24*	4,267.8	National Level
13	Garima Bikas Bank Ltd.	Iazimpat, Kathmandu	2016/09/20*	4,579.9	National Level
14	Mahalaxmi Bikas Bank Ltd.	Durbar Marg, Kathmandu	2017/07/02*	4,010.9	National Level
15	Lumbini Bikas Bank Ltd.	Dillibazar, Kathmandu	2017/07/09*	3,284.3	National Level
16	Kamana Sewa Bikas Bank Ltd.	Gyaneshwor, Ktm.	2017/08/04*	3,142.6	National Level
17	Saptakoshi Development Bank Ltd.	Dhankuta, Koshi	2019/07/07*	834.30	1-7 District Level (Morang, Ilam, Panchthar, Jhapa, Sunsari, Dhankuta, Terhathum)

* Joint operation date after merger

Paid-up capital based on the financial statement of mid-July 2022.

3. Finance Companies

S.N.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs.in Million)	Working Area
1	Nepal Finance Ltd.	Kamaladi, Kathmandu	1993/01/06	725.5	National Level
2	Nepal Share Markets and Finance Ltd.	Ramshahapath, Kathmandu	1993/10/19	233.3	National Level
3	Goodwill Finance Ltd.	Hattisar, Kathmandu	1995/05/15	946.1	National Level
4	Progressive Finance Co. Ltd.	Tinkune, Kathmandu	1996/02/26	848.1	National Level
5	Janaki Finance Co. Ltd.	Janakpurdham, Dhanusha	1997/03/07	690.5	Province Level (Madhes)
6	Pokhara Finance Ltd.	Pokhara, Kaski	1997/03/16	1,040.9	National Level
7	Multipurpose Finance Co. Ltd	Rajbiraj, Saptari	1998/04/15	452.0	1-5 District Level (Saptari, Sirah, Dhanusha, Mahottari, Sarlahi)
8	Samridhi Finance Co. Ltd.	Hetauda, Makwanpur	2001/08/10	742.2	National Level
9	Capital Merchant Banking & Finance Co. Ltd.	Battisputali, Kathmandu	2002/02/01	935.1	National Level
10	Guheshwori Merchant Banking & Finance Ltd.	Pulchowk, Lalitpur	2002/06/13	950.4	National Level
11	ICFC Finance Ltd.	Bhatbhateni, Kathmandu	2004/07/15	1,127.1	National Level
12	Manjusree Financial Institution Ltd.	Nayabaneswor, Kathmandu	2007/10/17	1,351.6	National Level
13	Reliance Finance Ltd.	Pradarsani Marg, Kathmandu	2014/05/08*	1,053.0	National Level
14	Gorkhas Finance Ltd.	Dillibazar, Kathmandu	2016/04/10*	868.0	National Level
15	Shree Investment & Finance Co. Ltd.	Dillibazar, Kathmandu	2017/02/01*	958.7	National Level
16	Central Finance Ltd.	Kupandole, Lalitpur	2017/03/23*	948.9	National Level
17	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 2022.

4. Microfinance Development Banks

S.N.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs.in Million)	Working Area
MFIs Taking Deposits from Public					
1	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	Naxal, Kathmandu	1999/07/17	2,195.0	National Level
2.	Chhimek Laghubitta Bittiya Sanstha Ltd.	Old Baneshwor, Kathmandu	2001/12/10	2,324.1	National Level
Wholesale Lending MFIs					
3	RMDC Laghubitta Bittiya Sanstha Ltd.	Putalisadak, Kathmandu	1999/12/06	1,241.1	National Level
4	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.	Babarmahal, Kathmandu	2002/03/11	1,564.4	National Level
5	First Microfinance Laghubitta Bittiya Sanstha Ltd	Gyaneshwor, Kathmandu	2009/12/28	964.5	National Level
6	RSDC Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2013/09/11	805.2	National Level
Retail Lending MFIs					
7	Deprosc Laghubitta Bittiya Sanstha Ltd.	Bharatpur, Chitwan	2001/07/03	1,387.5	National Level
8	Swablaban Laghubitta Bittiya Sanstha Ltd.	Kamalpokhari , Kathmandu	2002/02/22	1,122.2	National Level
9	Nerude Laghubitta Bittiya Sanstha Ltd.	Biratnagar, Morang	2007/06/15	600.0	National Level

10	Mithila Laghubitta Bittiya Sanstha Ltd.	Dhalkebar, Dhanusha	2009/04/29	170.4	Province Level (Madhesh)
11	Sworojagar Laghubitta Bittiya Sanstha Ltd	Banepa, Kavre	2009/12/16	514.1	National Level
12	Kalika Laghubitta Bittiya Sanstha Ltd.	Waling, Syangja	2020/01/08*	312.9	National Level
13	Mirmire Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2010/09/23	522.1	National Level
14	Janautthan Samudayik Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2010/11/09	147.9	19 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Kapilvastu, Rupandehi, Nawalparasi East, Nawalparasi West, Chitwan, Parsa, Surkhet, Dadeldhura, Gulmi, Palpa, Tanahun, Arghakhanchi, Pyuthan, Salyan)
15	Suryodaya Womi Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2021/03/16*	791.9	National Level
16	Laxmi Laghubitta Bittiya Sanstha Ltd.	Maharajgunj, Kathmandu	2012/06/04	384.1	National Level
17	Civil Laghubitta Bittiya Sanstha Ltd.	Chuchepati, Kathmandu	2012/07/05	288.1	National Level
18	Vijaya Laghubitta Bittiya Sanstha Ltd.	Gaidakot, Nawalparasi	2013/03/28	320.0	National Level
19	NMB Laghubitta Bittiya Sanstha Ltd.	Pokhara-Hemja, Kaski	2013/03/31	655.9	National Level
20	FORWARD Community Microfinance Bittiya Sanstha Ltd.	Duhabi Bhaluwa, Sunsari	2013/05/17	844.5	National Level
21	Global IME Laghubitta Bittiya Sanstha Ltd.	Pokhara, Kaski	2013/05/19	552.6	National Level
22	Mahuli Laghubitta Bittiya Sanstha Ltd.	Bakduhuwa, Saptari	2020/11/23*	282.2	National Level
23	Mero Microfinance Laghubitta Bittiya Sanstha Ltd.	Battar, Nuwakot	2013/07/18	1,200.0	National Level
24	Samata Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2013/08/25	342.7	National Level
25	Samudayik Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2014/04/13	132.0	National Level
26	National Microfinance Bittiya Sanstha Ltd.	Nilkantha, Dhading	2014/07/02	586.7	National Level
27	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2014/08/15*	982.5	National Level
28	Win Nepal Laghubitta Bittiya Sanstha Ltd.	Phataksila, Sindhupalchowk	2021/11/01	79.2	Province Level (Bagmati)
29	Unnati Sahakarya Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2020/07/10*	229.0	National Level
30	NADEP Laghubitta Bittiya Sanstha Ltd.	Gajuri, Dhading	2015/05/15	485.8	National Level
31	Support Microfinance Bittiya Sanstha Ltd.	Hasposa, Itahari	2015/07/12	85.8	Provincial Level (Province 1)
32	Arambha Chautari Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavrepalanchowk	2016/01/03	367.1	National Level
33	Asha Lagubitta Bittiya Sastha Ltd.	Madanpur, Nuwakot	2016/08/29	333.9	National Level
34	Gurans LaghuBitta Bittiya Sastha Ltd.	Dhankutabazaar, Dhankuta	2016/11/16	97.5	Province Level (Province No. 1)
35	Ganapati Microfinance Bittiya Sastha Ltd.	Shuklagandaki (Dulegauda), Tanahu	2016/12/09	151.6	National Level
36	Infinity Laghubitta Bittiya Sanstha Ltd	Gaidakot, Nawalparasi	2017/01/20	414.5	National Level
37	Adhikola 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)
38	Swabhiman Laghubitta Bittiya Sanstha Ltd.	Tilottama, Rupandehi	2017/05/22	121.8	Province Level (Lumbini)
39	Sabaiko Laghubitta Bittiya Sanstha Ltd.	Bandipur, Tanahu	2017/07/14	270.0	National Level
40	Sadhana Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2017/10/30	321.2	National Level
41	NIC Asia Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavrepalanchowk	2021/03/21	1,739.4	National Level
42	Naya Sarathi Laghubitta Bittiya Sanstha Ltd.	Dhulikhel, Kavrepalanchowk	2020/09/21*	303.4	National Level
43	Manakamana Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2020/07/25	141.7	Province Level (Lumbini)
44	Summit Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2077-06-06*	494.0	National Level
45	Buddha Jyoti Laghubitta Bittiya Sanstha Ltd.	Lumbini Sanskritik, Rupandehi	2019/02/20	12.0	4-10 District Level (Palpa, Arghakhanchi, Gulmi, Baglung, Rupandehi, Nawalparasi, Kapilvastu, Mustang, Myagdi, Rukum)
46	Samaj Laghubitta Bittiya Sanstha Ltd.	Malangawa, Sarlahi	2019/04/08	20.0	1-3 District Level (Sarlahi, Mahottari, Dhanusha)
47	Mahila Laghubitta Bittiya Sanstha Ltd.	Banepa, Sanga, Kavrepalanchowk	2019/03/15	147.5	National Level
48	Manushi Laghubitta Bittiya Sanstha Ltd.	Banepa, Bhaisepati, Kavrepalanchok	2019/02/19	109.4	National Level
49	Adarsha Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavrepalanchowk	2019/03/15	20.7	Province Level (Bagmati)
50	Unique Nepal Laghubitta Bittiya Sanstha Ltd.	Kohalpur, Banke	2019/03/05	110.6	4 - 10 District Level (Bardiya, Banke, Kailali, Kanchanpur, Dang, Kapilvastu, Rupandehi, Nawalparasi, Surkhet, Dadeldhura)
51	Jalpa Laghubitta Bittiya Sanstha Limited	Pokhara, Kaski	2019/03/26	160.0	National Level
52	Rastral Utthan Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/02/20	260.0	National Level
53	Upakar Laghubitta Bittiya Sanstha Limited	Kohalpur, Banke	2019/03/15	65.6	Province Level (Lumbini)

54	Dhaulagiri Laghubitta Bittiya Sanstha Limited	Baglung -2 , Baglung	2019/02/19	70.0	National Level
55	CYC Nepal Laghubitta Bittiya Sanstha Limited	Pokhara, Kaski	2019/03/15	121.6	National Level
56	NESDO Samriddha Laghubitta Bittiya Sanstha Limited	Kushma, Parbat	2019/03/05	255.0	National Level
57	Swastik Laghubitta Bittiya Sanstha Limited	Lahan, Siraha	2019/03/26	12.0	Province Level (Madhesh)
58	Shrijanshil Laghubitta Bittiya Sanstha Limited	Golbazar, Siraha	2019/03/15	70.0	National Level
59	Kisan Laghubitta Bittiya Sanstha Limited	Dhangadhi, Kailali	2020/07/13*	392.8	National Level
60	Jiban Bikash Laghubitta Bittiya Sanstha Limited	Katahari , Morang	2020/09/07*	1,034.3	National Level
61	BPW Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/04/15	20.3	Province Level (Bagmati)
62	Aatmanirbhar Laghubitta Bittiya Sanstha Limited	Ghorahi, Dang	2019/04/15	42.0	Province Level (Lumbini)
63	Super Laghubitta Bittiya Sanstha Limited	Tulshipur, Dang	2020/01/15	19.5	Province Level (Lumbini)
64	Aviyan Laghubitta Bittiya Sanstha Limited	Panauti, Kavre	2019/12/17	152.5	National Level
65	Khaptad Laghubitta Bittiya Sanstha Limited	Godawari, Kailali	2020/07/31	26.8	Province Level (Sudoorpaschim)

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2022.

5. Other Institutions

S.N.	Name	Office	Contact Office	Date
1	Rastriya Sahakari Bank Ltd.	Kupandole, Lalitpur	Baneshwor, Kathmandu	2010/07/20
2	Mashreq Bank PSC	Dubai , UAE	Thapathali, Kathmandu	2010/10/12
3	Hydroelectricity Investment & Development Company Ltd.	Babarmahal, Kathmandu	Babarmahal, Kathmandu	2012/07/10
4	Omni Pvt.Ltd. ^{\$}	Adarshnagar, Birgunj	Adarshanagar, Birgunj	2014/05/07
5	Hulas Investment Pvt.Ltd. ^{\$}	Ganabahal, Kathmandu	Ganabahal, Kathmandu	2014/08/03
6	Sipradi Hire Purchase Pvt. Ltd. ^{\$}	Thapathali, Kathmandu	Thapathali, Kathmandu	2014/11/06
7	MAW Investment Pvt. Ltd. ^{\$}	Biratnagar, Morang	Teku, Kathmandu	2015/01/14
8	Batas Investment Co. Pvt. Ltd. ^{\$}	Pokhara, Kaski	Gairidhara, Kathmandu	2015/02/04
9	Syakar Investment Pvt. Ltd. ^{\$}	Kantipath, Kathmandu	Kantipath, Kathmandu	2016/06/24
10	Jagadamba Credit & Investment Pvt. Ltd. ^{\$}	Naxal, Kathmandu	Naxal, Kathmandu	2017/01/01
11	Doha Bank	Doha , Qatar	Thapathali, Kathmandu	2017/04/24
12	Venture Hire Purchase Pvt. Ltd. ^{\$}	Panipokhari, Kathmandu	Panipokhnari, Kathmandu	2019/11/19
13	ICICI Bank Limited	Mumbai, India	Thapathali, Kathmandu	2020/02/04
14	Manokamana Hire Purchase Pvt. Ltd. ^{\$}	Panipokhari, Kathmandu	Panipokhari, Kathmandu	2020/01/12
15	Agni Hire Purchase Pvt. Ltd. ^{\$}	Panipokhari, Kathmandu	Panipokhari, Kathmandu	2020/11/14

\$ For the purpose of hire purchase only.

6. Infrastructure Development Bank

S.N.	Name	Head Office	Operation Date	Paid-up Capital (Rs.in Million)	Working Area
1	Nepal Infrastructure Bank Limited	New Baneshwor, Kathmandu	2019/03/06	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 2021/22

- 2.1 As per the provision made in the NRB Act, 2002, the monetary policy for 2021/22 was formulated considering the national and international economic situation and outlook at time when the second wave of the Covid-19 pandemic was still ongoing.
- 2.2 NRB announced the monetary policy for 2021/22 on 13 August 2021 to maintain macroeconomic stability and facilitating the achievement of targeted economic growth of the government in line with GON's policies and programs in the budget statement.
- 2.3 The first quarterly review of the monetary policy for 2021/22 was published on 26 November 2021, mid-term review on 17 February 2022 and the third quarterly review was published on 27 May 2022.

Objectives and Targets

- 2.4 The main objectives of the monetary policy were to manage monetary aggregate and liquidity in a balanced way for macroeconomic stability while facilitating economic and financial expansion to revive the sectors affected by Covid-19, mobilize financial resources to enhance production, job creation, entrepreneurship development, and facilitate sustainable and inclusive economic development, promote the use of the electronic payment, and promote financial access and financial inclusion by developing the financial infrastructure and financial literacy.
- 2.5 The monetary policy for 2021/22 set the target of containing average annual consumer inflation at 6.5 percent. Besides, the monetary policy targeted to maintain a foreign exchange reserve sufficient to cover the prospective import of goods and services for at least 7 months and to manage adequate money and liquidity to facilitate the targeted economic growth of 7 percent kept by GON.
- 2.6 According to the CBS, economy is estimated to grow by 5.84 percent in 2021/22. The economic growth has been contributed mainly by electricity generation, expansion in construction works and revival of the tourism sector. The average inflation remained at 6.32 percent for 2021/22 due to the weak production capacity and a spike in consumption habits, an increase in the price of fuel and food items, inflationary pressures in the global economy including neighboring countries, disruption in the supply system and a weaker domestic currency against the US Dollar. In the review year, due to high imports, BOP remained at a deficit of Rs.255.26 billion (Table 2.1). In mid-July 2022, the foreign exchange reserve in the banking sector remained sufficient to cover the imports of goods and services for 6.9 months.

Table 2.1
Inflation and Balance of Payments Surplus

Particulars	2019/20	2020/21	2021/22	
			Target	Actual
Annual Average Inflation (in percent)	6.15	3.60	6.50	6.32
Balance of Payments (Rs.billion) (+Surplus/-Deficit)	282.41	1.23	1.00	-255.26

Intermediate and Operating Targets of Monetary Policy

- 2.7 In monetary policy for 2021/22, price stability was continued as the primary objective. The objectives and targets of monetary policy were based on national and international economic outlook. To attain those objectives, growth rate of the broad money supply (M2) was considered the intermediate target and the weighted average interbank rate among the BFIs was taken as operating target of the monetary policy.
- 2.8 In 2021/22 broad money increased by 6.8 percent compared to the initial projection of 18.0 percent. Likewise, credit to private sector grew by 13.3 percent compared to the initial projection of 19 percent (Table 2.2).

Table 2.2
Growth of Money Supply and Domestic Credit

(in Percent)

Particulars	2019/20	2020/21	2021/22	
			Target	Actual
Broad money supply	18.1	21.8	18.0	6.8
Narrow money supply	17.8	22.6	17.0	-9.7
Domestic credit	12.6	27.1	24.4	14.5
Credit to the private sector	12.6	26.3	19.0	13.3

Instruments of Monetary Policy

- 2.9 The operating target and monetary policy instruments were selected to facilitate the economic and monetary objectives in consistent with the stance of monetary policy for 2021/22. With an aim of interest rate stability and modernization of monetary management through minimizing the fluctuation in the liquidity of the banking sector, rates of interest rate corridor were changed by increasing the lower band from 1 to 2 percent and continuing the upper band of the corridor at 5 percent. Again, the two-week period repo rate, which was kept as policy rate, was changed to 3.5 percent from 3 percent and made overnight.
- 2.10 The provision of CRR for commercial banks, development banks and finance companies was kept unchanged at 3 percent. Likewise, provision of SLR as 10 percent for commercial banks, 8 percent for development banks and 7 percent for finance companies were kept unchanged. The bank rate, which is also applicable for Lender of Last Resort (LOLR) facility and to discount securities was kept unchanged at 5 percent.

Table 2.3
CRR and SLR to be maintained by the BFIs

(in Percent)

Headings	2019/20	2020/21	2021/22
Cash Reserve Ratio			
Commercial Bank	3.0	3.0	3.0
Development Bank	3.0	3.0	3.0
Finance Company	3.0	3.0	3.0
Statutory Liquidity Ratio			
Commercial Bank	10.0	10.0	10.0
Development Bank	8.0	8.0	8.0
Finance Company	7.0	7.0	7.0

- 2.11 In the context increasing BOP deficits and decreasing foreign exchange reserves, the bank rate, at which the BFIs get SLF was increased to 7 percent from 5 percent through the mid-term review of the monetary policy. Likewise, the repo rate, considered the policy rate, was increased to 5.5 percent from 3.5 percent, while the deposit collection rate was increased to 4 percent from 2 percent. Under the above-mentioned policy arrangements, refinance rates were also increased along with a policy to concentrate refinance facilities only on the areas highly affected by the COVID-19.

Provisions Made for Recovery of the Economy

- 2.12 NRB Refinance Guidelines, 2021 was amended giving priority to micro, cottage, small and medium enterprises (MSMEs) /businesses and productive sectors affected by the COVID-19 pandemic. In 2021/22, refinance of Rs.115.68 billion for 24,305 borrowers was approved. In mid-July 2022, Rs.111.96 billion refinance remained outstanding.
- 2.13 The business continuity loan was provisioned to assist the continuity of businesses by supporting the payment of salaries for labors and employees of tourism and micro, cottage, small and medium enterprises sectors affected by the COVID-19 pandemic. The approved amount of continuity loan was Rs.974 million with Rs.798.2 million remaining outstanding in mid-July 2022.
- 2.14 In mid-July 2022, BFIs have maintained a Credit to Deposit (CD Ratio) of 86.22 percent on average in response to the policy of maintaining 90.00 percent.
- 2.15 A provision had been made so that BFIs could increase the premium by a maximum of 2 percentage points on the base rate when providing loans up to Rs.10 million for agriculture, handicrafts and skill-based businesses.
- 2.16 A provision has been made to consider the loan to real agricultural businessmen for running agricultural businesses up to Rs.2 million by keeping project as collateral, loan to small enterprises and self-employed businesses run by women entrepreneurs up to Rs.2 million keeping project as collateral and the loan to borrowers for purchasing vehicles for self-employment purposes up to Rs.2.5 million as deprived

sector credit. Ratio of depiced sector credit to total credit of the BFIs stood at 10.13 percent in mid-July 2022.

Public Debt Management

Issue and Management

- 2.17 NRB has been issuing and managing the domestic debt on behalf of the GON. Likewise, the process of injecting and absorbing liquidity has been carried out as per requirement for the liquidity management of banking sector. Domestic debt and liquidity is being managed in accordance with the procedures in 'Public Debt Act, 2002', 'Public Debt Rules, 2003', 'Management of Primary and Secondary Market of Securities Rules, 2005', 'Public Debt Management Guidelines, 2017' and 'NRB Open Market Transaction Bylaw, 2021'.
- 2.18 The bank has been mobilizing domestic debt as per the domestic debt issuance and auction schedule provided by the budget of each fiscal year. Bank has been currently issuing treasury bills, development bonds, citizen savings bonds and foreign employment savings bonds.

Treasury Bills

- 2.19 In 2021/22, treasury bills worth Rs.103.92 billion were issued consisting of Rs.7 billion worth of 28-days, Rs.27 billion of 91-days, Rs.31 billion of 182-days maturity, and Rs 38.92 billion with 364- days maturity (Table 2.4). Similarly, treasury bills issued in the past and outstanding from mid-July 2021 to mid-July 2022 amounting to Rs.577.73 billion were renewed from time to time as per the repayment schedule. The outstanding treasury bills at the end of 2021/22 stood at Rs.354.51 billion. Treasury bills amounting to Rs.29 billion were redeemed by GON in the review year.

Table 2.4
New Issue of Treasury Bills (2021/22)

S.N.	Treasury Bill Types	Series Number	Issue Amount (Rs. in Millions)	Discount Rate
1	28 days	298	2,000.0	5.0453
2	28 days	300	5,000.0	5.4765
3	91 days	1605	5,000.0	5.1203
4	91 days	1607	7,000.0	5.5660
5	91 days	1617	5,000.0	8.0454
6	91 days	1618	5,000.0	8.1595
7	91 days	1619	5,000.0	8.2774
8	182 days	340 "Ka"	4,000.0	5.0746
9	182 days	345 "Ka"	6,000.0	5.7249
10	182 days	346 "Ka"	6,000.0	7.0483
11	182 days	352 "Ka"	10,000.0	8.5791
12	182 days	357 "Ka"	5,000.0	10.4514
13	364 days	1612 "Ka"	5,000.0	7.0488
14	364 days	1614 "Ka"	5,000.0	7.1556
15	364 days	1616 "Ka"	5,000.0	7.8100
16	364 days	1625 "Ka"	5,000.0	10.5625
17	364 days	1626 "Ka"	5,000.0	10.4614
18	364 days	1627 "Ka"	5,000.0	10.4706
19	364 days	1628 "Ka"	8,916.6	10.2923
Total			103,916.6	

Development Bonds

2.20 In 2021/22, development bonds worth Rs.124.50 billion were issued (Table 2.5). In the review period, outstanding amount of development bonds stood at Rs.620.45 billion. The maturity period of the outstanding development bonds ranges between 2 to 15 years. In 2021/22, development bond worth Rs.18 billion was redeemed.

Table 2.5
Issue of Development Bond (2021/22)

S.N.	Development Bond	Period (Year)	Issued Amount (Rs. in Million)	Interest Rate (Percent)
1	2080 "Nga"	2	10,000.0	5.74
2	2082 "Nga"	4	10,000.0	5.72
3	2080 "Cha"	2	9,500.0	5.65
4	2082 "Cha"	4	15,000.0	5.96
5	2083 "Cha"	5	10,000.0	6.93
6	2081 "Nga"	2	10,000.0	9.14
7	2081 "Cha"	2	10,000.0	9.13
8	2083 "Chha"	4	1,5,000.0	9.20
9	2084 "Chha"	5	15,000.0	9.19
10	2083 "Ja"	5	15,000.0	9.02
11	2085 "Cha"	6	5,000.0	8.49
Total			124,500.0	

Citizen/Foreign Employment Saving Bonds

- 2.21 In 2021/22, the Citizen Saving Bond worth Rs.2.83 billion was issued. The outstanding Citizen Saving Bond in mid-July 2021 was Rs.6.60 billion, out of which Rs.285.7 million was redeemed during 2021/22. In mid-July 2022, outstanding amount of Citizen Saving Bond stood at Rs.9.14 billion (Table 2.6).
- 2.22 In 2021/22, the Foreign Employment Saving Bond worth Rs.56.68 million was issued. The outstanding Foreign Employment Saving Bond in mid-July 2021 was Rs.185.7 million, out of which Rs.52.1 million was redeemed during 2021/22. In mid-July 2022, outstanding amount of Foreign Employment Saving Bond stood at Rs.190.2 million (Table 2.6).

Table 2.6
Outstanding Citizen Saving Bond and Foreign Employment Saving Bonds

(Rs. in Million)

Particulars	Citizen Saving Bond	Foreign Employment Saving Bonds
Outstanding Bonds in mid-July 2021	6595.9	185.7
New issue in 2021/22	2829.8	56.7
Redeemed during 2021/22	285.7	52.1
Outstanding Bonds in mid-July 2022	9140.0	190.2

Net Domestic Debt Issue

- 2.23 In 2021/22, gross domestic debt amounting Rs.231.30 billion was raised through various instruments while Rs.47.34 billion worth domestic debt was redeemed. Net domestic debt stood at Rs.183.97 billion in 2021/22 (Table 2.7).

Table 2.7
Net Domestic Debt Issue

Description	Mid-July (Rs. in million)			Ratio with GDP (percent)		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
(A) Total Issue	194642.0	224009.0	231303.0	5.0	5.3	4.77
Treasury Bill	93000.0	90000.0	103916.6	2.4	2.1	2.14
Development Bond	100000.0	130000.0	124500.0	2.6	3.0	2.57
Citizen Saving Bond	1605.0	3954.0	2829.8	0.0	0.1	0.06
Foreign Employment Bond	37.0	55.0	56.7	0.0	0.0	0.0
(B) Total Payment	34398.0	36901.0	47337.8	0.9	0.9	0.98
Treasury Bill	24575.0	25627.0	29000.0	0.6	0.6	0.60
Development Bond	7400.0	6000.0	18000.0	0.2	0.1	0.37
Citizen Saving Bond	2339.0	5000.0	285.7	0.1	0.1	0.01
Foreign Employment Bond	84.0	275.0	52.1	0.0	0.0	0.0
(C) Net Domestic Debt	160244.0	187108.0	183965.2	4.1	4.4	3.79
Treasury Bill	68425.0	64373.0	74946.6	1.7	1.5	1.54
Development Bond	92600.0	124000.0	106500.0	2.4	2.9	2.20
Citizen Saving Bond	-734.0	-1046.0	2544.1	0.0	0.0	0.05
Foreign Employment Bond	-47.0	-219.0	4.6	0.0	0.0	0.0
(D) Total Outstanding Domestic Debt	613212.0	800320.0	984285.2	15.7	18.8	20.28
(E) Gross Domestic Product*	3888700.0	4277300.0	4851600.0			

* Source : Central Bureau of Statistics

Outstanding Total Domestic Debt Liabilities of GON

- 2.24 The total domestic debt liability of the GON reached Rs.984.29 billion in mid-July 2022 compared to Rs.800.32 billion in mid-July 2021 (Table 2.8). Debt mobilization through bonds has increased this year compared to the previous year since this year the GON raised more amount through treasury bills and development bonds compared to the payments made of these.

**Table 2.8
Total Domestic Debt Liabilities of GON**

(Rs in Million)

SN	Type of Bill/Bond	Mid-July			Percentage Change	
		2019/20	2020/21	2021/22	2020/21	2021/22
1.	Treasury Bill	215,218.0	279,592.0	354,508.0	29.91	26.79
2.	Development Bond	389,947.0	513,947.0	620,447.0	31.80	20.72
3.	National Saving Bond	0.0	0.0	0.0	-	-
4.	Citizen Saving Bond	7,642.0	6,596.0	9,140.0	-13.69	38.57
5.	Foreign Employment Bond	405.0	186.0	190.2	-54.07	2.26
Total		613212.0	800,320.0	984,285.0	30.51	22.99

Government Bonds Owned by NRB

- 2.25 The ownership of securities get transferred to NRB in cases of securitization of overdraft, outright purchase in open market operation, purchase of securities while BFIs not being able to make repayment of SLF and market makers selling or requesting to purchase securities under their ownership to NRB. Among the government securities owned by the NRB, share of development bond remained the highest in 2021/22 (Table 2.9).

**Table 2.9
Details of Government Securities in the Ownership of NRB**

(Rs. in Million)

SN	Type of Bill/Bond	Mid-July			Percentage Change	
		2019/20	2020/21	2021/22	2020/21	2021/22
1.	Treasury Bill	21320.0	15473.0	15128.3	-27.4	-2.2
2.	Development Bond	43557.0	41129.0	33457.0	-5.6	-18.7
3.	Citizen Saving Bond	1946.0	181.0	3001.4	-90.7	1558.2
4.	Foreign Employment Bond	11.0	3.0	3.0	-72.7	0
Total		66833.0	56787.0	51589.7	-15.0	-9.2

Program for Sales Promotion of Government Bonds

- 2.26 To make government bonds transactions more effective, a one day interaction program on interrelated topics of public debt management and monetary management was conducted with the participation of staff of treasury bills section of commercial banks, market makers and sales agents.
- 2.27 Preparation and printing promotional materials to promote the sales of Foreign Employment Saving Bonds and Citizens Saving Bonds has been completed. To

facilitate the applicants of Foreign Employment Saving Bonds and Citizens Saving Bonds, arrangement has been made to submit application to market makers and sales agent electronically using updated application of saving bond uploaded in the website. Suggestions and instructions have been provided by this bank to the market makers and sales agents by conducting interaction programs virtually as well as physically for making the sales and distribution of foreign employment savings bond and citizen savings bond effective. Such promotional materials have also been distributed in the interaction program conducted by the province offices to increase the public awareness about Government Bonds.

- 2.28 A system has been implemented that allows applications for Citizen Savings Bond and Foreign Employment Savings Bond via electronic means as mentioned in the monetary policy.

Liquidity Management

- 2.29 "NRB Open Market Operation Bylaw, 2021" has been implemented to manage the open market operation conducted by NRB by repealing the "NRB Open Market Operation Bylaw, 2014". To manage open market transactions, "NRB Open Market Operation Procedure, 2021" has been implemented by amending and consolidating "NRB Open Market Operation Bylaw, 2014", "Procedures on Deposit Collection Instruments, 2021", "Procedures on Interest Rate Corridors, 2019" and "Procedures on Standing Liquidity Facilities, 2016"
- 2.30 In 2021/22, liquidity amounting to a total of Rs.60 billion (on turnover basis) was mopped up through open market operations. Out of the amount absorbed, Rs.28.35 billion was mopped up through reverse repo auction and Rs.31.65 billion was mopped up through regular deposit collection (Table 2.10).

Table: 2.10
Liquidity Mopped Up

SN	Instruments	Times	Amount (Rs. in million)
1	Reverse Repo	1	28350.00
2	Deposit Collection	2	31650.00
Total			60000.00

- 2.31 Likewise, in the review period, liquidity amounting to a total of Rs.476.39 billion was injected. Out of the total amount injected, Rs.206.39 billion was injected through Over Night Repo under interest rate corridor and Rs.270 billion through Regular Repo. In addition, SLF worth Rs.9170.11 billion (on turnover basis) was provided 4,908 times (Table 2.11).

**Table: 2.11
Liquidity Injected**

S.N.	Instruments	Times	Amount (Rs. in billion)
1	Overnight Repo	491	206.39
2	Regular Repo	13	270.00
3	Standing Liquidity Facility	4908	9,170.11
4	Outright Purchase	3	55.92
Total			9,702.41

Financial Sector Reform, Enhancing Financial Access and Regulation

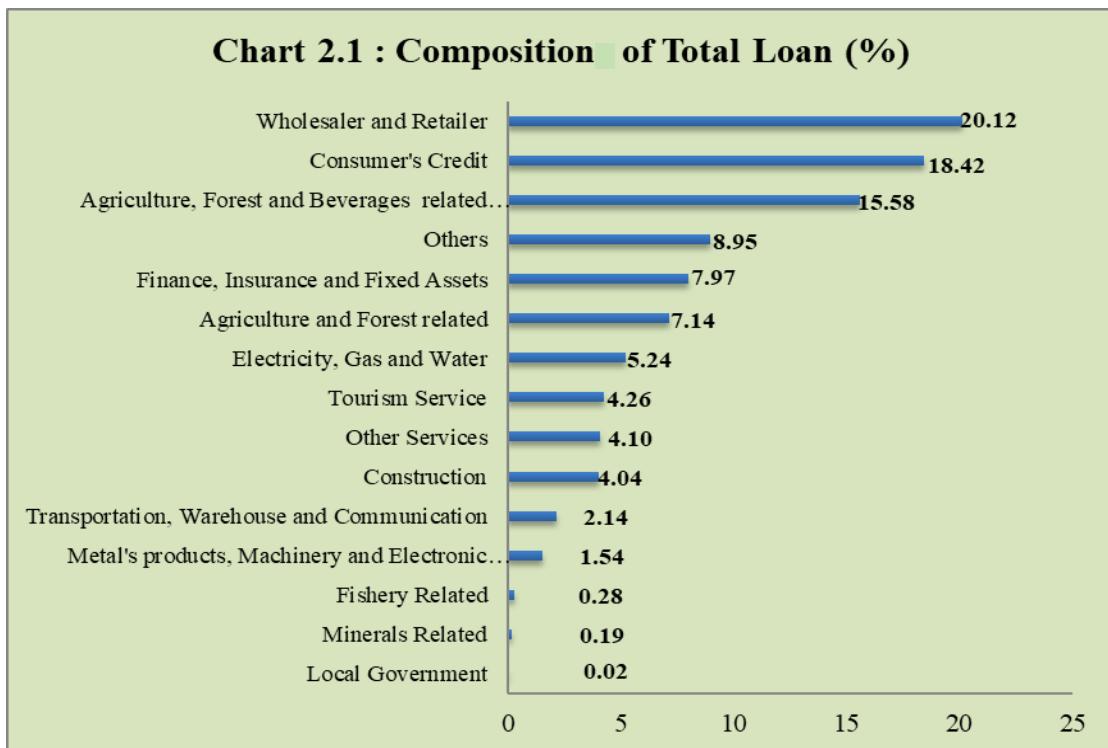
Enhancing Financial Access

- 2.32 Arrangement has been made to analyze by mapping of all branches, ATMs, branchless banking of licensed BFIs and receiving information on the status of deposits and loans at provincial, district and local levels, details on number of account, access to mobile/internet banking through the Financial Inclusion Portal.
- 2.33 Financial access has been widening with the expansion of network of financial institutions. In mid-July 2022, the number of BFIs reached 126 (including Infrastructure Development Bank). Similarly, in mid-July 2022, the number of branches of BFIs increased by 7.91 percent to 11,528 compared to the previous year. The number of branchless banking centers decreased to 1,548 in mid-July 2022 from 1,706 of the previous year. In this way, the number of population served per branch has decreased by 10.97 percent to 2,532 in mid-July 2022 from 2,844 of the previous year. Out of 753 local level, the number of local level having access to commercial bank have reached 752 in mid-July 2022. Commercial bank branch is yet to be reached only in Bajhang District, Saipal Rural Municipality of Sudurpaschim Province.

**Table 2.12
Commercial Bank Branches at Local Level
(July 2022)**

Province	No. of Local Level	No. of Local Level with Access to Commercial Bank Branch		
		Mid-July 2020	Mid-July 2021	Mid-July 2022
Province 1	137	136	137	137
Madesh	136	136	136	136
Bagmati	119	117	118	119
Gandaki	85	85	85	85
Lumbini	109	109	109	109
Karnali	79	78	78	79
Sudur-paschim	88	86	87	87
Total	753	747	750	752

- 2.34 In mid-July 2022, 26 commercial banks in operation have maintained the stipulated paid-up capital of Rs.8 billion, while the total paid-up capital of commercial banks remained Rs.356.09 billion during that same period. In addition, the total deposits of BFIs increased by 8.84 percent to 5159 billion. Similarly, total loan disbursed by BFIs increased by 12.90 percent year to 4714 billion compared to previous year.



Approval of Debenture Issuance

- 2.35 During the review period, 16 banks were granted permission to issue debenture and 2 banks to issue energy debenture. Similiarly, 4 banks were granted approval to change the interest rate of pre-approved debentures during the review period.

Merger/Acquisition of BFIs

- 2.36 The policy of this bank to encourage BFIs for merger and acquisition has been continued in this fiscal year as well. The process of merger/acquisition took momentum after the implementation of the merger/acquisition bylaw, 2016. A total of 247 BFIs were involved in merger and acquisition process resulting into 68 BFIs upto mid-July 2022. During the review period, out of 8 mergers/acquisition processes, 3 were merger process and 5 were acquisition.

Refinance, Concessional Loan and Deprived Sector Lending

- 2.37 Refinance Procedure has been implemented after revision. As per the procedure, a total of 62 BFIs of category A, B, C and D have been sanctioned general refinance worth Rs.95.30 billion. Similarly, a total of 28 BFIs of category A, B, and C have been sanctioned special refinance worth Rs.12.28 billion and refinance worth Rs.8.10 billion.

- 2.38 As of mid-July 2022, out of loan disbursed under the "Unified Manual Related to Interest Subsidy for Concessional Loan 2018", Rs.139.23 billion remained outstanding to 60,545 borrowers under Agriculture and Livestock business Loan. Likewise, Rs.74.45 billion remained outstanding to 86,848 borrowers in other sectors as per this manual. GON has provided Rs.16.96 billion interest subsidy for the concessional loan.
- 2.39 In the review year, an interest subsidy of Rs.80.3 million has been provided for the program to establish cold-store and food storage as per the provisions of the Interest Subsidy Standard, 2016. Similarly, in mid-July 2022, 8 BFIs have been provided reimbursement of Rs.798.2 million for business continuity loans provided to their 34 borrowers as per Business Continuity Loan Procedure, 2020.

Grievance Management

- 2.40 During the review period, a total of 1,183 grievances were addressed as per their nature of which 23 were received in written form, 990 through grievance portal, and 170 through other medium (Hello Sarkar and email etc.).
- 2.41 During the review period, actions of blocking, releasing and requesting details of accounts in various BFIs were carried out through 465 letters on the request of agencies like Crime Investigations offices of Nepal Police, IRD, Taxpayer Service Offices and Commission for Investigation of Abuse of Authority.

Financial Stability Report and Statistics

- 2.42 The 13th Financial Stability Report has been published based on the data till mid-July 2021.
- 2.43 As per the Unified Directives, a monthly statement has regularly been published through website based on daily, monthly, and quarterly data received from the BFIs.

Miscellaneous

- 2.44 A 2-day residential interaction program has been completed with the supervisor departments regarding the amendments/modifications in the unified directives issued to BFIs.
- 2.45 A 1-day interaction program with officials of the board of directors of BFIs on contemporary issues of banking sector has been completed in Kathmandu. Likewise, a 1-day interactive program was held in Kathmandu with the information officers of the BFIs regarding the right to information and public notification.
- 2.46 During the review year, approval granted to 5 hire purchase companies for loan transactions has been renewed. Similarly, recommendation was made to provide the membership of credit information bureau to hire purchase companies.

Supervision of BFIs

Supervision of Commercial Banks

- 2.47 Risk-based full scope on-site inspection of 20 commercial banks and targeted on-site inspections of 7 commercial banks were completed in 2021/22. The evaluation of the banks and improvement of weaknesses have been continued based on the weaknesses found during onsite inspection and the details of the information received.
- 2.48 AML/CFT- related special targeted inspection of 23 banks was completed in 2021/22. Additionally, 25 special onsite inspections were completed based on received complains, grievances, relevancy and need.
- 2.49 In 2021/22, a report has been prepared through off-site supervision of commercial banks monitoring CRR every two weeks, CD ratio daily, SLR, and details regarding spread rate regularly. Similarly, a quarterly report is prepared based on monitoring loans disbursed to the deprived sector and priority sector lending. In addition, the capital adequacy of commercial banks is monitored every month basis and stress testing results are monitored every quarter.
- 2.50 Approval has been granted to 27 commercial banks to publish their financial statements for 2020/21 prepared according to Nepal Financial Reporting Standard. While providing such approvals, banks were directed to improve and not to repeat remarks found in the on-site inspection, off-site supervision and those pointed out by external audit.
- 2.51 Regular monitoring of remarks mentioned in the reports prepared based on overall, targeted and special on-site inspection and off-site supervision done by the bank, and regular follow-ups were made regarding the compliance of the directions issued to them. Semi-annual monitoring report has been prepared of all commercial banks.
- 2.52 A separate Evaluation and Monitoring Unit has been established in the off-site division of the department to test and evaluate consistency in NRB reporting Portal and Supervisory Information System (SIS) as all banks are providing data inputs in the SIS.
- 2.53 The study report on the credit utilization of large borrowers is in the final stage. The initial draft of the market conduct manual has been prepared for financial consumer protection. The Risk Based Supervision Offsite Manual along has been prepared and implemented with the updated CAMEL Rating System. In addition, a working committee has been formed for the revision of CAMELS and Risk Matrix. The amended draft of NRB Regulation and Supervision Bylaws 2017, is in the process of approval.
- 2.54 A report has been prepared regarding the measures taken to minimize the identified risks related to the banking sector and their effectiveness under the national risk

assessment regarding the control of financial investment in money laundering and terrorist activities.

- 2.55 Annual Bank Supervision Report for 2020/21 has been published including the analysis of the overall supervision and financial situation of commercial banks
- 2.56 In 2021/22, one commercial bank was penalized in the second quarter and two commercial banks were penalized in the fourth quarter for failing to maintain the minimum CRR set by this bank. In addition, CEOs of 13 respective commercial banks were made aware due to noncompliance with the provision regarding interest rates as per unified directives no. 15 and the CEO of one commercial bank was made aware for breaching of other direction.
- 2.57 Commercial Banks' indicators have remained positive despite the effect of Covid-19 (Table 2.13).

**Table 2.13
Key Indicators of Commercial Banks (Unaudited)**

S.N.	Indicators	Mid-July 2021	Mid-July 2022
a.	No. of Banks	27	26
b.	Total Paid-up Capital (Rs. In billion)	320.63	351.62
c.	Primary Capital (Rs. In billion)	488.57	549.40
d.	Total Capital (Rs. In billion)	632.62	692.89
e.	Total Deposit (Rs. In billion)	4204.02	4544.36
f.	Total Loan (Rs. In billion)	3716.94	4175.44
g.	Primary Capital Ratio (in percent)	10.91	10.73
h.	Total Capital Ratio (in percent)	14.14	13.53
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	77.88*	86.47**
j.	Net Liquidity Ratio (in Percent)	27.77	25.48
k.	Statutory Liquidity Ratio (in percent)	21.97	19.88
l.	Non-performing Loan Ratio (in percent)	1.40	1.20
m.	Deprived Sector Loan Ratio (in percent)	7.5	7.14

Note: * Monthly average Credit to Core Capital cum Deposit (CCD) ratio. The CCD ratio of mid-July 2021.

** Monetary policy 2021/22 has abolished the existing Credit to Core Capital cum Deposit (CCD) ratio by credit/deposit ratio (CD ratio). The CD ratio of mid-July 2022.

Supervision of Financial Institutions

- 2.58 Financial Institutions Supervision Department (FISD) has been established by merging the former Development Bank Supervision Department and the Finance Company Supervision Department.
- 2.59 Full scope onsite inspection of 16 development banks and 15 finance companies has been completed in 2021/22. Special inspection of 6 development banks has been completed during the same period.
- 2.60 Approval has been granted to publish financial statements to 15 Development Banks and 15 Finance Companies for 2020/21 for the purpose of Annual General Meetings.

- 2.61 Quarterly offsite supervision report has been prepared by regularly conducting off site monitoring regulatory provisions such as CRR, SLR, CD ratio, capital adequacy, base rate, spread rate, sectoral credit, deprive sector credit etc. In mid-July 2022, three development banks and one finance company have been penalized for failing to maintain required CRR. ‘B’ and ‘C’ class financial institutions have maintained required deprived sector credit during the review period.
- 2.62 The second semi-annual enforcement report for 2020/21 and the first semi-annual enforcement report for 2021/22 have been prepared. The annual supervision report of ‘B’ and ‘C’ class financial institutions for 2021/22 has been published on the website.
- 2.63 Four knowledge sharing programs have been conducted among the staff of the department about contemporary issues such as unified directives issued by the bank, NFRS, SIS and Basel II/III. Discussion programs about corporate governance, money laundering, risk management and internal control system have been completed. A one-day interaction program was completed among the board of directors of finance companies.
- 2.64 The non-performing loan ratio of development banks is 1.36 percent in 2021/22. The capital adequacy ratio has been maintained at 13.24 percent in 2021/22 compared to 13.14 percent in 2020/21. Similarly, during the same period, the non-performing loan ratio of finance companies was 2.52 percent while the capital adequacy ratio was 18.20 percent.
- 2.65 Unaudited overall key financial indicators of development banks till mid-July 2022 are given in Table 2.14.

Table 2.14
Key Indicators of Development Banks (Unaudited)

S.N.	Indicators	Mid-July 2021	Mid-July 2022	Percentage change
a.	Total Number	18	17	-5.56
	<i>National Level</i>	8	8	-
	<i>Province/District Level</i>	10	9	10.00
b.	Total Paid-up Capital (Rs. in billion)	32.10	36.99	15.23
c.	Primary Capital (Rs. in billion)	43.21	49.15	13.75
d.	Total Capital (Rs. in billion)	48.77	61.04	25.16
e.	Total Deposit (Rs. in billion)	445.84	509.49	14.28
f.	Total Loan (Rs. in billion)	383.48	441.78	15.20
g.	Primary Capital Ratio (in percent)	11.70	10.55	-1.15
h.	Total Capital Ratio (in percent)	13.21	13.10	-0.11
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	86.02	87.18	1.16
j.	Net Liquidity Ratio (in Percent)	24.93	25.24	0.31
k.	Statutory Liquidity Ratio (in percent)	18.17	17.49	-0.68
l.	Non-performing Loan Ratio (in percent)	1.30	1.36	0.06
m.	Deprived Sector Credit Ratio (in percent)	14.61	11.44	-3.17
n.	Targeted sector Credit (in percent)	24.63	25.53	0.9
o.	Total Assets (Rs. in billion)	543.31	633.92	16.68

- 2.66 In the review period the assets/liabilities of development banks increased by 16.68 percent (Rs.90.61 billion) to Rs.633.92 billion in mid-July 2022 (Table 2.14).

- 2.67 In the review period, the deposits of development banks increased by 14.28 percent (Rs.63.65 billion) to Rs.509.49 billion whereas credit and investment increased by 15.20 percent (Rs.58.30 billion) to Rs.441.78 billion during the same period.
- 2.68 Overall key financial indicators of finance companies according to unaudited financial statements till mid-July 2022 are given in Table 2.15.

**Table 2.15
Key Indicators of Finance Companies (Unaudited)**

S.N.	Indicators	Mid-July 2021	Mid-July 2022	Percentag e change
a.	Total Number	17	17	-
	<i>National Level</i>	15	15	-
	<i>Province/District Level</i>	2	2	-
b.	Total Paid-up Capital (Rs. in billion)	11.79	13.53	14.76
c.	Primary Capital (Rs. in billion)	15.29	16.71	9.29
d.	Total Capital (Rs. in billion)	17.15	18.95	10.50
e.	Total Deposit (Rs. in billion)	88.10	103.36	17.32
f.	Total Loan (Rs. in billion)	68.54	88.28	28.80
g.	Primary Capital Ratio (in percent)	19.70	16.17	-3.53
h.	Total Capital Ratio (in percent)	22.09	18.32	-3.77
i.	Total Loan/Primary capital and Deposit Ratio (in percent)	80.08	87.13	7.05
j.	Net Liquidity Ratio (in Percent)	39.76	30.47	-9.29
k.	Statutory Liquidity Ratio (in percent)	31.03	23.47	-7.56
l.	Non-performing Loan Ratio (in percent)	3.16	2.52	-0.64
m.	Deprived Sector Loan Ratio (in percent)	10.49	8.28	-2.21
n.	Directed sector lending (in percent)	17.33	20.33	3
o.	Total assets (Rs.Billion)	116.43	140.85	20.97

Note: In above financial indicators, the statistics of Problematic financial institutions are not included.

Number of problematic finance companies in July 2021: 2.

Number of problematic finance companies in July 2022: 2.

- 2.69 In review period total assets/liabilities of finance companies increased by 20.97 percent to Rs.140.85 billion.
- 2.70 Deposit which remains as major source of resource mobilization has increased by 17.32 percent to Rs.103.36 billion whereas total credit increased by 28.80 percent to Rs.88.28 billion .

Supervision of MFIs

- 2.71 The number of MFIs decreased to 65 in mid-July 2022 compared to 70 in mid-July 2021. Out of which, 2 are collecting deposits from the public, 4 deal only in wholesale lending and 59 are dealing in retail lending as imitators of the rural banking system. Out of 65 institutions, 46 are at a national level, 13 are at a province level and 6 are district-level MFIs.
- 2.72 The total assets and liabilities of “D” class MFIs dealing with microfinance have increased by 16.72 percent from mid-July 2021 and reached Rs.497.48 billion in mid-

July 2022. The total savings and deposits of these institutions reached Rs.159.02 billion and total borrowing reached Rs.233.58 billion while the total loan and advances reached Rs.449.69 billion and total investment reached Rs.6.10 billion in mid-July 2022.

Table 2.16
Key Indicators of Microfinance Institutions

Particulars	Mid July 2020	Mid July 2021	Mid July 2022*	Change (Percentage)	
				2020/21	2021/22
Capital fund	33.41	39.09	50.33	17.00	28.76
Savings and deposits	106.15	130.43	159.02	22.87	21.93
Borrowings	142.09	207.35	233.58	45.93	12.65
Others	29.59	37.49	42.16	26.70	12.45
Profit	5.44	11.84	12.38	117.74	4.55
Total Sources	316.68	426.20	497.48	34.58	16.72
Liquidity Fund	30.38	28.29	20.32	-6.88	-28.17
Investment	10.20	14.71	6.10	44.25	-58.57
Loans and Advance	262.73	365.55	449.69	39.14	23.01
Others	13.28	17.63	21.22	32.72	20.33
Loss	0.09	0.01	0.16	-85.75	1179.20
Total Usage	316.68	426.20	497.48	34.58	16.72

*Unaudited

- 2.73 In 2021/22, out of the total MFIs licensed by this bank, overall on-site inspection of 47 institutions including a national cooperatives bank limited, and special inspection of four institutions was carried out.
- 2.74 The enforcement report of second half of 2020/21 and the first half of 2021/22 has been prepared. Also, quarterly off-site supervision report for the fourth quarter of the 2020/21 and first, second and third quarter of 2021/22 has been prepared.
- 2.75 Annual inspection and supervision report of MFIs has been prepared and published on the website of the bank. Similarly, an annual report has been prepared regarding status of financial inclusion.
- 2.76 Prompt corrective action has been taken against 2 MFIs for not maintaining the minimum capital fund as per the directive of this bank in 2021/22. Similarly, a penalty was imposed on 4 MFIs for non-compliance with the provision relating to minimum CRR.

Supervision of Non-bank Financial Institution

- 2.77 Non-Bank Financial Institution Supervision Department is in operation from 13 February 2022 for the inspection, supervision and monitoring of national cooperative bank limited, hydroelectric investment and development company, hire purchase transaction companies, and companies licensed for foreign exchange transactions. NRB Remittance Transaction Inspection and Supervision Bylaw, 2022 have been implemented for the inspection, supervision, and monitoring of the above institutions,

while the draft of the Remittance Transaction Inspection and Supervision Manual, 2022 is being prepared.

- 2.78 Non-Bank Financial Institution Supervision Department has completed on-site supervision of 14 money changers, 4 remittance companies, 3 hire purchase companies and 3 travel and tours companies by mid-July 2022. Similarly, a special inspection of 14 remittance companies has been completed during this period. Additional instructions have been given to 3 remittance companies and 10 money changers and 4 hire purchase companies based on the comments mentioned in the on-site inspection report.
- 2.79 The discussion has been done with the representatives of non-bank financial institutions relating to the comments of the on-site inspection report, implementation status, statistics to be sent to the department and the implementation of AML/CFT.

Foreign Exchange Management

Foreign Exchange Regulation

- 2.80 In mid-July 2022, the total number of companies and firms that have taken approval to do foreign exchange transactions stood at 3,348 including 227 Hotels, 914 Travel Agencies, 1,597 Trekking Agencies, 65 Cargo companies, 72 Airlines Companies, 349 Money Changers, 42 Remittance Companies, 26 Commercial Banks, 7 Development Banks, 7 Finance Companies, 1 Nepal Infrastructure Development Bank, 1 Nepal Clearing House Limited, and 40 others. Among these institutions, 3,043 companies are operating within Kathmandu valley and 305 companies are located outside Kathmandu valley.
- 2.81 NRB Foreign Investment and Foreign Debt Management By-laws, 2078 and NRB Moneychanger License and Inspection By-laws, 2077 have been amended and implemented. Provision related to money laundering in the Circular number 27 / 2078 in unified circular 2022, issued to licensed entities to conduct foreign exchange transactions, has been amended /revised.
- 2.82 As per the notification of Nepal Gazette (Volume 72) dated 2022/04/26 (Addendum 1) published by the GON to completely ban the import of certain goods, a circular has been issued to the BFIs to comply with the notification.
- 2.83 A provision has been made to make payment also in convertible foreign currency when Agricultural Inputs Company Limited purchases chemical fertilizers under the Government-to-Government procurement arrangement, through a letter of credit from the Government of India or a public body of the Government of India.
- 2.84 According to the notice published by the GON in the Nepal Gazette (Volume 71) No. 48, Part 5 dated 2022/04/09, as related industries can themselves import items of Customs subheadings 0713.10.00, 0802.80.00, 0802.90.00 and 0904.11.00 for

industrial purposes after the recommendations of the Department of Industry and the permission of the Department of Commerce Supplies and Consumer Protection a provision has been made to provide foreign currency exchange facility under the same arrangement..

- 2.85 Under the prevailing provisions related to the issuance of a letter of credit for international trade, an arrangement has been made so that letter of credit can also be issued with the dry port of Chobhar as the customs office checkpoint.
- 2.86 As mentioned in the PDA of the Arun 3rd Hydroelectric Project, which has been identified as a project of national importance by the Investment Board and is currently under construction, when the developer of the project provides payment to the consultant/builder contractor/supplier based on the confirmation of the performance from the developer company and the recommendation from the office of the Investment Board, arrangement has been made for commercial banks to directly provide exchange facilities in Indian rupees without exceeding the limit of the contract amount. In addition, National Transmission Grid Company Limited has been added to the existing list of entities receiving foreign exchange facilities.
- 2.87 The daily quantity of gold that can be imported has been fixed at 10 kg. Similarly, the provision of import in cash through the Tatopani customs point has been cancelled. An arrangement has been made to keep 50 to 100 percent cash margin while opening letters of credit for the import of 47 different types of goods.
- 2.88 Both *Bi. Bi. Ni.* Form No. 4(Ga) has to be issued and a security has to be taken also in case of goods imported under a credit facility or on credit. An arrangement has been made to issue an advance payment certificate even in case of exports to India.
- 2.89 The system of opening and operating bank accounts in the name of institutional foreign depositors and non-resident Nepalese has been simplified by arranging to collect deposits of minimum of one thousand US dollars or equivalent in designated foreign currencies.
- 2.90 An arrangement has been made for the companies licensed to conduct remittance transactions to publish and update the details of the exchange rate including the service fee charged for the remittance transaction through their respective websites.
- 2.91 The system of linking interest rate to LIBOR when borrowing in convertible foreign currency by Nepali firms, companies, industries, BFIs etc has been revised and linked to various benchmark interest rates along with the revision of margin rate
- 2.92 Information related to the illegal status of virtual currency/cryptocurrency and network marketing transactions/business has been published.
- 2.93 Opening of letter of credit has been made mandatory during import of goods worth more than INR 30 million. Provision has been made to also make *Bi. Bi. Ni.* Form No. 3 and 4 applicable for goods imported from India on credit.

- 2.94 An arrangement has been made to provide foreign exchange facility for passports only for a maximum 2 times a year. Similarly, an arrangement has been made for the requirement of NOC when providing exchange facilities for higher education studies in India.
- 2.95 An arrangement has been made such that Nepali citizens having a legal source of foreign currency must exchange amount exceeding 1,500 US dollars within 35 days or deposit it in a bank account.
- 2.96 BFIs can themselves provide exchange facility up to USD 5,000 or equivalent in other convertible foreign currency for the payment of the services taken from the third country based on specified documents. Commercial banks can provide exchange facility up to USD 12,000 or equivalent in other convertible foreign currency payment of such services based on agreement/consent approval or exchange recommendation of the regulatory body. Such facility of more than US 12,000 or equivalent in other convertible foreign currency for payment of such service can be provided based on the approval of the Foreign Exchange Management Department along with the recommendation of the concerned regulatory body.
- 2.97 For remittance transactions, an arrangement has been made such that a bank guarantee cannot be issued for prefunding with a foreign organization being the beneficiary. It has been arranged that for the international bids where Nepali bidders can also participate, the related bank can issue a foreign currency-denominated bank guarantee after performing security and risk analysis itself.
- 2.98 An arrangement has been made to provide an additional exchange facility of a maximum of USD 1,500 through electronic card for quarantine expenses due to COVID-19 for Nepali workers going on foreign employment to South Korea, based on the recommendation letter of the Department of Foreign Employment.
- 2.99 An arrangement has been made that the sum of both the purchase and sale of outstanding derivatives transactions under proprietary cannot exceed 15 percent of the primary capital of the licensed “A” class bank.
- 2.100 Commercial banks are allowed to collect and mobilize savings deposits in convertible foreign currency from non-resident Nepali and from foreign institutions promoted by non-resident Nepali. Such deposits can be withdrawn from the banking system subject to setconditions.
- 2.101 An arrangement has been made to allow commercial bank to issue foreign currency-denominated bank guarantee and stand-by letter of credit to take foreign loans by Nepali firms and companies related to commercial agriculture, manufacturing industry, infrastructure construction, and tourism in Nepal from foreign institutions.
- 2.102 Silver can only be imported through bank guarantees, letters of credit and standby letters of credit under Open Market Import License (OGL) arrangement. An arrangement has been made for providing an exchange facility during the import of

silver each time up to the limit of USD 35,000 or equivalent in other convertible foreign currencies.

- 2.103 For the imports being made via Documents Against Payment (DAP)/Documents Against Acceptance (DAA), the foreign currency exchange limit has been set to USD 50,000 or other equivalent convertible foreign currencies.
- 2.104 An arrangement has been made to provide foreign exchange facilities from BFIs for transferring the amount allocated annually to various peace missions of the Nepalese Army through the banking instrument/system.
- 2.105 An arrangement has been made to pay the remittance amount to the beneficiary only after verification with the original citizenship or passport or identity card with a photo, issued by the GON of the beneficiary and signing on the copy of document.
- 2.106 An arrangement has been made to issue bank guarantee or stand-by letter or credit while borrowing in foreign currency from abroad by Nepalese entity operating in a foreign country to bring foreign currency into Nepal.
- 2.107 An arrangement has been made to provide a loan in convertible foreign currency for a maximum period of 90 days to pay Sight L/C to the industry importing raw materials and machinery.
- 2.108 Fifteen (15) items have been added to the list of industrial raw materials and machinery that can be imported from India in convertible foreign currency, making the total to 182 commodities.
- 2.109 An arrangement has been made to provide an exchange facility directly from commercial banks based on the documents specified for payment of services taken from foreign institutions by national pride projects and national priority projects.
- 2.110 An arrangement has been made to pay an amount up to USD 100,000 or equivalent in other convertible foreign currency through draft/TT from a single invoice, for the import of medicinal materials and health equipment related to Covid-19 on the recommendation of the Ministry of Health and Population, Department of Health Services. In addition, the limit of draft/TT is made not applicable until mid-April 2022, business credibility information of the beneficiary not be required and the recommendation of the health service department is not mandatory in case of import of life-saving health materials/equipment including oxygen used in the treatment of COVID-19.
- 2.111 An arrangement has been made to renew the foreign exchange transaction license for one year without charging any fee, given the impact created by the COVID-19.
- 2.112 An arrangement has been made to provide foreign currency exchange facilities from commercial banks to airline service operating institution for the import of services up to USD 25,000 or equivalent to other convertible foreign currency based on the documents specified .

- 2.113 Provision has been made regarding the refund of the education service fee paid by students who have not been able to study abroad for various reasons through a simple and quick process, .
- 2.114 In case of the import of fertilizers and seeds from a third country through a bid accepted by Krishi Samagri Company Limited and Salt Trading Corporation Limited through global tender, an arrangement has been made to open letter of credit and provide payment of convertible foreign currency to the Indian firm or company through global tender if they are produced and shipped from third countries.

Foreign Investment and Credit

- 2.115 Approval for FDI inflows equivalent to Rs.7.34 billion and foreign loans equivalent to Rs.43.02 billion was granted in 2021/22. During the review year, accounting was done for FDI inflows equivalent to Rs.10.84 billion and foreign loans equivalent to Rs.39.02 billion. In addition, permissions for an exchange facility equivalent to Rs.22.55 billion were provided for the repatriation of FDI, payment of interest and principal of foreign loans, dividend earned on FDI, payment of royalty related to technology transfer, and other fees associated with foreign investment.

Import/Export of Goods and Services

- 2.116 In 2021/22, foreign exchange facility equivalent to Rs.19.43 billion was provided through 2,526 applications submitted to the bank in addition to the limit of foreign currency exchange facility that commercial banks can provide to the purchase service as per the agreement between foreign firms, companies or institutions and firms, companies or institutions registered in Nepal.
- 2.117 To promote export business, reimbursement equivalent to Rs.1.42 billion was provided in 2021/22 to the commercial banks for the cash grants paid to various export-related firms, companies or institutions.

Foreign Exchange Reserve Management and Investments

- 2.118 NRB Foreign Exchange Investment Directives, 2022; NRB Foreign Currency Purchase and Sale and Market Intervention Directives, 2021 and NRB Exchange Rate Determination and Publication Procedure, 2013 (First Amendment, 2021) have been issued.
- 2.119 The foreign exchange reserve investment stood at USD 8.26 billion in mid-July 2022 as compared to USD 10.55 billion in mid-July 2021.
- 2.120 For the effective management of foreign exchange reserves, prioritizing security of investment, liquidity, and returns; foreign exchange reserves were invested in time deposits, treasury bills and notes issued by central banks, and bonds of different periods issued by Government of China.

- 2.121 The bank has invested in investable instruments of US Dollar, Euro, Pound Sterling, Australian Dollar, Canadian Dollar, Chinese Yuan, Japanese Yen, and Indian Rupee. In mid-July 2022, a major portion of bank's total foreign exchange reserve investment was in the US dollar.
- 2.122 In 2021/22, the bank established a relationship and started transactions with Raiffeisen Switzerland and First Abu Dhabi Bank in the process of managing investments. An account in SAR currency has brought into operation in Qatar National Bank, Saudi Arabia for government debt payment.

Payment Systems

- 2.123 Six financial institutions have been granted licenses to operate as payment service provider in 2021/22. The license for operation of one company has been canceled for not operating its business within the specified time.
- 2.124 “Unified Directives related to Payment System-2021” has been issued for institutions licensed for payment related operation. In the directive no. 14/021 (provisions related to money laundering and prevention of financial investment in terrorist activities) of the Unified Directive, additional provisions have been included for the payment related licensed institutions from this bank including the provision to submit a report after assessing institutional risk related to AML/CFT, adopt necessary measures for risk monitoring and management, and payment to be made only through credit card.
- 2.125 Six meetings of the National Payment Board were successfully held in 2021/22 as per the provision in section 3 of the Payment and Settlement Act, 2019.
- 2.126 Indicators related to development of Payment Systems are being published on this bank’s website regularly since mid-July 2020. The use of various electronic payment devices has been increased significantly during the review period as compared to the previous year increasing its access to the general public. (Table 2.17).

Table 2.17
Payment System Indicators

S.N.	Indicators	Mid July 2021	Mid July 2022	Percentage Change
1	Payment System Operator (PSO)	10	10	0
2	Payment Service Provider (PSP)	28	27	-3.6
3	Official Agents of PSP	9,279	12,685	36.7
4	Wallet Users	8,885,914	1,3,675,993	53.9
5	Debit Card	8,839,855	10,856,357	22.8
6	Credit Card	192,370	238,794	24.1
7	Prepaid Card	68,265	1,08,641	59.1
8	Mobile Banking Users	14,194,839	18,307,255	28.9
9	Internet Banking Users	1,160,321	1,684,310	45.1
10	Participants in RTGS	38	49	28.9
11	Participants in Connect IPS	534,615	896,341	67.6
12	Participants in ECC	60	59	-1.7

- 2.127 The duration of the advisory agreement between NRB and World Bank Group's International Finance Corporation for strengthening electronic payment infrastructure and policy arrangement has been extended for 1 year from December 31, 2021.
- 2.128 Approval has been granted to NCHL to operate first phase Sub-Project 3 (Enhancement of NPI for Retail Payment Switch) to establish and operate National Payment Switch. Similarly, NCHL has completed the establishment of RTGS GL Interface and is currently in the testing phase.
- 2.129 An arrangement has been made to conduct transactions through RTGS System operated by this bank in two sessions from 15th April, 2022. According to this operation time of RTGS has been fixed from 8:00 AM to 8:00 PM from Sunday to Thursday and from 8:00 AM to 3:00 PM on Friday. "RTGS Session Operating Internal Procedure 2079" has been approved and implemented for the effectiveness of this task.
- 2.130 Digital Lending Guidelines, 2021 has been issued and implemented as per the provision of preparing digital lending guidelines in monetary policy 2021/22. Along with this, the "Payment System Inspection and Supervision Bylaw, 2021" has been implemented to make inspection and supervision of institutions conducting payment-related activities regular, systematic and effective.
- 2.131 A circular on Interoperability and Access has been issued to licensed institutions carrying out payment related activities to interoperate the system, mechanism and instrument of one licensed institution with another for expanding payment service access to the general public and management of risk. A circular has been issued to the licensed institution for provisions regarding branchless banking and authorized representative.
- 2.132 Total transactions of 731 thousand 9 hundred and 84 transacted through the RTGS System from mid-July 2021 to mid-July 2022 amounted to Rs.42 trillion 4 billion and 550 million (Table 2.18).

Table 2.18
Transaction through RTGS System

S.N.	Currency	Number of Transactions	Transaction Amount Rs.(in Million)
1	NPR	715,143	41,927,870.3
2	USD	14,817	828.1
3	EUR	1,093	222.8
4	GBP	583	4.9
5	JPY	348	75,633.6
Total		731,984	42,004,559.8

- 2.133 Onsite inspection of 67 companies licensed for payment-related operations was completed in 2021/22 while off-site inspections are being conducted regularly. Appropriate actions were taken to alert, advise and confess against the 6 institutions based on the discrepancies/comments found on the inspection.

Information Technology

- 2.134 The Standard Operating Procedure (SOP) of the Olympic Banking System has been prepared and implemented. To upgrade the version of the Olympic Banking System, testing work has been completed and the upgraded version of the Olympic Banking System has been implemented in both the Data Center located at the Central Office and the DR Site located in Biratnagar. Similarly, IBM Power 9 Server has been purchased and installed at the Primary Site. Also, Power 7 Server has been replaced by Power 8 Server at DR Site Biratnagar.
- 2.135 Inspection and supervision of information technology related infrastructures of various BFIs were carried out along with risks associated with information and technology under Risk Based Supervision.
- 2.136 The feasibility study of cloud computing has been completed. Also, the task related to SWIFT System Customer Security Program (CSP) Independent Attestation has been completed and SWIFT System 7.6 Version has been updated. Foreign Exchange Online System has been installed and operated.
- 2.137 Network infrastructure has been updated by refining the computer network of the bank. The various server equipment in the Bank's Data Center has been updated and new Virtual Servers have been established and handed over to the concerned bodies as per requirement. Firmware upgrades of the hardware equipment used in the systems including Network, Virtualization System and Security System operating in the bank have also been completed.

Currency Management

- 2.138 Note printing (procurement) related master plan and coin minting related master plan has been updated, as per the provisions of Public Procurement Act 2007 and Note Printing and Coin Minting Directive 2009 (First Amendment, 2018). In the current note printing cycle, contracts for printing 300 million units of Rs.5, 340 million units of Rs.10, 240 million of Rs.20, 190 million units of Rs.50, 400 million units of Rs.100, 190 million units of Rs.500 and 310 million units of Rs 1,000 have been signed and implemented. So far, the delivery of banknotes of denominations Rs.20, Rs.50, Rs.100 and Rs.1,000 has been completed.
- 2.139 In 2021/22, 142 million units of Rs.5, 130 million units of Rs.10, 70 million units of Rs.20, 80 million units of Rs.50, 160 million units of Rs.100, 130 million units of Rs.500, and 110 million units of Rs.1,000 have been printed and deposited in the bank vault.
- 2.140 In mid-July 2022, there is a stock of new notes worth of Rs.227 billion 86 million 749 thousand of different denominations. Last year, such stock was Rs.79 billion 811.1 million (Table 2.19).

Table 2.19
Details of Currency Notes Stock

(Rs. in Million)

Denomination	mid-July 2020	mid-July 2021	mid-July 2022	Increment %	
				mid-July 2021	mid-July 2022
1	0.05	0.05	0.05	0	0
2	6.30	6.30	6.30	0	0
5	137.25	461.75	545.50	236.43	18.14
10	76.50	787.50	991.90	929.41	25.96
20	249.00	3,373.00	2,048.00	1254.62	-39.28
50	3,015.00	5,967.50	5,445.00	97.93	-8.76
100	5,385.00	14,390.00	21,100.00	167.22	46.63
500	4,075.00	725.00	61,450.00	-82.21	8375.86
1000	150.00	54,100.00	135,500.00	35966.67	150.46
Total Amount*	13,094.10	79,811.10	227,086.75	509.52	184.53

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

- 2.141 636 million pieces of new banknotes of various denomination worth of Rs.52 billion 656 million have been issued for circulation from mid-July 2021 to mid-July 2022. (Table 2.20).

Table 2.20
Details of Currency Notes Issued from Note Stock
2021/22

Denomination (Rs.)	Notes in Circulation (Pieces in Million)	Amount (Rs. in Million)
5	135.40	677.0
10	118.55	1,185.5
20	145.05	2,901.0
50	99.55	4,977.5
100	100.30	10,030.0
500	8.55	4,275.0
1000	28.60	28,600.0
Total	636.00	52,656.0

- 2.142 In mid-July 2021, banknotes of various denomination worth Rs.683 billion 500 million were in circulation, which decreased by 7.46 percent and reached Rs.632 billion in mid-July 2022, (Table 2.21).

Table 2.21
Details of Currency Notes in Circulation (mid-July 2022)

Denomination (Rs.)	Notes in Circulation (Pieces)	Amount (Rs. in Million)
1	161,002,669	161.0
2	92,587,918	185.2
5	675,748,903	3,378.7
10	537,508,019	5,375.1
20	341,280,102	6,825.6
25	2,283,992	57.1
50	264,943,665	13,247.2
100	270,021,907	27,002.2
250	349,700	87.4
500	265,623,552	132,811.8
1000	443,338,720	443,338.7
Total	3,054,689,147	632,470.0

- 2.143 To gradually modernize and mechanize the existing currency management system, one Banknote Shredding and Briquetting System each has been installed at the new building of Currency Management Department, Thapathali, and in seven provincial offices and is currently in regular operation.
- 2.144 A total amount equivalent to Rs.4 billion 459.5 million soiled, mutilated and torn banknotes deposited/ submitted to exchange by BFIs and the general public and notes ineligible for further circulation in the market were destroyed in 2021/22 (Table 2.22).

Table 2.22
Details of Consigned Notes Ineligible for Circulation in 2021/22

Denominations (Rs.)	Number of notes Consigned to Ashes (in Thousand)	Amount (Rs.Million)
1	7.0	0
2	25.0	0
5	1,030.0	5.1
10	1,418.0	14.2
20	3,103.0	62.1
25	2.0	0.1
50	6,183.0	309.1
100	5,574.0	557.4
500	3,322.0	1,660.8
1000	1,851.0	1,850.7
Total	22,513.0	4,459.5

- 2.145 According to the agreement with Monnika Polska, S.A. Company of Poland to purchase 200 million unit coins of Re 1 and with The Royal Mint Company of UK to purchase 100 million units coins of Rs.2, a total of 90 million units coins of Re 1 and 40 million units coins of Rs 2 have been received in 2021/22.
- 2.146 To mechanize and modernize cash management, an agreement has been signed with Cash Processing Solutions Limited, United Kingdom for the purchase of one unit Currency Verification and Processing System.
- 2.147 The study on Central Bank Digital Currency as mentioned in the monetary policy for 2021/22 has been completed and the report has been published.
- 2.148 A study on feasibility of direct delivery of bank notes to Birgunj/Kathmandu from the note printing company has been completed and a report submitted.
- 2.149 For the reporting of the transactions of note chest operated by commercial banks, the initial work related to software installation has been completed and the User Acceptance Test is being carried out.
- 2.150 NRB, Cash Bylaws, 2006 had been amended in 2021/22. Similarly, the NRB, Note Exchange rules, 2002 has been amended as per the requirement and submitted to the GON for approval. In addition, a report has been submitted regarding the sale and distribution of old notes, coins, gold coins, medallions, souvenir coins and old coins.
- 2.151 In 2021/22, a training program regarding suspicious/counterfeit note identification and clean note policy has been organized involving local students, laborers, traders, farmers, etc. in Jiri of Dolakha district and Daman of Makwanpur district.
- 2.152 The process of giving approval for the establishment of notechest in Kawasoti branch of Rastriya Banijya Bank has been initiated.
- 2.153 In 2021/22, 22 million 913 thousand 400 coins of Rs.1 and 19 millions 789 thousand 550 coins of Rs.2 were sold and 69 millions 978 thousand 600 coins of Rs.1 and 34 millions 380 thousand coins of Rs.2 remain in stock.

Human Resource Management

- 2.154 In mid-July 2022, a total of 1,082 employees are working in the bank, including 1,016 administrative staff and 66 technical staff. Out of the total manpower, there are 561 officers, 438 assistants and 83 unranked office subordinates. In the end of the fiscal year, the ratio of officer level employees and assistant & office support employees is 1.07:1, which was 0.97:1 in the previous year. According to the system of appointing support service on the contract by mid-July 2022, a total of 219 employees including 109 security guards, 11 doctors, 5 engineers, 5 officers (designers and compilers), 1 officer (coins/printing/minting), 1 electrician, 2 assistant dispensary, 71 drivers (including private drivers) and 14 office ubordinates are employed on contract (Table 2.23).

Table 2.23
Details of Human Resources of Last Five Years

S. N.	Level	Mid-July 2018			Mid-July 2019			Mid-July 2020			Mid-July 2021			Mid-July 2022		
		Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total	Adm.	Tech.	Total
	Officer Special	17	0	17	16	0	16	17	0	17	17	0	17	18	0	18
	Officer First	31	1	32	39	1	40	44	1	45	49	1	50	51	4	55
	Officer Second	115	14	129	139	13	152	157	12	169	162	10	172	186	12	198
	Officer Third	325	24	349	296	22	318	243	20	263	269	14	283	287	3	290
	Total Officer	488	39	527	490	36	526	461	33	494	497	25	522	542	19	561
	Assistant First	51	8	59	87	8	95	120	17	137	117	15	132	147	17	164
	Assistant Second	161	34	195	211	40	251	243	39	282	263	34	297	232	30	262
	Assistant Third	36	7	43	24	6	30	18	3	21	17	1	18	12	0	12
	Total Assistant	248	49	297	322	54	376	381	59	440	397	50	447	391	47	438
	Office Subordinate (Class I)	30	0	30	35	0	35	27	0	27	12	0	12	25	0	25
	Office Subordinate (Class II)	35	0	35	25	0	25	24	0	24	24	0	24	7	0	7
	Office Subordinate (Class III)	1	0	1	1	0	1	1	0	1	0	0	0	42	0	42
	Office Subordinate (Class IV)	61	0	61	61	0	61	57	0	57	56	0	56	9	0	9
	Total O.S.	127	0	127	122	0	122	109	0	109	92	0	92	83	0	83
	Total	863	88	951	934	90	1024	951	92	1043	986	75	1061	1016	66	1082

- 2.155 The task of continuing the service of the bank while managing the risk of infection is regularly going on by adding provisions in the 'Workplan for Continuity of Bank Services Risk Management of Covid-19 Infection, 2020 (second amendment). According to clause 172 of NRB Employee Service By-Laws, 2011 (third amendment, 2017), NRB Service Award Procedures, 2021 has been implemented to make the NRB Service Award procedure objective, transparent and organized. NRB's Integrated Procedures for Employee Advance, 2021 has come into effect. NRB's annual force leave procedures have been revised. A study has been completed and a report has been prepared regarding the salary and other benefits of bank employees. The job descriptions of all the employees working in the bank have been reviewed and revised on a necessary basis.
- 2.156 NRB Employee Service By-Laws, 2011(third amendment 2017) has been forwarded to the Public Service Commission for consultation with amendments. To properly replace the employees working in key and leadership positions of the bank, a study has been completed on succession planning and report has been prepared. A special study on Human Resource Practices at NRB has been completed and a report has been prepared.
- 2.157 To make the working environment of the bank safe, clean and dignified and to prevent sexual harassment in the workplace, "NRB, Employee Code of Conduct for Preventing Sexual Abuse in the Workplace, 2021" has been implemented. Regarding the registration of personal details for the national identity card of the employees of this bank and members of their families who have taken citizenship, in cooperation with the National Identity Card and Registration Department, the the personal details of 2394 people have been registered.

- 2.158 NRB Procedure for Taking Contract of Support Service 2020, has been amended. A study report has been prepared regarding the provision of social security for the human resource employed under contract services in the bank.
- 2.159 In 2021/22, 12 assistants and 38 officers were appointed through open competition. Similarly, among internal promotion, 62 employees were promoted through performance evaluation system, 22 through internal competition and 64 through automatic promotion (Table 2.24). In addition, a total of 83 employees, including 58 at the officer level and 25 at the assistant level, are in the process of appointment. During the same period, a total of 25 employees left the bank service. Out of which, 19 employees took compulsory retirement, 1 resigned, 1 was dismissed and 4 employees had expired. Also, during this period, 5 officers (designers and compilers), 1 officer (coins, printing/minting), 33 employees for security group and 14 office subordinates have been appointed on a contractual basis.

Table 2.24
Details of Vacancies Fulfilled in 2021/22

S. N.	Level	Service Type	External Competition	Performance Evaluation	Internal Competition	Automatic Promotion
1	Officer Special	Administration	–	–	–	–
2	Officer First	Administration	–	5	1	–
3	Officer First	Technical	–	3	–	–
4	Officer Second	Administration	–	15	6	–
5	Officer Second	Technical	–	4	–	–
6	Officer Third	Administration	58*	11	–	–
7	Officer Third	Technical	–	–	–	–
8	Assistant First	Administration	–	24	15	–
9	Assistant First	Technical	–	–	–	5
10	Assistant Second	Administration	25*	–	–	–
11	Assistant Second	Technical	–	–	–	1
12	Assistant Third	Administration	–	–	–	–
13	Office Subordinates	Administration	–	–	–	58
Total			83	62	22	64

* Result of written examination yet to be published.

Table 2.25
Details of Vacancies Fulfilled in Last Five Years

		2017/18	2018/19	2019/20	2020/21	2021/22	Total
Executive Director	Performance Evaluation	12	7	5	–	4	28
Director	Performance Evaluation	8	11	9	5	5	38
	Internal Competition	4	5	4	2	1	16
	Technical	–	–	–	–	3	3
Deputy Director	Performance Evaluation	23	36	27	15	15	116
	Internal Competition	10	16	11	7	6	50
	Technical	–	–	–	3	4	7
Assistant Director	Performance Evaluation	–	4	–	7	11	22
	Internal Competition	3	–	–	–	–	3
	Open Competition	45	33	35	38	58*	209
Assistant First	Performance Evaluation	12	25	21	7	24	89
	Internal Competition	8	16	15	3	15	57
	Technical	–	–	13	–	5	18
Assistant Second	Performance Evaluation	12	8	4	1	3	28
	Internal Competition	–	–	–	–	–	–
	Open Competition	96	68	31	11	25*	231
	Technical	10	–	2	–	1	13
Office Assistant	Performance Evaluation	7	10	–	2	58	77
Total		250	239	177	101	238	1,005

* Result yet to be published

Miscellaneous

Budget Management, Corporate Risk Mitigation and Strategic Plan

Budget Management

2.160 The annual budget of 2022/23 has been approved by the Board of Directors under the provisions of NRB, Budget Formulation, Implementation and Monitoring Directives, 2020.

2.161 According to the provisions of NRB, Budget Formulation, Implementation and Monitoring Directives, 2020, a budget review report has been prepared consolidating the reports submitted by all budget-centers at the end of each quarter and presented to the board of directors through budget review committee.

Risk Management

2.162 In order to make risk management more effective, the formulation of "Risk Management Policy" and updating of "Risk Management Directives, 2016" and "Integrated Risk Management Framework, 2015" have been started. A Diagnostic Review has also been completed with the Technical Assistance (TA) consultants from

the International Monetary Fund with participation of officials of the Risk Management Committee, officials of the Audit Committee, the Corporate Planning and Risk Management Department, Governor's Office, Internal Audit Department and other concerned departments.

Implementation of Strategic Plan

- 2.163 The fourth strategic plan of the bank (2022-2026) has been formulated and implemented to carry out the operations of the bank in a planned manner. This strategic document includes a total of 183 tasks including those that are on-going in nature and those that require to be completed within the approved strategic timeframe.
- 2.164 The final evaluation report of the bank's third strategic plan (2017-2021) has been approved. Out of total 178 tasks included in the strategic plan, about 74 percent of the tasks that should be completed and continued throughout the strategic plan period have been completed.

Implementation of Annual Action Plan

- 2.165 The annual action plan of the bank is being formulated and implemented including the regular and special types of tasks to be done by the departments and offices in each fiscal year. In addition, quarterly evaluation of such action plans is being done. During 2021/22, out of 376 tasks, 281 tasks have been completed fully and 70 tasks have been completed partially, while 25 tasks are yet to be started.
- 2.166 The annual action plan of 2021/22 included 208 activities under the other activities category including 27 seminars, 15 trainings, 115 interactions, 46 orientations, and 15 miscellaneous activities to be performed. Out of which 186 tasks including 27 seminars, 5 trainings, 96 interactions, 43 orientation and 15 miscellaneous tasks have been completed.

Implementation of Financial Sector Development Strategy

- 2.167 The final evaluation report of the Financial Sector Development Strategy (2016/17 – 2020/21) formulated and implemented by the GON has been submitted to the Ministry of Finance, GON.

O and M Implementation

- 2.168 The organization and management survey report on the establishment of a provincial office of this bank in Hetauda, the capital of Bagmati Province, has been approved and the office is in the process of being established.
- 2.169 Organization and management survey reports prepared regarding the upgradation of Information Technology Division as a department, establishment of the Financial Institutions Supervision Department as a new department by integrating the Development Bank Supervision Department and the Finance Company Supervision Department, the establishment of Non-Bank Financial Institutions Supervision

Department, the establishment of Financial Inclusion and Consumer Protection Division under the Office of the Governor has been approved and implemented.

- 2.170 Approval is granted to the Surkhet office to operate the accounts including accumulated fund and revenue of the Karnali province government in order to conduct banking transactions including cash transactions in the future.

Financial Intelligence Unit (FIU)

- 2.171 The unit has been receiving suspicious transaction reports through goAML and letters and analyzing the reports and recording them as per need or submitting conclusions to the investigating agency (Table 2.26). Among the investigating agencies, the Department of Money Laundering Investigation, Nepal Police, Department of Revenue Investigation, and Inland Revenue Department are affiliated with the goAML system. And, through the same means, information is being exchanged under the mentioned topic including the conclusion of the analysis of suspicious transaction report (FIU-Nepal Dissemination), LEA-Feedback, Domestic Cooperation and International Cooperation. Coordination is being done continuously to add other investigating and authorized bodies in the goAML System.

Table 2.26
Details of Suspicious Transactions in 2021/22

Status of Suspicious Transaction	No. of Transactions
Suspicious Transactions Received	2,780
Suspicious Transactions Analyzed	1,068
Suspicious Transactions Recorded	409
Suspicious Transactions sent for further actions to law enforcing bodies	659

- 2.172 The annual report for 2020/21 regarding Unit's activities has been submitted to the GON. In addition, Strategic Analysis Report 2022 has been published after analyzing the details including the types of crimes, crime techniques, methods and trends related to money laundering and terrorist financing activities.
- 2.173 The Suspicious Transactions/Activities Guidelines, 2021 (STR/SAR Guidelines, 2021) had been published on the website to facilitate all types of reporting organizations in identifying and reporting suspicious transactions/activities.
- 2.174 A Memorandum of Understanding has been signed between the FIU and the Revenue Investigation Department regarding the exchange of information including the flow and submission of the findings of the analysis of suspicious transaction reports and national coordination,. Similarly, a Memorandum of Understanding has been signed between the FIU and the National Information Technology Center regarding the placement of servers and other equipment related to goAML System in the data centers under the National Information Technology Center.
- 2.175 The exchange of necessary information with FIU of other countries is continued. Information has been requested by foreign FIUs 13 times while information was

sought 18 times from foreign FIUs. Similarly, 9 spontaneous notifications were received from foreign FIUs.

- 2.176 "Related Offenses: Information Booklet" has been published for information/public awareness regarding related offenses mentioned in the schedule of Money Laundering Prevention Act, 2008. The unit has published FIU-Nepal Newsletter, 2021 on the official website including its programs/activities and statistics.
- 2.177 The Unit is working as the primary contact point for coordination between Nepal and the Secretariat of the Asia Pacific Group. The unit has been performing its functions by representing in the technical team related to mutual evaluation.
- 2.178 In 2021/22, a total of 27 interactions, seminars, and knowledge exchange programs have been conducted with reporting organizations, regulatory bodies, law enforcement agencies, and other stakeholders through physical and electronic means.
- 2.179 The work of establishing a disaster recovery system to protect the data of the FIU is in the final stage. Similarly, a bid has been approved for the purchase of Active Directory Configuration, Security Information and Event Management (SIEM), Layer 3 Switch, Web Application Firewall (WAF) and EDR antivirus related to the security of goAML System.

Legal and Proceeding/Pleading of Legal Suits

- 2.180 The proposal for amendment of the NRB Act, 2002 has been submitted to the Parliament and is in the process of amendment. Similarly, a proposal for amendment in the BFIs Act, 2017 has been submitted to the Ministry of Finance, GON.
- 2.181 Laws related to leasing, financial customer protection and financial asset restructuring and securitization (asset management) are discussed among concerned bodies and are in the process of revision. A study report on the need for a separate law related to social responsibility also has been submitted and the law is in the drafting stage.
- 2.182 Table 2.27 shows the details of the cases filed in various courts against the action taken by the BFIs and the officers involved for violating instructions of this bank making this bank an opponent.

Table 2.27
Details of Legal Suits

S.N.	Type of Legal Suits	Number
1.	Current Suits	198
2.	Decided Suits	89
3.	Decided Suits in last Fiscal Year	29
4.	Suits relating to insolvency*	3

- Cases of insolvency of Samjhana Finance Ltd., Himalaya Finance Ltd. and Crystal Finance Ltd. are under consideration in high court.

Internal Audit

- 2.183 Risk and compliance based regular performance and special audit and monitoring of departments/offices/divisions/units are taking place regularly.
- 2.184 The annual on-site audit of the Banking Department, Currency Management Department, Financial Management Department, Assets and Services Management Department, Monetary Management Department and Corporate Planning and Risk Management Department for 2020/21 has been completed. In addition, the regular on-site audit of all 8 offices in the provinces based for the second half of 2020/21 has been completed.
- 2.185 Monitoring regarding the improvement on the remarks mentioned in the regular on-site audit report for the second half 2020/21 and the first half of 2021/22 and the directions given by the audit committee for the Banking Department, Currency Management Department, Financial Management Department, and all the 8 offices in the provinces has been completed.
- 2.186 Risk-based audit of the operations carried out by Foreign Exchange Management Department and Bank and Financial Institutions Regulation Department from mid-February 2021 to mid-October 2022, and the Bank Supervision Department and the Payment System Department from mid-December 2020 to Mid-April 2022 has been completed.
- 2.187 A report has been submitted to the Audit Committee after monitoring the implementation status for the remarks mentioned in the external audit report 2020/21 for all the departments, offices, and divisions of this bank..
- 2.188 The annual report of the audit committee for 2020/21 has been prepared and submitted to the board of directors. In addition, necessary instructions have been given to the departments and offices to implement the improvement and suggestions of the remarks. Again, the quarterly report of the work carried out by the Internal Audit Department has been approved by the Audit Committee and submitted to the Governor. Likewise, a quarterly report has been prepared and submitted to the Board of Directors regarding the activities of the Audit Committee.
- 2.189 A one-day seminar was conducted with employees of the department and auditees about the risk-based internal audit system and about the perceptions and expectations of the auditees. Likewise, a one-day seminar was held with the participation of heads of departments/offices/divisions/units and provincial offices regarding the remarks observed during internal and external audits.
- 2.190 Special audit of NRB, Nepalganj Office, Surkhet Office, and Currency Management Department has been completed. In addition, on-site monitoring of the bank's new building construction work at Baluwatar and Thapathali has been conducted based on the approved drawing design of the building.
- 2.191 The collection of circulars has been updated by incorporating the internal circulars issued by various departments and committees of the bank.

Assets and Service Management

- 2.192 Considering the health risks posed by COVID-19 infection, various necessary measures pertaining to containing these risks and precautions were taken to ensure continuity of the bank's services.
- 2.193 The reconstruction of banks's buildings at Baluwatar and Thapathali, damaged by the devastating earthquake of April 25, 2015, is going on in line with MoU between the Bank and the GON, Ministry of Urban Development, and Central Project Implementation Unit (Building). According to update provided by the Central Project Implementation Unit (Building) of the National Reconstruction Authority. about 86 percent of the physical progress is made in mid-July 2022, as per the contract with BILIL-Contech JV Naxal Kathmandu for the construction of buildings at Thapathali. Similarly, according to the contract with builder CICO-Samanantar JV for the construction of central office building at Baluwatar, about 78 percent physical is made on the approved Master Plan, Drawing, Design.
- 2.194 To construct a bank building for the operation of the provincial office in Birendranagar, Surkhet District, the capital of Karnali Province, land with an area of 9.525 katha has been purchased. The purchased land is located at the previous Katkuwa VDC, Ward no. 9.

Banking Transactions

- 2.195 NRB, Banking Directives 2021 has been implemented to manage the banking transactions conducted by the banking department and provincial offices.
- 2.196 In 2021/22, the inspection of government transactions of 20 bank branches/central offices of various commercial banks (15 outside the valley and 5 inside the valley) has been completed.
- 2.197 Cheque worth above Rs.300 million, which cannot be transacted through the Electronic Check Clearance (ECC) system, is being settled through Manual clearing.
- 2.198 During 2021/22, a total of 43 letter of credits including 34 letter of credits (LCs) worth USD 27,799,637.40, 3 LCs worth Euro 12,114,900, 4 LCs worth of INR 185,349,333, 1 LC worth of GBP 1,664,000, 1 LC worth of AUD 76,482.55* and 2 Authorization to Pay (A/P), have been issued in the request of various agencies/offices under the GON. Various letters of credit that have been regularly issued based on documents. A total 57 completed letters of credits have been closed.
- 2.199 The maximum limit of INR chest located at Central Office of Rastriya Banijya Bank and Banking Office of Nepal Bank Limited has maintained to INR 100 million each. Similarly, the minimum limit of INR Chest in other branch offices of commercial

* On behalf of Currency Management Department, 3 letters of credits were issued with zero margin, 1 equal to USD 7,582,147.00, 1 equal to EUR 5,115,000.00, 1 equal to GBP 1,664,000.00 and the remaining 40 were issued after obtaining margin in Nepalese rupees.

banks has been fixed to INR 500 thousands and the maximum limit to INR 100 million.

- 2.200 For 2021/22, the insured amount equivalent to INR 247,500,000 has been approved to renew insurance of 13 INR vaults under the Banking Department. (Table 2.28).
- 2.201 Foreign currencies equivalent to NRs.2,253,342,352 above the limit of required stock, have been transferred to deposit in the agency bank accounts at CIMB Bank at Singapore.

**Table 2.28
Insurance of IC Funds**

(Amount in INR)

SN	Account Number	INR Fund	Insurance Limit of INR Fund
1	1200000/010.233.356	RBB, Head Office	100,000,000
2	1200000/010.260.356	NBL, Banking Office	100,000,000
3	1200000/010.201.356	RBB, Bhadrapur Branch	5,000,000
4	1200000/010.202.356	RBB, Rajbiraj Branch	10,000,000
5	1200000/010.204.356	RBB, Parasi Branch	500,000
6	1200000/010.207.356	RBB, Baitadi Branch	1,500,000
7	1200000/010.208.356	RBB, Darchula Branch	1,000,000
8	1200000/010.212.356	RBB, Siraha Branch	6,000,000
9	1200000/010.229.356	RBB, Inarawa Branch	6,000,000
10	1200000/010.230.356	RBB, Kalaiya Branch	2,500,000
11	1200000/010.231.356	RBB, Bardaghat Branch	1,000,000
12	1200000/010.256.356	NBL, Illam Branch	4,000,000
13	1200000/010.259.356	NBL, Kakadvitta Branch	10,000,000
Total			247,500,000

Meeting of Board of Directors

- 2.202 In 2021/22, meetings of the Board of Directors were held 42 times. Such meetings were held 45 times in the previous year.

Foreign Aid Coordination

- 2.203 The second Finance for Growth Development Policy Credit (F4GDPC II) worth 150 million US dollars as aid under the Development Policy Credit provided by the World Bank for the policy reforms of the GON is under implementation. Also, regarding the proposed third Finance for Growth Development Policy Credit (F4GDPC III), a discussion has been completed between representatives of the World Bank and various agencies of the GON including NRB.
- 2.204 A working group under the coordination of the Executive Director is in operation for the management of the Data Reporting related to the concessional loan received by the GON under the Extended Credit Facility.
- 2.205 The Scoping Mission related to Financial Sector Stability Review Technical Assistance has been completed through virtual means. The main mission is about to be completed in November, 2022.

Activities Related to Financial Literacy

- 2.206 In 2021/22, altogether 10 programs related to financial literacy have been organized. Among them, 4 programs were related to students with NRB, and the remaining 6 were related to enhancing financial awareness.
- 2.207 Jingles/audio-visual materials containing financial literacy-related awareness messages have been created and published/broadcasted through radio, television, social media, and the bank's website.
- 2.208 Global Money Week 2022 under Organization for Economic Cooperation and Development (OECD) has been completed nationwide with the coordination and participation of the Securities Board of Nepal, the Insurance Committee, the Cooperative Department, the National Banking Institute, and various BFIs.
- 2.209 Member Series Document has been published in collaboration with Alliance for Financial Inclusion. Similarly, the process of revision of the Financial Literacy Framework 2020 is in the final stage.

Training, Workshop, Seminar, Travel, and Interaction Programme

- 2.210 In 2021/22, 33 training programs have been conducted. 1,116 trainees participated those training programs. The regular training programs were conducted in a total of 405 sessions. Apart from panelists and commentators, training was provided by a total of 175 expert resource persons including 120 from this bank and 55 from outside.
- 2.211 From 2021/22, a training catalog has been published with all information about the training/programs conducted by the bank.
- 2.212 The bank is collaborating with various international member organizations and the central banks of other countries for capacity development and other activities. During 2021/22, a total of 1,050 employees participated in international programs, trainings, seminars, and conferences. Out of these, 977 employees participated in the online training program while the remaining 73 employees participated physically in those foreign training programs (Table 2.29).

Table 2.29
Postwise Nomination in International Training and Programs

S.N.	Post	Participators
1	High-level officials	26
2	Executive Directors	60
3	Directors	206
4	Deputy Directors	324
5	Assistant Directors and others	434
Total		1,050

Activities Related to Study, Research and Publications

- 2.213 "Economic Activities and Special Study Guidelines, 2019" has been revised.
- 2.214 The annual provincial economic activities reports of all provinces for 2020/21 and semi-annual report for 2021/22 have been published. Similarly, the integrated report of the annual economic activity of 2020/21 and the semi-annual economic activity report of 2021/22 have been published on the bank's website.
- 2.215 The pre-budget study for the preparation of the annual budget for the fiscal year 2022/23, has been completed and the report has been submitted to the GON, Ministry of Finance.
- 2.216 Studies on "The third follow-up survey on the impact of COVID-19 on the economy", "Housing Price Survey", "Foreign Direct Investment in Nepal (2020/21)", "Optimal Number of Bank and Financial Institutions in Nepal", "Microfinance as the Representative of Commercial Bank" have been completed. While the study on the "Informal Economy of Nepal" is in the final stage. Similarly, Inflation Expectation Survey based on four different quarters has been completed.
- 2.217 "Baseline Survey on Financial Literacy" related to financial awareness has been completed and the report is in the process of being published.
- 2.218 Database of the Nepalese economy has been prepared and made available on the bank's website. Similarly, Univariate Model-ARIMA has been prepared for Gross Domestic Product forecasting.
- 2.219 NRB Publication Directive, 2022 has been issued. Similarly, the bank's social media network (Facebook page and Twitter account) has been launched after issuing NRB Electronic Information Management Integrated Procedure, 2021
- 2.220 A one-day interaction program related to ITRS has been organized in Kathmandu with the officials compiling a BOP related statistical data of BFIs. Similarly, a one-day interaction program has been organized in Kathmandu with reporting institutions of BOP related statistics other than BFIs.

Major Activities of Provincial Offices

Biratnagar Office

- 2.221 A study report on "The status, feasibility, and challenges of religious tourism in Province No. 1" has been published.
- 2.222 A one-day interaction program on "Prevention of Money Laundering and Control of Financial Investments in Terrorist Activities" was held with the participation of reporting institutions, stakeholders, employees of organizations involved in reporting

financial information, employees of cooperatives, money changers and operators of hotel licensed to deal in foreign currency transactions situated in Province No. 1.

- 2.223 A one-day seminar on "Importance of economic statistics, usefulness, and problems of data collection" has been conducted at Fungling of Taplejung district.
- 2.224 A one-day training program on "Concessional loans, Refinance and Corporate Social Responsibility of Financial Institutions" has been held with the participation of representatives of government offices and provincial ministries, provincial heads of BFIs, and CEOs of development banks, representatives of local bodies, women entrepreneurs, representatives of the cottage and small industries federations, commercial farmers taking loans with interest subsidies.
- 2.225 A one-day "Financial Awareness Enhancement Program" on the clean note policy, counterfeit and suspicious notes, and financial literacy was held at Shri Janata Model School, Gurungchauri, Belka Municipality, Udaipur District on the occasion of Global Money Week 2022.
- 2.226 Out of the 12 Note Kosh under the Biratnagar office, 11 Note Kosh have been inspected and necessary instructions have been given. Similarly, an on-site inspection of 44 money changers has been done.

Janakpur Office

- 2.227 A one-day seminar on "Importance of economic data, usefulness, and problems of data collection" was held with the representatives of the reporting agencies that provide data for economic activity study report at Lahan of Siraha district.
- 2.228 A one-day financial awareness enhancement program has been conducted at Balwa of Mahottari district. Similarly, a training program has been conducted on policy issues and practical aspects related to government transactions. Additionally, a one-day training program was held on concessional loans, refinance, and corporate social responsibility of BFIs.

Birgunj Office

- 2.229 The inspection of 4 Note Kosh under the Birgunj office has been completed and a report has been prepared. Along with this, 15 money changers have been inspected and a report has been prepared.
- 2.230 A special study on "Situation Analysis of Pharmaceuticals Manufacturing Industries in Bara & Parsa Industrial Corridor" has been completed.
- 2.231 A one-day seminar on the "Importance of economic statistics, usefulness, and problems in data collection" was held with the participation of the representatives of the concerned agencies that provide data for the economic activities study report.

- 2.232 A one-day interaction program has been held in Birgunj with the participation of reporting entities, concerned agencies, and organizations related to the prevention of money laundering and control of financial investment in terrorist activities.
- 2.233 A one-day financial awareness enhancement program has been held at Shree Tin Chandra Secondary School at Kalaiya of Bara district. Similarly, a virtual training program has been held on policy issues and practical aspects related to government transactions. Along with this, a training program has been completed in Birgunj regarding concessional loans, refinance, and corporate social responsibility of BFIs.

Pokhara Office

- 2.234 The inspection of all 9 Note Kosh under the Pokhara office has been done and necessary instructions have been given. In addition, on-site inspection of the transactions of 38 money changers, hotels/resorts, trekking, and other organizations licensed to deal in foreign currency has been completed, while the license of 7 institutions has been revoked.
- 2.235 A one-day training program has been conducted in Pokhara regarding concessional loans, refinance, and the social responsibility of BFIs. Similarly, a training program has been conducted on policy issues and practical aspects of government transactions.
- 2.236 A one-day seminar on the "Importance of economic statistics, usefulness, and problems of data collection" was conducted in Baglung district with the participation of the representatives of the concerned agencies that provide data for the economic activities study report.
- 2.237 A financial awareness enhancement program has been held at Shree Kafalchaur Secondary School at Dulung of Parbat district.
- 2.238 A one-day interaction program related to foreign exchange has been conducted with potential tourism entrepreneurs and other stakeholders not having foreign exchange transaction licenses within the jurisdiction of the Pokhara Office.
- 2.239 In order to reduce the negative impact of Covid-19 on the business of Gandaki Province and increase production and employment and enhancing entrepreneurial capacity the Government of Gandaki Province has formulated and implemented the Business Survival Fund (Operation) Procedure, 2020 in coordination with NRB, Pokhara office. An agreement has been signed with 18 commercial banks and 4 development banks as of mid-July 2022 for the implementation of the program. Rs.1.8 billion credit has been disbursed from 22 BFIs with outstanding credit of Rs.1.39 billion as on mid-July 2022.

Siddharthanagar Office

- 2.240 A special study report has been prepared on “Effectiveness of women entrepreneurial loans from A, B and C category BFIs”.

- 2.241 The interaction with the heads/representatives of BFIs on economic, monetary, and banking issues has been carried out in each quarter.
- 2.242 A one-day seminar on "Importance of economic statistics, usefulness, and problems of data collection" was held in the Rupandehi district with the participation of the representatives of the concerned agencies providing data for the economic activities study report.
- 2.243 A one-day interaction program has been conducted in Siddharthnagar with the participation of reporting entities, concerned bodies, and organizations regarding the prevention of money laundering and control of financial investment in terrorist activities. Likewise, a one-day training program on NRB Money Changer Licensing and Inspection Regulations, 2021 has been completed.
- 2.244 A one-day training program has been conducted on policy issues and practical aspects related to government transactions. Similarly, a one-day training program on concessional loans, refinance and corporate social responsibility of BFIs has been completed in Siddharthnagar.
- 2.245 The inspection of 40 money changers within the jurisdiction of the Siddharth Nagar office has been completed.
- 2.246 Prabhatpheri and various sports programs have been held on the occasion of the anniversary of the bank. Likewise, financial awareness enhancement program has been conducted in Nawalparasi district on the occasion of Global Money Week. In addition, the Prabhatferi program has been conducted in the presence of employees of the BFIs, money changers, travel and tours, and other stakeholders.

Nepalgunj Office

- 2.247 The inspection of 13 Note Kosh under the Nepalgunj office has been completed. Similarly, the inspection of 6 institutions licensed to carry out transactions in Indian currency as well as convertible foreign currency under the jurisdiction of this office has been completed. Besides, the inspection of all 9 money changers under the jurisdiction of the Nepalgunj office has been completed.
- 2.248 A one-day seminar on the importance of economic statistics, usefulness, and problems in data collection has been held at Gularia of Bardia district.
- 2.249 A one-day seminar on "management of banknote circulation and identification of suspicious notes" was held in Nepalgunj with the participation of the bank employees operating note chest. Similarly, a one-day training program on concessional loans, refinance, and corporate social responsibility of BFIs has been completed.
- 2.250 A one-day training program has been held in Nepalgunj in the presence of representatives of concerned bodies and institutions for the prevention of money laundering and control of financial investment in terrorist activities. Similarly, a one-

day interaction program on financial awareness has been completed at Shree Bhawani Secondary School, Baghaiyatal Rural Municipality – 3, Semra, Bardia.

- 2.251 A special study has been completed on the "Situation of concessional loan utilization in Banke, Bardia, and Dang districts".

Dhangadhi Office

- 2.252 The inspection of all 9 Note Kosh under the Dhangadhi office has been done and necessary instructions have been given. In addition, an on-site inspection of the transactions of 2 money changers has been done.
- 2.253 A one-day training program related to "concessional loans, refinance and corporate social responsibility of BFIs" and a one-day interaction program on "prevention of money laundering and control of financial investment in terrorist activities" has been conducted with the participation of related reporting entities, stakeholders and organizations in Mahendranagar. Similarly, a one-day interaction program on "Foreign Currency Transactions: Current Situation, Problems and Challenges" has been held, including representatives of BFIs, money changers, travel, and hotels dealing in foreign currency.
- 2.254 A one-day program on financial awareness enhancement has been conducted at Sri Siddhanath Secondary School, Jobguda, Dadeldhura district.
- 2.255 A one-day seminar on the "Importance of economic statistics, usefulness, and problems of data collection" was held at Martadi of Bajura district with the participation of the representatives of the concerned agencies providing data for the economic activities study report.
- 2.256 A special study on the "Presence of Provincial Financial Institutions in Sudurpaschim Province" has been completed.

Surkhet Office

- 2.257 A special study on the "Presence of provincial financial institutions in Karnali Province" has been completed.
- 2.258 A one-day interaction program including the head of BFIs, industrialists, businessmen, and other stakeholders has been held in Surkhet on the impact of COVID-19 and other contemporary economic and banking activities.

Table 1
Denomination-wise Currency Notes in Circulation

(Rs. in Million)

Denomination	Mid July					
	2020		2021		2022	
	Amount	Percent	Amount	Percent	Amount	Percent
1	161.0	0.03	161.0	0.03	161.0	0.03
2	185.3	0.03	185.3	0.03	185.2	0.03
5	2,939.8	0.50	2,909.5	0.43	3,378.7	0.53
10	4,609.4	0.78	4,511.2	0.66	5,375.1	0.85
20	5,481.4	0.93	5,262.6	0.77	6,825.6	1.08
25	57.2	0.01	57.1	0.01	57.1	0.01
50	10,823.9	1.84	10,446.0	1.53	13,247.2	2.09
100	20,304.6	3.45	20,740.5	3.03	27,002.2	4.27
250	87.4	0.01	87.4	0.01	87.4	0.01
500	151,046.5	25.69	150,524.3	22.02	132,811.8	21.00
1000	392,363.4	66.72	488,615.1	71.48	443,338.7	70.10
Total	588,060.0	100.00	683,500.0	100.00	632,470.0	100.00

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 (%)
							(4÷6)*100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006	703	-	79,756	80,459	4172	84631	95.1
2007	-	-	87,138	87,138	4172	91310	95.4
2008	-	-	108,778	108,778	4172	112950	96.3
2009	-	-	137,038	137,038	4172	141210	97.0
2010	-	-	157,128	157,128	4172	161300	97.4
2011	-	-	163,448	163,448	4172	167620	97.5
2012	-	-	197,078	197,078	4172	201250	97.9
2013	-	-	233,460	233,460	-	233,460	100.0
2014	-	-	273,250	273,250	-	273,250	100.0
2015	-	-	319,080	319,080	-	319,080	100.0
2016	-	-	386,160	386,160	-	386,160	100.0
2017	-	-	430,990	430,990	-	430,990	100.0
2018	-	-	494,389	494,389	-	494,389	100.0
2019	-	-	507,060	507,060	-	507,060	100.0
2020	-	-	588,060	588,060	-	588,060	100.0
2021	-	-	683,500	683,500	-	683,500	100.0
2022	-	-	632,470	632,470	-	632,470	100.0

Table 3
Training Programs Conducted by Bankers Training Centre

A. Regular Trainings

SN	Subject	Level	Date	No of Participants
1	AML/CFT Regime	Officer	2021/08/24-27	50
2	Research Methodology and Report Writing	Officer/Non-officer	2021/08/29-09/03	50
3	Planning, Budgeting and Risk Management, Business Continuity Plan/ Three Lines of Defense	Officer	2021/09/12-14	29
4	Risk Based Supervision and Basel Core Principles	Officer	2021/09/26-10/01	25
5	Risk Based Internal Audit	Officer/Non-officer	2021/10/03-10/05	30
6	Financial Statement Analysis and NFRS	Officer/Non-officer	2021/10/24-10/29	30
7	Currency Management	Officer/Non-officer	2021/11/14-11/17	32
8	Macroeconomic Modeling and Forecasting	Officer	2021/11/21-26	29
9	SIS Technical Training	Officer	2021/12/05-07	30
10	Macroeconomic Management	Officer	2021/12/19-24	32
11	GL Software	Non-officer	2022/01/02-04	29
12	Central Banking	Officer	2022/01/09-14	30
13	Payment and Settlement Systems in Nepalese Context	Officer/Non-officer	2022/02/13-15	37
14	Organization Behavior	Non-officer	2022/02/20-23	29
15	Central banking	Non-officer	2022/03/06-11	30
16	Management Development Program	Officer	2022/03/20-25	27
17	Secretariat Training	Non-officer	2022/05/03-06	31
18	Banking Operations	Officer/Non-officer	2022/05/22-25	31
19	GL Software	Non-officer	2022/06/12-15	30
20	Foreign Exchange Management	Non-officer	2022/06/19-22	32
21	Procurement Through E-bidding (Work Shop)	Officer	2021/09/12-17	30
22	Behavioral Science for Middle Level Officers (Residential)	Deputy Director	2021/12/10-11	73
23	Stress Management for Executives (Residential)	Executives	2021/12/24-25	52
24	Pre service Training for Assistant Director	Officer	2022/03/24-04/05	38
25	Pre service Training for Assistant	Non-officer	2022/03/28-04/07	12
26	Residential Program for Executives on Information Technology, Security and Central Banks	Executives	2022/06/04-05	66
	Total			914

B. Additional Trainings

SN	Subject	Date	No of Participants
1	Workshop on Risk Based Internal Audit	2021/11/28-12/02	29
2	Training for Economic Journalist	2022/02/25-26	36
3	Protocol Management	2022/05/21-22	21
4	Training for Office Subordinate	2022/05/26-27	34
5	Effective Leadership through Communication and Strategy (NBI)	2021/11/28-11/30	20
6	Subsidized Interest Program of Gandaki Provincial Government	2022/05/28-29	31
7	Workshop on Macroeconomic Modeling and Forecasting	2022/05/28-29	31

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

C. In Physical Platform

SN	Host Institution	No. of Participants
1	AFI and Banco Central de Reservade EL Salvador	2
2	AFI and Superintendencia de la Economia popular y Solidaria de Ecuador	2
3	AFI and Superintendencia General de Entidades Financieras de Costa Rica	3
4	Alliance for Financial Inclusion (AFI)	5
5	APRACA (Asian Pacific Regional Agricultural Credit Association)	2
6	Asian Clearing Union (ACU)	2
7	Bank for International Settlement (BIS)	2
8	Bank Indonesia	2
9	Banque de France	1
10	BBVA Spain	2
11	Cash Processing Solutions Limited, Matrix House, UK and CRANE Currency	2
12	CICTAB (Centre for International Co-operation and Training in Agriculture Banking)	5
13	De La Rue International Limited, Uk	4
14	Deutsche Bundesbank	2
15	Egmont Group Secretariat	2
16	Embassy of Nepal, New Delhi, India	1
17	Embassy of the Republic of Korea	1
18	Federal Reserve Bank	2
19	IFPRI South Asia and IIDS Nepal	1
20	IMF SARTTAC	11
21	Office of the Prime Minister and Council of Ministers, GON and Bangladesh FIU	4
22	Public Debt Management Office, MOF, GON	7
23	Reserve Bank of India (RBI)	4
24	SECEAN-IMF, Bank Negara	2
25	Study Center Gerzensee	1
26	World Bank	1
	Total	73

D. In Online Platform

SN	Host Institution	No. of Participants
1	Asian Development Bank (ADB, ADBI)	3
2	Alliance for Financial Inclusion (AFI, CBK, BCEAO)	101
3	Asia Pacific Group Against Money Laundering (APG)	15
4	APRACA (Asian Pacific Regional Agricultural Credit Association)	4
5	Bank Indonesia	4
6	Bank of England	2
7	Bank of Korea	17
8	Bank of Russia	2
9	Banque de France	16
10	Bank Indonesia	7
11	Bank for International Settlements (BIS)	20
12	BIS, IMF & IADI	7
14	Bangko Sentral NG Philipinas (BSP)	4
14	CICTAB (Centre for International Co-operation and Training in Agriculture Banking)	1
15	College of Supervisors, Reserve Bank of India & Toronto Centre	4
17	Deutsche Bundesbank	27

SN	Host Institution	No. of Participants
18	Egmont Group	5
19	Federal Reserve Bank (FED,FEDNY,BIS)	15
20	Financial Stability Institute (FSI) & Financial Stability Board (FSB)	1
21	Financial Sector Stability Programme (FSSP)	2
22	IBFI, Bank of France	1
23	International Finance Corporation (IFC, National Bank of Georgia, World Bank Group)	49
24	International Food Policy Research Institute (IFPRI)	1
25	International Monetary Fund (IMF, FCGO,NRB,WB,CDOT,FSST,SAARTAC,STI,STA,APD)	299
26	IRIS Business Services Ltd	7
27	Maldives Monetary Authority	9
28	Monetary Authority of Singapore	2
29	Malaysian Institute of Management (MIM)	2
30	New York Fed Central Banker Program	1
31	Official Sector Service Providers (OSSP)	4
32	Reserve Bank of India (NRB,NRB Academy,WB,ECB,WB,CoS)	48
33	Rice Business Jones Graduate School of Business and Leadership Academy Nepal (LAN)	1
34	SAARCFINANCE	4
35	South Asian Network for Economic Modelling	2
36	SAPPHIRE CONNECT	1
37	SEACEN (SEACEN, Bank of Indonesia, CRDF Global,BIS,IMF,SARTTAC)	111
38	Standard Chartered Bank	3
39	Study Center Gerzensee	1
40	TDF-United Nation Capital Development Fund	1
41	The Global Open Finance Centre of Excellence	2
42	The institute of Internal Auditors India	2
43	The World Bank Group (WB,GoN,MOF,PDMO)	39
44	Toronto Center	117
45	United Nations Department of Economic and Social Affairs (UN DESA)	1
46	United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)	3
47	United Nations Capital Development Fund	4
48	University of Bank of Russia	1
49	United Nations Office on Drugs and Crime (UNODC)	1
50	World Investment Forum (WIF)	3
	Total	977

Table 5
Position-wise Nomination in International Training and Seminars

SN	Position	No of Participants	
		On Physical Paltform	On online Paltform
1	High Level Officials	3	23
2	Executive Director	15	45
3	Director	12	194
4	Deputy Director	20	304
5	Assistant Director and Others	23	411
	Total	73	977

Table 6
Details of Fund Transfers and Transactions of Foreign Currency through Offices Located Outside Kathmandu Valley in 2021/22

S. N.	Office	Fund Transfers and Deposits										Purchase and Sale of Foreign Currencies			
		Amount (Rs.Million)					IC (NRs.Million)					Other Foreign Currencies		IC	
		Fund Transfer			Fund In ²		Fund Transfer			Fund In ³		Rs.Million		NRs.Million	
		No. of Currency Chests ¹	Frequency	Amount	Frequency	Amount	Frequency	Amount	Frequency	Amount	Purchase	Balance ⁴	Purchase	Sale ⁵	Balance ⁴
1	Biratnagar	12	47	25,240	13	744	2	160	0	0	315.8	102.2	0	0	1,099.2
2	Janakpur	6	29	12,200	4	98	0	0	0	0	433.5	52.0	0	63.2	75.8
3	Birgunj	4	16	9,457	7	4,613	0	0	0	0	50.6	19.3	0	151.7	745.1
4	Pokhara	9	49	16,930	7	179	0	0	0	0	1,579.6	49.6	0	93.3	180.0
5	Siddharthanagar	8	51	18,650	5	116	1	50	0	0	367.0	12.4	12.0	33.2	737.5
6	Nepalgunj	13	42	12,651	18	4,660	0	0	0	0	52.1	12.7	0.5	4.1	614.2
7	Dhangadhi	9	37	9,723	9	1,385	0	0	0	0	77.3	17.7	0.1	170.5	142.2
	Total	61	271	104,851	63	11,794	3	210	0	0	2,875.9	265.9	12.6	516.0	3,594.0

1 Number of Currency Chests under the Officee

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

3 IC deposit means IC collected on different dates from NRB Banking Office.

4 Outstanding as on mid-July 2021aftertransfers to other offices

5 Only amount sold to clients by Office

Appendix 2.1

Directives Issued to “A”, “B”, and “C” Class BFIs

1. Policy and Procedural Arrangement, 2013 (Third Amendment, 2021) to provide approval for companies providing hire purchase loan has been issued.
2. Draft of Financial Literacy Guideline, 2021; Guideline on Environmental & Social Risk Management (ESRM) for BFIs, 2022; Foreign Bank Branch Licensing Policy, 2022 and draft of Guideline on Working Capital Loan, 2021 have been issued as Consultative Document.
3. In addition to the postponement of the requirement for commercial banks to maintain countercyclical buffer stipulated in the Capital Adequacy Framework, 2015 until 2021/22, some changes have been made in the risk weights while calculating their Capital Fund by BFIs.
4. Viewing the impact Covid-19 pandemic on the quality of banking assets and to promote overall financial stability, licensed BFIs are required to maintain 0.3 percent additional loan loss provision for loans under the pass category in the previous 1 percent making the total to 1.3 percent while preparing their annual financial statement from 2020/21 onwards.
5. The time for publishing the interim financial report (summary report) for the fourth quarter of 2020/21 was extended to mid-August 2021.
6. A provision was introduced to account for the interest receivable for mid-July 2021 as interest income of mid-July 2021 if recovered by the end of August 2021.
7. The provision requiring licensed BFIs to spend a minimum of 3 percent of the total salary and allowance expenses of the last fiscal year on training and capacity development, for the skill development of their employees, was made non-mandatory for 2021/22.
8. It was arranged that loans with grace period of more than one year provided to projects related to energy and infrastructure construction which are under the pass category will be subject to loan loss arrangement proportionately every year up until the grace period and a general loan loss arrangement of 1 percent can be maintained in the last year. In addition, arrangements were made to maintain a general loan loss provision of 0.2 percent in the first year and 0.6 percent in the second year and 1 percent in the third year in case of loans provided to agriculture production of silk, jute, cotton, and commercial cultivation of fruits such as mango, tangerine, orange, sweet lemon, kiwi, dragon fruit, lemon, lychee, and avocado.
9. Arrangements were made to provide loans of up to 1.5 million to professionals involved in various professions affected by Covid-19 and BFIs to provide additional loans of up to Rs.0.2 million per vehicle to public transport operators most affected by Covid-19 for vehicle operation and maintenance.
10. An arrangement has been made to convert the loans above Rs 2 billion or above of borrowers using/have been using multi-banking into consortium financing.
11. In case of demand for loans for establishing industry manufacturing a vaccines approved by GON to treat epidemical diseases, BFIs must provide such loans at the base rate after evaluating the business plan.

12. To establish a hospital with a capacity of up to 100 beds at the local level that do not have hospitals, an arrangement has been made for BFIs to provide loans of up to Rs.200 million at an interest rate by adding a premium of 2 percentages to the base rate.
13. In the case of a loan to projects under construction for which this bank has already obtained prior approval for capitalization of accrued interest in the grace period, prior approval of this bank is not required for capitalization of interest up to mid-July 2022.
14. An arrangement has been made to defer payment of principle and interest due in mid-January 2022 and extend their payment by one year to be paid in at least four installments after assessing the impact of Covid-19 for the borrowers from sectors most affected by Covid-19 such as restaurants, party palaces, public transportation, educational institutions and entertainment businesses, and enterprises such as micro, cottage, small and medium scale enterprises whose cash flow is disrupted.
15. After assessing the impact of Covid-19 on the areas most affected by COVID-19 such as hotel, travel, trekking and airlines services which need to depend on foreign tourists ,arrangement has been made to account for the interest accrued by mid-July, 2022 separately and recover it in at least four installments within two years.
16. A provision was made to exend the payment schedule of EMI/EQI or other principal-interest till mid-January 2022 after assessing the financial situation of the borrower if such borrowers were unable to pay by mid-July 2021 due to the lockdown implemented to reduce the risk of COVID-19.
17. Among the loans disbursed by licensed BFIs in case of micro, cottage, small and medium enterprise which are affected by COVID-19 if the borrower presents a written business proposal with the intent to change the nature, objective, business model or business idea and to run the business differently and the licensed BFIs, having evaluated the effect of COVID 19 on the project or business of the borrower and the financial situation, is convinced such change would ensure continuity and repayment of debt, it was arranged to allow change of business for once by mid-April 2022 on the request of the borrower.
18. Among the borrowers who have encountered negative impact on their financial situation and cash flow due to COVID-19, it was arranged that BFIs can themselfe analyze and reduce the installment amount and extend the repayment schedule and such changes would not be regarded as restructuring or rescheduling.
19. The maximum limit of CD ratio to be maintained by BFIs is specified as 90 percent.
20. Provision has been made for licensed BFIs to submit the data and information in the SIS as specified returns as well as ad hoc data and particulars within the specified time to this bank.
21. It was arranged to provide at least 1 percent additional interest on the deposit of the remittance money received through a banking channel from the Nepalese working abroad.
22. Provision has been made for BFIs to publish adjustable interest rate as well as fixed interest rate of all term loans.
23. Revisions have been made in the time period of the loans provided to specified sectors.
24. It is arranged that BFIs must make at least one branch disable- friendly at the local level having more than five branches and one ATM disable-friendly at the ATM lounge.

25. To facilitate addressing grievances related to the operations of BFIs, it has been arranged that BFIs must keep the link of this bank's grievance portal *gunaso@nrb.org.np* on their website.
26. Concerning industries, occupations, and businesses whose operations have been completely halted at places of lockdown, an arrangement has been made for BFIs not to issue any kind of recovery or auction notices during the lockdown period.
27. If commercial banks participate in the merger and acquisition process and carry out joint operations within the fiscal year 2021/22, in addition to the existing arrangements, the following additional facilities and concessions have been provided until mid-July 2023.
 - (a) The period for loan disbursement in prescribed sectors shall be extended by one year.
 - (b) Concession of 0.5 percent has been provided on the required CRR for one year from the start of joint operation.
 - (c) Concession of 1 percentage has been provided to the SLR for one year of joint operation.
 - (d) Additional 5 percentage points are added to the deposit collection limit per institution as specified by this bank.
 - (e) Exemption has been made to the existing provision of a cooling period for members of the Board of Directors and high-ranking employees to get affiliated to any other institution licensed by this bank for at least 6 months since removal from their positions.
 - (f) Concession of 1 percentage point has been given on the interest rate spread of credit and deposits to be maintained as per the directive of this bank.
 - (g) Time of one year is provided to maintain CD ratio as directed by this bank if it exceeds the limit at starting of joint operation.
 - (h) An arrangement is made to not require approval of this bank for merging or closing other branch offices within one kilometer keeping any one branch in the process of joint operations.
 - (i) An arrangement has been made making the fit and proper test non-mandatory for selling the shares held by the promoters equal to or less than 0.1 percent shares of the commercial bank.
28. Arrangement has been made requiring the national level MFIs to prepare financial statements as of mid-July 2022 also in accordance with the Nepal Financial Reporting Standard parallelly.
29. Provision has been made allowing MFIs to charge service fee up to 1.50 percent of the approved loan amount while disbursing loans. In addition, in the case of loans disbursed for less than one year, it has been arranged that the service fee can only be charged proportionately based on the period of the loan such that it does not exceed the annual rate of 1.50 percent.
30. Provision has been made for licensed BFIs to follow the Internal Capital Adequacy Assessment Process (ICAAP) Guidelines issued by this bank.
31. If the credit limit is increased, the service fee can be charged only on the increased amount within the specified limit, and no other charges under any other headings

including review charge can be charged in case of medium and long-term loans that are repaid in installments.

32. Provision has been made that if any other charges under any heading other than specified by this bank or charged more than specified limit, that amount with an additional 10 percent should be deposited in the customer's account.
33. Licensed BFIs may declare and distribute cash dividends only up to 30% of their net distributable profit for 2021/22, not exceeding the weighted average interest rate of fixed deposits at mid-July 2022, and institutions whose net distributable profit is less than 5% of their total paid-up capital cannot distribute cash dividend except for tax purposes..
34. It has been arranged that the licensed institutions can terminate the accounts with zero balances that have remained dormant since 10 years after publishing a public notice. The details of such accounts should be available on the bank's website.
35. It is provisioned that BFIs at the time of issuing debentures have to disclose whether it will be treated as part of a Capital Fund or as resource mobilization. The debentures already been issued or are in the process of issuance after getting approval from this bank, must be segregated the same way and once a debenture has been classified it cannot be changed.
36. Provision has been made to count the investment amount made by the institutions licensed by this bank on the bonds issued by MFIs of Class "D" as deprived sector lending.
37. A povision has been made for the licensed institutions to arrange for a clear display of the rate of interest on loans and deposits in their internet banking and mobile application.
38. When entering the details of the customer's transaction in the core banking system, provision has been made to write the details of the transaction in a clear understandable form as the narration and Alpha-numeric codes cannot be used for that purpose.
39. Provision has been made for licensed BFIs not to unilaterally provide any type of financial services without the consent of the customer, and if any service fee is charged for such services provided without the consent of customer, that amount with an additional 10 percent amount must be deposited in the customer's account.
40. Time-relative amendments have been made in the provision to establish branch offices, and contact/representative offices abroad by Class "A" commercial banks.
41. Provision has been made allowing MFIs conducting wholesale transaction to issue subordinated term debt.
42. Unified Directive, 2078 for class "A", "B" and "C" BFIs, Unified Directives for class "D" category MFIs, and Unified Directive, 2078 for licensed infrastructure development bank were issued by this bank.
43. Arrangements have been made for the Infrastructure Development Bank to issue energy bonds.
44. Considering the impact of Covid-19, the provisions regarding the required limits of credit to be extended by commercial banks to prescribed sectors under the agricultural, energy and micro, cottage, small and medium enterprises based on their respective expertise has been reviewed.

45. The Foreign Bank Branch Licensing Policy, 2022 has been issued for establishing branches by foreign banks in Nepal. Also, policy arrangement regarding establishing branch by Nepali banks abroad has been made in the unified directive.

Appendix 2.2

Comprehensive Inspection of Commercial Banks

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

1	Agriculture Development Bank Ltd.	11	Nepal Investment Bank Ltd.
2	Bank of Kathmandu Ltd.	12	NIC Asia Bank Ltd.
3	Everest Bank Ltd.	13	NMB Bank Ltd.
4	Himalayan Bank Ltd.	14	Nepal SBI Bank Ltd.
5	Kumari Bank Ltd.	15	Prime Commercial Bank Ltd.
6	Laxmi Bank Ltd.	16	Prabhu Bank Ltd.
7	Machhapuchree Bank Ltd.	17	Rastriya Banijya Bank Ltd.
8	Mega Bank Ltd.	18	Sanima Bank Ltd.
9	Nabil Bank Ltd.	19	Siddhartha Bank Ltd.
10	Nepal Bank Ltd.	20	Sunrise Bank Ltd.

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

1	Global IME Bank Ltd.	5	Century Commercial Bank Ltd.
2	Standard Chartered Bank Nepal Ltd.	6	Citizens Bank International Ltd.
3	NCC Bank Ltd.	7	Nepal Infrastructure Bank Ltd.
4	Civil Bank Ltd.		

(C) Special Inspection

1	Everest Bank Ltd.	9	Prabhu Bank Ltd.
2	Nepal Investment Bank Ltd.	10	Kumari Bank Ltd.
3	Global IME Bank Ltd.	11	Siddhartha Bank Ltd.
4	Mega Bank Ltd.	12	Rastriya Banijya Bank Ltd.
5	Nabil Bank Ltd.	13	Laxmi Bank Ltd.
6	Nepal Bangladesh Bank Ltd.	14	Prime Commercial Bank Ltd.
7	NCC Bank Ltd.	15	Standard Chartered Bank Nepal Ltd.
8	Himalayan Bank Ltd.	16	Bank of Kathmandu Ltd.

(D) Special Inspection Based on AML/CFT

1	Agriculture Development Bank Ltd.	12	Nepal Bank Ltd.
2	Century Commercial Bank Ltd.	13	NCC Bank Ltd.
3	Citizens Bank International Ltd.	14	Nepal Bangladesh Bank Ltd.
4	Civil Bank Ltd.	15	NIC Asia Bank Ltd.
5	Everest Bank Ltd.	16	Nepal Infrastructure Bank Ltd.
6	Global IME Bank Ltd.	17	NMB Bank Ltd.

7	Kumari Bank Ltd.	18	Prime Commercial Bank Ltd.
8	Laxmi Bank Ltd.	19	Prabhu Bank Ltd.
9	Machhapuchree Bank Ltd.	20	Rastriya Banijya Bank Ltd.
10	Mega Bank Ltd.	21	Sanima Bank Ltd.
11	Nabil Bank Ltd.	22	Sunrise Bank Ltd.

Appendix 2.3

Comprehensive Inspection of Financial Institutions

Development Banks

(A) Comprehensive On-Site Inspection

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

(B) Special Inspection

1	Saptakoshi Development Bank Ltd.	3	Mahalaxmi Development Bank Ltd.
2	Kamana Sewa Development Bank Ltd.	4	Shine Resunga Development Bank Ltd.

(D) Special Inspection Based on AML/CFT

1	Kamana Sewa Development Bank Ltd.	6	Garima Development Bank Ltd.
2	Salapa Development Bank Ltd.	7	Muktinath Development Bank Ltd.
3	Green Development Bank Ltd.	8	Shine Resunga Development Bank Ltd.
4	Excel Development Bank Ltd.	9	Jyoti Development Bank Ltd.
5	Miteri Development Bank Ltd.	10	Sangrila Development Bank Ltd.

Finance Companies

(A) Comprehensive On-Site Inspection

1	Samriddhi Finance Company Ltd.	8	Janaki Finance Ltd.
2	Goodwill Finance Ltd.	9	Pokhara Finance Ltd.
3	Gurkhas Finance Ltd.	10	ICFC Finance Ltd.
4	Nepal Finance Ltd.	11	Manjushree Finance Ltd.
5	Shree Investment and Finance Company Ltd.	12	Best Finance Ltd.
6	Multipurpose Finance Company Ltd.	13	Nepal Sharemarket and Finance Ltd.
7	Reliance Finance Ltd.	14	Capital Merchant and Finance Ltd.

(B) Special Inspection

1	Central Finance Ltd.
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Appendix 2.4

Comprehensive Inspection of MFIs

(A) On-Site Inspection

1	Abhiyan Laghubitta Bittiya Sanstha Ltd., Panauti, Kavrepalanchok
2	Swabhiman Laghubitta Bittiya Sanstha Ltd., Tilottama, Rupandehi
3	Atmanirbhar Laghubitta Bittiya Sanstha Ltd., Ghorahi, Dang
4	Super Laghubitta Bittiya Sanstha Ltd., Tulsipur, Dang
5	Deurali Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi
6	Khaptad Laghubitta Bittiya Sanstha Ltd., Godawari, Kailali
7	Ghodighoda Laghubitta Bittiya Sanstha Ltd., Sripur, Bellouri, Kanchanpur
8	Infinity Laghubitta Bittiya Sanstha Ltd., Gaidakot, Nawalparasi
9	Ganapati Laghubitta Bittiya Sanstha Ltd., Shuklagandaki, Tanahun
10	Arambh Chautari Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
11	Mithila Laghubitta Bittiya Sanstha Ltd., Dhalkebar, Dhanusha
12	Sabaiko Laghubitta Bittiya Sanstha Ltd., Bandipur, Tanahun
13	Suryodaya Laghubitta Bittiya Sanstha Ltd., Putalibazar, Syangja
14	Mirmire Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchok
15	Unnati Sahakarya Laghubitta Bittiya Sanstha Ltd., Siddharthnagar, Rupandehi
16	Samaj Laghubitta Bittiya Sanstha Ltd., Malangwa, Sarlahi
17	Kisan Laghubitta Bittiya Sanstha Ltd., Dhangadhi, Kailali, Corporate Office Budhanilkanth Na.Pa. Kathmandu
18	Nayasarathi Laghubitta Bittiya Sanstha Ltd., Dhulikhel, Kavrepalanchok
19	Diprox Laghubitta Bittiya Sanstha Ltd., Ratnanagar, Chitwan, Corporate Office Sitapaila, Kathmandu
20	Samudayik Laghubitta Bittiya Sanstha Ltd., Sanga, Kavrepalanchok
21	Sadhana Laghubitta Bittiya Sanstha Ltd., Gorkha
22	RSDC Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi
23	Asha Laghubitta Bittiya Sanstha Ltd., Madanpur, Nuwakot
24	Nerude Laghubitta Bittiya Sanstha Ltd., Biratnagar, Morang
25	Mero micro finance Laghubitta Bittiya Sanstha Ltd., Battar, Nuwakot
26	Janutthan Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi
27	National Laghubitta Bittiya Sanstha Ltd., Nilkantha, Dhading
28	Mahuli Laghubitta Bittiya Sanstha Ltd., Bagdhuwa, Saptari
29	BPW Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
30	Samata Gharelu Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
31	Samit (Sajilo) Laghubitta Bittiya Sanstha Ltd., Gorkha
32	Unique Nepal Laghubitta Bittiya Sanstha Ltd., Kohalpur, Banke
33	Upakar Laghubitta Bittiya Sanstha Ltd., Kohalpur, banke
34	Dhaulagiri Laghubitta Bittiya Sanstha Ltd., Baglung, Baglung
35	Mahila Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
36	Nadep Laghubitta Bittiya Sanstha Ltd., Gajuri, Dhading
37	CYC Laghubitta Bittiya Sanstha Ltd., Baglung
38	Manusi Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
39	Nesdo Samridhha Laghubitta Bittiya Sanstha Ltd., Kusma, Parbat

40	Gurans Laghubitta Bittiya Sanstha Ltd., Dhankuta Bazar, Dhankuta, Corporate Office Biratnagar
41	Rastra Uthan Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
42	Shrijanshil Laghubitta Bittiya Sanstha Ltd., Golbazar, Siraha
43	Adarsha Laghubitta Bittiya Sanstha Ltd., Banepa, Kavrepalanchowk
44	Womi Laghubitta Bittiya Sanstha Ltd., Sanga, Kavrepalanchowk
45	Jalpa Laghubitta Bittiya Sanstha Ltd., Pokhara, Kaski
46	Manakamana Smart Laghubitta Bittiya Sanstha Ltd., Sidharthanagar, Rupandehi
47	Rastriya Sahakari Bank Ltd., Kupandole, Lalitpur

(B) Special On-site Inspection

1	Andhikhola Laghubitta Bittiya Sanstha Ltd., Bhirkot, Syangja
2	Budhhajyoti Laghubitta Bittiya Sanstha Ltd., Lumbini Sanskritik, Rupandehi
3	Super Laghubitta Bittiya Sanstha Ltd., Tulsipur, Dang
4	Gramid Bikas Laghubitta Bittiya Sanstha Ltd., Butwal, Rupandehi

Appendix 2.5

BFIs Licensed as Market Makers

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

Appendix 2.6

Licensed institutions for Sales Agents for Foreign Employment Saving Bonds

S.N.	Banks and Remittance Companies	Address
1	Citizens Bank International Ltd.	Kamaladi, Kathmandu
2	Nabil Bank Ltd.	Durbarmarg, Kathmandu
3	Machhapuchchhre Bank Ltd.	Lazimpat, Kathmandu
4	Prabhu Bank Ltd.	Babarmahal, Kathmandu
5	Sunrise Bank Ltd.	Gairhidihara, Kathmandu
6	Siddhartha Bank Ltd.	Hattisar, Kathmandu
7	Sanima Bank Ltd.	Naxal, Kathmandu
8	Century Commercial Bank Ltd.	Putalisadak, Kathmandu
9	Prabhu Money Transfer Pvt. Ltd.	Lainchour, Kathmandu
10	Sewa Remit Pvt. Ltd.	Kuleshwor, Kathmandu
11	City Express Money Transfer Pvt. Ltd.	Kamaladi, Kathmandu
12	IME Ltd.	Panipokhari, Kathmandu
13	NMB Bank Ltd.	Babarmahal, Kathmandu

Appendix 2.7

Board of Directors

(mid-July 2022)

Mr. Maha Prasad Adhikari	Chairman
Mr. Madhu Kumar Marasini, Secretary, Ministry of Finance	Member
Dr. Neelam Dhungana (Timsina)	Member
Mr. Bam Bahadur Mishra	Member
Dr. Suboodh Kumar Karn	Member
Mr. Chinta Mani Siwakoti	Member
Dr. Shankar Prasad Acharya	Member

Appendix 2.8

List of Special Class and First Class Officers

(In mid-July 2021)

Special Class Officers		
1	Dr. Nephil Matangi Maskay	Executive Director, Office of the Governor
2	Mr. Dev Kumar Dhakal	Executive Director, Bank Supervision Department
3	Mr. Mukunda Kumar Chhetri	Executive Director, Financial Management Department
4	Mr. Pitambar Bhandari	Executive Director, Financial Institutions Supervision Department
5	Mr. Rishikesh Bhatta	Executive Director, Assets and Service Management Department.
6	Mr. Pradeep Raj Poudyal	Executive Director, Information Technology Department
7	Dr. Gunakar Bhatta	Executive Director, Banks & Financial Institutions Regulation Department
8	Mr. Naresh Shakya	Executive Director, Monetary Management Department
9	Mr. Suman Kumar Adhikari	Executive Director, Microfinance Institution Supervision Department
10	Dr. Prakash Kumar Shrestha	Executive Director, Economic Research Department
11	Mr. Revati Prasad Nepal	Executive Director, Currency Management Department
12	Mr. Ramu Paudel	Executive Director, Foreign Exchange Management Department
13	Mr. Vishrut Thapa	Executive Director, Internal Audit Department
14	Mr. Ram Bahadur Manandhar	Executive Director, Banking Department
15	Mr. Daya Ram Sharma Pangeni	Executive Director, Corporate Planning and Risk Management Department
16	Mr. Tulashi Prasad Ghimire	Executive Director, Human Resource Management Department
17	Mr. Guru Prasad Paudel	Executive Director, Payment Systems Department
18	Mr. Bimal Raj Khanal	Executive Director, Non-Bank Financial Institutions Supervision Department

First Class Officers

1	Mr. Binod Raj Acharya	Director, Mint Division
2	Mr. Ram Prasad Gautam	Director, Financial Management Department
3	Mr. Kiran Pandit	Director, Banks & Financial Institutions Regulation Department
4	Mr. Satyendra Timilsina	Director, Bank Supervision Department
5	Mr. Chet Prasad Uperty	Director, Assets and Service Management Department
6	Mr. Roshan Kumar Shigdel	Director, Bank Supervision Department
7	Dr. Ram Sharan Kharel	Director, Nepal Rastra Bank, Pokhara Office
8	Dr. Dilli Ram Pokhrel	Director, Economic Research Department
9	Mr. Dirgha Bahadur Rawal	Director, Financial Information Unit
10	Mr. Nishchal Adhikari	Director, Payment Systems Department
11	Mr. Anuj Dahal	Director, Currency Management Department
12	Mr. Dipak Raj Lamichhane	Director, Human Resource Management Department

13	Mr. Rajan Bikram Thapa	Director, Financial Institution Supervision Department
14	Mr. Rajendra Bhattarai	Director, Assets and Service Management Department
15	Mr. Hem Prasad Neupane	Director, Corporate Planning and Risk Management Department
16	Mr. Ananda Paudyal	Director, Banking Department
17	Mr. Mukti Nath Sapkota	Director, Office of the Governor
18	Mrs. Sushma Regmi (Rijal)	Director, Internal Audit Department
19	Mr. Govinda Prasad Nagila	Director, Foreign Exchange Management Department
20	Mrs. Meena Pandey	Director, Nepal Rastra Bank, Biratnagar Office
21	Mr. Shubhash Chandra Ghimire	Director, Bank Supervision Department
22	Mrs. Shrijana Bastola	Director, Microfinance Institution Supervision Department
23	Mr. Buddha Raj Sharma	Director, Banks & Financial Institutions Regulation Department
24	Mr. Sudip Phuyal	Director, Financial Management Department
25	Mrs. Niva Shrestha	Director, Nepal Rastra Bank, Nepalganj Office
26	Mr. Dila Ram Subedi	Director, Internal Audit Department
27	Mr. Keshav Bahadur K.C.	Director, Microfinance Institution Supervision Department
28	Mr. Sailendra Regmi	Director, Public Debt Management Department
29	Mr. Birendra Datta Awasthi	Director, Non-bank Financial Institution Supervision Department.
30	Mr. Devendra Gautam	Director, Assets and Service Management Department
31	Mr. Ishwari Prasad Bhattarai	Director, Banks & Financial Institutions Regulation Department.
32	Mr. Rajan Dev Bhattarai	Director, Nepal Rastra Bank, Birgunj Office
33	Mr. Laxmi Prasad Prasai	Director, Economic Research Department
34	Mr. Ramesh Acharya	Director, Financial Institution Supervision Department
35	Mr. Rajan Krishna Pant	Director, Economic Research Department
36	Mr. Durgesh Gopal Shrestha	Director, Banking Department
37	Mrs. Indra Chamlagai (Mainali)	Director, Foreign Exchange Management Department
38	Mrs. Ranjana Paudel (Pandit)	Director, Nepal Rastra Bank, Siddharthanagar Office
39	Mrs. Neera Talchabhadel	Director, Nepal Rastra Bank, Janakpur Office
40	Mr. Biggyan Raj Subedi	Director, Human Resource Management Department
41	Mr. Thaneshwor Acharya	Director, Legal Division
42	Mr. Narayan Prasad Pokhrel	Director, Office of the Governor
43	Mr. Madav Dangal	Director, Economic Research Department
44	Mr. Satyendra Raj Subedi	Director, Bank Supervision Department
45	Mrs. Arya Joshi	Director, Currency Management Department
46	Mr. Bashu Dev Bhattarai	Director, Foreign Exchange Management Department
47	Mr. Ashok Ghimire	Director, Bankers Training Centre
48	Mr. Binod Raj Lekhak	Director, Nepal Rastra Bank, Dhangadhi Office
49	Mr. Sharan Kumar Adhikari	Director, Assets and Service Management Department
50	Mr. Girija Prasad Koirala	Director, Banking Department
51	Mr. Ajit Regmi	Director, Office of the Governor
52	Mr. Shiva Ram Dawadi	Director (I.T.), Information Technology Division
53	Mr. Saurabh Das Manandhar	Director (I.T.), Information Technology Division
54	Mr. Krishna Ram Dhunju	Director (I.T.), Information Technology Division
55	Mr. Tarun Kumar Jha	Director (I.T.), Information Technology Division

PART – 3

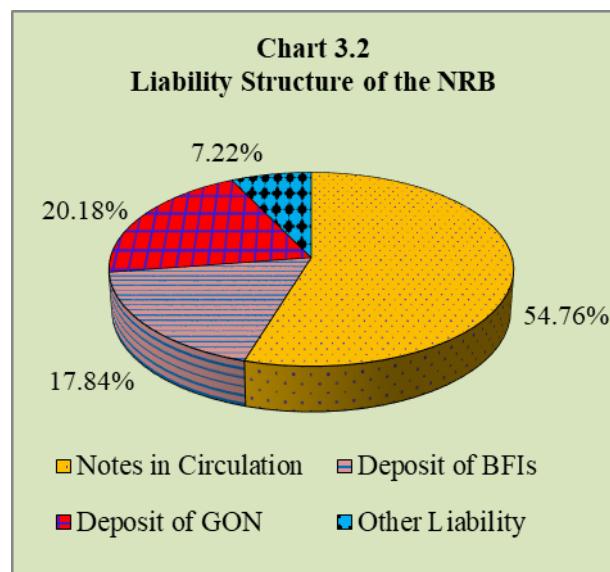
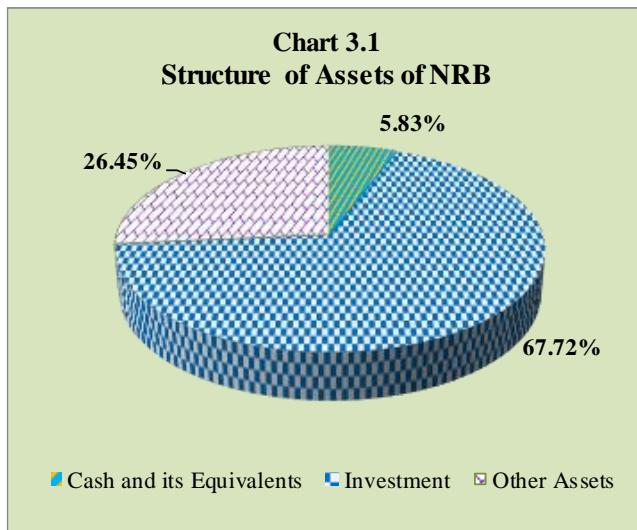
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PART – THREE
ANNUAL FINANCIAL STATEMENT OF
NRB

Assets and Liabilities

- 3.1 In mid-July 2022, the assets and liabilities of NRB decreased by 0.72 percent compared to mid-July 2021 and remained at Rs.1 trillion 527 billion 206 million 140 thousand.
- 3.2 In mid-July 2022, the share of investment in total assets stood at 67.72 percent, the share of cash and bank balance stood at 5.83 percent, and the remaining share of 26.45 percent was of other assets. The share of the above-mentioned assets was 78.96 percent, 6.57 percent, and 14.47 percent respectively in mid-July 2021.
- 3.3 Compared to mid-July 2021, investment in various instruments decreased by 14.85 percent to Rs.1 trillion 34 billion 223 million 380 thousand in mid-July 2022. Such investment was at Rs.1 trillion 214 billion 640 million 602 thousand in mid-July 2021.
- 3.4 Compared to the mid-July 2021, the cash and bank balance of this bank decreased by 11.98 percent and stood at Rs.88 billion 972 million 322 thousand in mid-July 2022. The cash and cash equivalent assets remained at Rs.101 billion 77 million 919 thousand in mid-July 2021.
- 3.5 The share of liability in total liability and equity was 73.33 percent and share of equity was 26.67 percent in mid-July, 2022. In mid-July 2021, the share stood at 76.9 percent and 23.1 percent respectively.

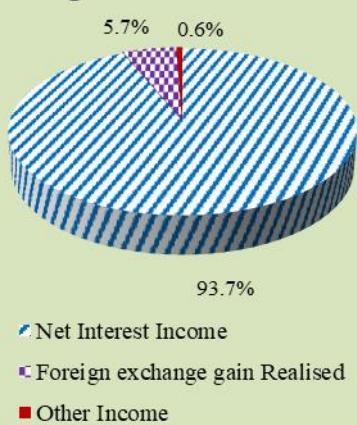


- 3.6 In mid-July 2022, the share of notes in circulation in total liabilities was 54.65 percent, the share of deposit liabilities of BFIs was 17.81 percent, the share of deposit liabilities of the GON was 20.14 percent, and the share of other liabilities was 7.40 percent. In mid-July 2021, the share of the above liabilities was 56.60 percent, 21.10 percent, and 17.72 percent and 4.58 percent respectively.
- 3.7 Compared to mid-July 2021, the notes in circulation decreased by 8.59 percent and stood at Rs.612 billion 27 million 603 thousand in mid-July 2022. The number of notes in circulation in mid-July 2021 was 669 billion 513 million 758 thousand.
- 3.8 Compared to mid-July 2021, the deposits of BFIs in this bank decreased by 20.26 percent and stood at Rs.199 billion 426 million 799 thousand in mid-July 2022. In mid-July 2021 the deposit liability was Rs.249 billion 630 million 925 thousand.
- 3.9 Compared to mid-July 2021, the deposits of the GON in this bank increased by 7.60 percent and reached Rs.225 billion 506 million 855 thousand in mid-July 2022. In mid-July 2021,such deposit liability was Rs.209 billion 577 million 874 thousand.
- 3.10 Compared to mid-July 2021, total equity has increased by 14.65 percent in mid-July 2022. Under this, the reserve fund increased by 14.86 percent to Rs.402 billion 389 million 428 thousand. In mid-July 2021, the reserve fund was Rs.350 billion 329 million 646 thousand.
- 3.11 In mid-July 2021, the share capital of this bank was Rs.5 billion, and it remained the same in mid-July 2022.

Income Statement

- 3.12 According to the Income Statement from July 16, 2021 to July 15 2022, the net operating income of NRB in the financial year 2021/22 has increased by 45.11 percent compared to the previous year and remained at Rs.35 billion 769 million 924 thousand. The share of net interest income in the net operating income in 2021/22 was 93.72 percent, 5.68 percent of income was from foreign exchange transactions and the share of other operating income was 0.60 percent.
- 3.13 Net interest income increased by 53.64 percent compared to the previous year and stood at Rs.33 billion 522 million 476 thousand, while the income from foreign exchange transactions increased by 6.69 percent and stood at Rs.2 billion 31 million

**Chart 3.3
Operating Income Structure of NRB**



239 thousand. Similarly, other income decreased by 76.69 percent and remained Rs.216 million 208 thousand.

- 3.14 The net income from foreign exchange revaluation and other asset revaluation before gain/loss adjustment for the fiscal year 2021/22 increased by 47.44 percent compared to the previous year and remained at Rs.28 billion 420 million 768 thousand. Such income was Rs.19 billion 276 million 162 thousand in the 2021/22.
- 3.15 In the review year, after adjustment of foreign exchange revaluation profit of Rs.34 billion 789 million 148 thousand and the loss from gold and silver revaluation of Rs.1 billion 229 million 204 thousand, the net income was Rs.61 billion 980 million 713 thousand. The net income was at Rs.30 billion 475 million 301 thousand in the previous year.
- 3.16 In the review period, the total comprehensive income after other comprehensive revenue/expenses is 63 billion 136 million 159 thousand. In the previous year, the total comprehensive income was Rs.32 billion 471 million 231 thousand.

Nepal Rastra Bank
Statement of Financial Position
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

ASSETS	Note	32 Asar 2079	31 Asar 2078
Foreign currency financial assets			
Cash and balances with banks	4.1	88,961,585,354	101,063,328,870
Derivative financial assets		-	-
IMF related assets	4.2	25,568,182,155	419,318,478
Term deposit with foreign banks	4.3	427,181,452,899	592,315,062,701
Investments in foreign securities	4.4	542,561,959,053	554,297,524,988
Other receivables	4.5	-	-
Total foreign currency financial assets		1,084,273,179,461	1,248,095,235,037
Foreign currency non-financial assets			
Investment in Gold Certificates	4.6	60,369,440,847	51,370,814,890
Total foreign currency non-financial assets		60,369,440,847	51,370,814,890
Total foreign currency assets		1,144,642,620,308	1,299,466,049,927
Local currency financial assets			
Balances with banks		10,736,269	14,590,238
Investment in Government securities	4.7	54,463,057,558	59,734,566,721
Investment in bonds & term deposit	4.8	6,223,965,975	5,144,986,459
Advances and receivable from Government	4.9	1,460,000,000	1,460,000,000
Loan and advances to bank and financial institutions	4.10	271,722,596,364	123,948,305,630
Other loan and advances	4.11	8,842,400,112	9,784,761,051
Equity investment	4.12	3,792,944,780	3,148,462,010
Other receivables	4.13	3,718,581	50,122,171
Total local currency financial assets		346,519,419,639	203,285,794,280
Local currency non-financial assets			
Gold and silver assets	4.14	27,644,895,537	29,361,048,708
Inventories	4.15	2,218,884,676	1,780,867,822
Property, plant and equipment	4.16	4,807,428,838	3,533,577,429
Intangible assets	4.17	48,327,345	63,862,300
Other assets	4.18	1,324,563,582	743,201,309
Total local currency non-financial assets		36,044,099,978	35,482,557,568
Total local currency assets		382,563,519,617	238,768,351,848
Total assets		1,527,206,139,925	1,538,234,401,775

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

.....
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Executive Director
Financial Management Department

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Board Member

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Mr. Chintamani Siwakoti
Board Member

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Dr. Suvod Kumar Karna
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Deputy Governor

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Dr. Neelam Dhungana Timsina
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As per our report of even date

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Secretary MOF/Board Member

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Mr. Maha Prasad Adhikari
Governor

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Bamdev Sharma Adhikari
Deputy Auditor General
Office of Auditor General

Nepal Rastra Bank
Statement of Financial Position
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

LIABILITIES	Note	32 Asar 2079	31 Asar 2078
Foreign currency financial liabilities			
Derivative financial liabilities		-	-
Deposit of bank and financial institutions	4.19	10,583,507,979	12,803,557,028
IMF related liabilities	4.20	36,615,934,363	11,563,834,777
Total foreign currency financial liabilities		47,199,442,342	24,367,391,805
Local currency financial liabilities			
Bills Payable		114,733,829	358,166,889
Deposit of bank and financial institutions	4.19	188,843,291,327	236,827,368,666
Deposit of Government	4.21	225,506,854,704	209,577,874,326
Deposit of other institutions	4.22	18,917,533,184	19,422,187,641
Currency in circulation	4.23	612,027,603,970	669,513,758,854
Due to bank and financial institutions	4.24	-	-
IMF related liabilities	4.20	11,462,342,410	11,462,342,410
Surplus payable to Government		11,070,000,000	6,661,646,673
Other liabilities	4.25	1,314,392,646	2,524,041,088
Total local currency financial liabilities		1,069,256,752,070	1,156,347,386,547
Other liabilities			
Pension and other employment benefits payable	4.26	3,360,517,597	2,189,977,144
Total local currency liabilities		1,072,617,269,667	1,158,537,363,691
Total liabilities		1,119,816,712,009	1,182,904,755,496
EQUITY			
Capital		5,000,000,000	5,000,000,000
Reserves	4.27	402,389,427,916	350,329,646,279
Total equity		407,389,427,916	355,329,646,279
Total liabilities and equity		1,527,206,139,925	1,538,234,401,775

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Deputy Auditor General
Office of Auditor General

Date: 29/07/2079

Place: Kathmandu

Nepal Rastra Bank
Statement of Net Income and Other Comprehensive Income
As at 32 Asar 2079 (Mid July 2022)

	Note	32 Asar 2079	31 Asar 2078
OPERATING INCOME			
Foreign currency income and expenses			
Interest income on foreign currency financial assets	4.28	18,729,214,236	17,498,121,495
Interest expense on foreign currency financial liabilities	4.29	(93,348,090)	(9,798,760)
Net foreign currency income		18,635,866,146	17,488,322,735
Local currency income and expenses			
Interest income on local currency financial assets	4.30	14,959,956,345	4,444,907,185
Interest expense on local currency financial liabilities	4.31	(73,346,447)	(114,720,942)
Net local currency income		14,886,609,898	4,330,186,243
Net interest income		33,522,476,044	21,818,508,978
Other income			
Fee and commission income	4.32	114,998,443	92,042,521
Net gold trading income	4.33	(352,442,154)	74,816,604
Gain or loss on sale of securities			
Realized gain on foreign exchange transaction		2,031,239,442	1,903,840,197
Other income	4.34	488,882,695	940,362,101
Less: Fee and commission expense	4.35	(44,798,816)	(100,340,659)
Net other income		2,237,879,610	2,910,720,764
Allowance for ECL (loss)/gain on financial assets	4.36	9,567,915	(79,231,600)
Total net operating income		35,769,923,569	24,649,998,142
OPERATING EXPENSES			
Personnel expenses	4.37	3,382,666,378	2,716,278,909
Note printing expense		2,403,732,130	1,639,375,055
Administrative expenses	4.38	1,308,700,402	753,707,680
Depreciation, amortisation and impairment	4.39	254,056,442	264,474,177
Total operating expenses		7,349,155,352	5,373,835,821
Net profit/(loss) before revaluation gain/loss		28,420,768,217	19,276,162,321
Revaluation gain/(loss)			
Gold and silver revaluation gain/loss		(1,229,203,928)	3,006,927,915
Net foreign exchange revaluation gain/(loss)		34,789,148,334	8,192,211,285
Net profit/(loss) for the year		61,980,712,623	30,475,301,521

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

(all amounts in Nepalese Rupees unless otherwise stated)

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Office of Auditor General

Nepal Rastra Bank
Statement of Net Income and Other Comprehensive Income
As at 32 Asar 2079 (Mid July 2022)

	Note	32 Asar 2079	31 Asar 2078
Net profit/(loss) for the year		61,980,712,623	30,475,301,521
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net unrealised gain from securities at FVOCI		636,982,769	987,900,306
Subtotal		636,982,769	987,900,306
Items that will not be reclassified to profit or loss:			
Property revaluation gain/loss			
Re-measurement gain from defined benefit plan		518,464,020	1,008,028,980
Subtotal		518,464,020	1,008,028,980
Total other comprehensive income		1,155,446,789	1,995,929,286
Total comprehensive income		63,136,159,412	32,471,230,807

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

Date: 29/07/2079

Place: Kathmandu

Nepal Rastra Bank
Statement of Cash Flows
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

	32 Asar 2079	31 Asar 2078
Cash flows from operating activities		
Interest income received	32,216,225,136	21,854,156,746
Fees, commission and other income received	2,528,811,927	2,940,903,957
Interest expense paid	(71,239,965)	(114,455,829)
Personnel expense paid	(1,793,158,329)	(2,148,700,957)
Fees and commission Expense paid	(44,798,816)	(100,340,659)
Note printing expense paid	(2,403,732,130)	(1,639,375,055)
Administrative expense paid	(1,277,516,901)	(753,707,680)
Net cash flow from operating activities before changes in operating assets and liabilities	29,154,590,922	20,038,480,523
Net (increase)/decrease in operating assets		
Loan and advances to BFIs	(147,353,428,634)	(115,216,458,663)
Other loan and advances	(247,467,544)	(1,308,353,159)
Inventories	(438,016,854)	315,200,450
Other receivables	(1,651,630,168)	(1,705,329,286)
Other assets	979,417	(64,572,560)
Net increase/(decrease) in operating liabilities		
Deposit of bank and financial institutions	(50,204,126,388)	(47,499,387,742)
Deposit of Government	15,928,980,378	67,237,682,960
Deposit of other institutions	(504,654,457)	1,757,172,023
Other liabilities	(1,458,823,651)	769,982,672
Cash flow from changes in operating assets and operating liabilities	(185,928,187,901)	(95,714,063,305)
Net cash flow from operating activities	(156,773,596,979)	(75,675,582,782)
Cash flows from investing activities		
Net purchase of property and equipment	(792,123,115)	(732,334,596)
Purchase of intangible assets	(12,076,042)	(4,125,419)
Sale of property and equipment	6,680,166	19,528,645
Net Sale/(purchase) of securities	(48,214,817,661)	(91,488,074,942)
Receipt from/(Investment) in term deposit	74,291,827,439	151,602,483,494
Net purchase of gold and silver	(8,953,644,831)	(6,477,636,202)
Dividend income received	128,796,317	65,036,629
Net cash flow from investing activities	16,454,642,273	52,984,877,609

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Mr. Maha Prasad Adhikari
Governor

Bamdev Sharma Adhikari
Deputy Auditor General
Office of Auditor General

Date: 29/07/2079

Place: Kathmandu

Nepal Rastra Bank
Statement of Cash Flows
For the year ended 32 Asar 79 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

	32 Asar 2079	31 Asar 2078
Cash flows from financing activities		
Net increase/(decrease) in currency in circulation	(57,486,154,884)	89,775,126,463
Lease payments	(39,096,811)	(8,046,682)
Net increase/(decrease) in liabilities with IMF	24,998,011,755	363,674,182
Interest paid on IMF related liabilities	(35,718,821)	(8,566,249)
Surplus paid to Government	(5,000,000,000)	(6,000,000,000)
Net cash flow from financing activities	(37,562,958,761)	84,122,187,714
Net increase/(decrease) in cash and cash equivalents	(177,881,913,467)	61,431,482,541
Exchange rate effect on cash and cash equivalents	34,789,148,334	8,192,211,285
ECL effect on cash and cash equivalents	-	-
Cash and cash equivalents as at the beginning of the year	625,239,674,554	555,615,980,728
Cash and cash equivalents as at the end of the year	482,146,909,421	625,239,674,554

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

Cash and cash equivalent includes following assets:

Assets	32 Asar 2079	31 Asar 2078
Foreign currency cash in hand	19,809,038,240	10,112,660,692
Balances with other central banks	38,476,108,567	62,688,085,166
Balances with banks	30,652,494,541	28,284,230,964
SDR Holdings	25,568,182,155	419,318,478
Term deposit with maturity of 3 months	82,957,932,423	173,447,449,401
Treasury bills with maturity of 3 months	284,683,153,495	350,287,929,853
Total	482,146,909,421	625,239,674,554

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Nepal Rastra Bank
Statement of Changes in Equity
For the year ended 32 Asar 79 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

	Note	Capital	General reserve	Monetary Liability Reserve	Financial Stability Fund	Exchange Equalisation Fund	Gold and Silver Equalisation Reserve	Fair Value Reserve	Actuarial Gain Reserve	Other reserve	Retained Earning	Total
Balance as at 1 Sawan 2077		5,000,000,000	49,125,292,717	9,781,673,782	6,584,159,784	153,827,709,004	46,948,884,027	4,124,304,383	1,394,048,212	54,378,494,420	(1,078,225,216)	330,086,341,113
Restatement due to ECL											(566,278,968)	(566,278,968)
Restated Balance as at 1 Sawan 2077		5,000,000,000	49,125,292,717	9,781,673,782	6,584,159,784	153,827,709,004	46,948,884,027	4,124,304,383	1,394,048,212	54,378,494,420	(1,644,504,184)	329,520,062,145
Net profit/(loss) for the year											30,475,301,521	30,475,301,521
Other comprehensive income for the year								987,900,306	1,008,028,980			1,995,929,286
Appropriation of profit :												-
General reserve		6,608,900,534									(6,608,900,534)	-
Monetary liability reserve			967,823,509								(967,823,509)	-
Financial stability fund				967,823,509							(967,823,509)	-
Exchange equalisation fund					8,192,211,285						(8,192,211,285)	-
Gold and silver equalisation reserve						2,934,500,765					(2,934,500,765)	-
Other reserve							5,757,879,412				(5,757,879,412)	-
Net cumulative surplus fund								17,676,108			(17,676,108)	-
Inter fund transfer												-
Other reserve to retained earning							(2,631,077,638)				2,631,077,638	-
Surplus transfer to Government											(6,661,646,673)	(6,661,646,673)
Balance as at 31 Asar 2078		5,000,000,000	55,734,193,251	10,749,497,291	7,551,983,293	162,019,920,289	49,883,384,792	2,481,127,051	2,402,077,192	60,154,049,940	(646,586,820)	355,329,646,279
Balance as at 1 Sawan 2078		5,000,000,000	55,734,193,251	10,749,497,291	7,551,983,293	162,019,920,289	49,883,384,792	2,481,127,051	2,402,077,192	60,154,049,940	(646,586,820)	355,329,646,279
Net profit/(loss) for the year											61,980,712,623	61,980,712,623
Other comprehensive income for the year							636,982,769	518,464,020				1,155,446,789
Appropriation of profit :											-	-
General reserve		7,914,819,265									(7,914,819,265)	-
Monetary liability reserve			1,421,038,411								(1,421,038,411)	-
Financial stability fund				1,421,038,411							(1,421,038,411)	-
Exchange equalisation fund					34,789,148,334						(34,789,148,334)	-
Gold and silver equalisation reserve						(1,229,203,928)					1,229,203,928	-
Other reserve							5,923,738,790				(5,923,738,790)	-
Net cumulative surplus fund								23,546,520			(23,546,520)	-
Inter fund transfer												-
Administrative expense reimbursement of RSRF								(6,377,775)				(6,377,775)
Surplus transfer to Government											(11,070,000,000)	(11,070,000,000)
Balance as at 32 Asar 2079		5,000,000,000	63,649,012,516	12,170,535,702	8,973,021,704	196,809,068,623	48,654,180,864	3,118,109,820	2,920,541,212	66,094,957,475	-	407,389,427,916

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

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Deputy Auditor General
Office of Auditor General

Date: 29/07/2079

Place: Kathmandu

Nepal Rastra Bank
Notes Forming part of Financial Statements
Fiscal Year 2078/79 (2021/22 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 primary objective of the Bank is to maintain economic stability; price stability as well as external sector stability, promote financial access and develop secured, healthy and stable payment systems. In order to attain these objectives, the bank's principal functions include:

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

2. Basis of Preparation

2.1 Statement of Compliance

The 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.

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

The financial statements include Statement of Financial Position, Statement of Net Income and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to Accounts. 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 Basis of Measurement

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

2.3 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 15th November 2022.

2.4 Presentation of Financial Statements

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

The cash flow statement has been prepared by using the "Direct Method" in accordance with the NAS 7 - Statement of Cash Flow.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined in point no. 3.2.

2.5 Functional and Presentation Currency

Bank's functional and presentation currency is Nepalese Rupees (NRs). All financial information presented in Nepalese Rupees except otherwise indicated. The figure has been rounded to the nearest rupee.

2.6 Materiality and Aggregation

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

2.7 Offsetting

Financial assets and liabilities are offset and the net amount 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.

2.8 Comparative Information

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

2.9 Fiscal Year

The financial statements relate to the fiscal year 2078/79 i.e. 1st Sawan 2078 to 32nd Asar 2079 corresponding to Gregorian calendar 16th July 2021 to 16th July 2022. The previous year was 1st Sawan 2077 to 31st Asar 2078 (16th July 2020 to 15th July 2021).

2.10 Use of Estimates, Assumptions or Judgments

The preparation of the financial statements in conformity with NFRS requires management to make judgment, estimates and assumption that affect the application of accounting policies and the

reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

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

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

2.11 Controlling Body

The controlling body of the Bank is the Government of Nepal (GoN) holding 100 percent of its 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.

2.12 Basis of Consolidation

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

2.13 Basis of Accounting for Investment in Associates

NAS 28 mentions that an entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the equity method. Further, the standard clarifies that significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Bank's investment in National Productivity and Economic Development Ltd. is in excess of 20% of the paid up capital of 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. These investments are accounted at fair value through other comprehensive income as per NFRS 9.

2.14 Changes in Accounting Policies

The bank has applied its accounting policies consistently except for the following two cases. The changes in accounting policies have been applied retrospectively as per the requirement of NAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

A) Accounting of allowances for expected credit loss

The bank had recognized the allowances for impairment based on Incurred Loss model as per the requirement of NAS 39: Financial Instruments: Recognition and Measurement. During the year, the bank has changed its accounting policy to recognize allowance for impairment based on Expected Credit Loss model as per the requirement of NFRS 9: Financial Instruments. The change in models of accounting for allowances for impairment has resulted into the changes in accounting policy and has been required by NFRS 9.

B) Measurement of Right of Use Assets and Lease Liabilities

The bank had recognized lease payment to operating lease to Statement of Net Income as per NAS 17: Lease to the earlier years. During the year new NFRS 16 on Lease become effective and requires to recognize the present value of lease payments as Right of Use Asset and Lease liabilities. In order to comply with the requirement of NFRS 16, the bank has changed its accounting policy for lease payment. Accordingly, the present value of lease payment on operating lease is recognized as Right of Use Assets and Lease Liabilities at its initial measurement. In subsequent measurement, depreciation on right of use asset and interest expense on lease liabilities is recognized. The change in recognition and measurement has resulted into the changes in accounting policy.

The effects of changes in above accounting policies are as follows:

Impact on Financial Statements	Allowances for Expected Credit Loss	Right of Use Asset/Lease Liabilities	Total
Charged to Opening Equity (1 st Sawan 2077)	566,278,968	-	566,278,968
Increase/(decrease) in previous year expense	79,231,598	1,076,254	80,307,852
Increase/(decrease) in current year expense	(9,567,914)	3,615,177	(5,952,737)
Increase in allowances for Expected Credit Loss	635,942,652	-	635,942,652
Increase in Right of Use Assets	-	90,228,230	90,228,230
Increase in Lease Liabilities	-	94,919,661	94,919,661
Total negative impact on Equity	635,942,652	4,691,431	640,634,083

3. Significant Accounting Policies

3.1 Financial Assets and Financial Liabilities

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

A. Financial Assets

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

i) Recognition

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

ii) Classification and measurement

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

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

- **Financial asset measured at amortized cost:**

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the business model of the Bank is to collect contractual cash flows and the contractual cash flows includes solely payment of principal and interest only. Financial assets measured at amortized cost are initially recognized at fair value plus any transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

- **Following financial instruments are measured at amortized cost:**

a) Cash in hand and balance with banks

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

b) IMF related assets

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

c) Term deposit with banks

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

d) Investments in Government securities

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

e) Loan and advances to bank and financial institutions

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

f) Other Loan and Advances

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

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

Financial assets measured at fair value through other comprehensive income include investment in equity instruments of other entities. The Bank has made irrevocable election at initial recognition to recognize the changes in fair value through other comprehensive income. All investments in equity instrument of other entities are classified under this heading. No other asset than investment in equity instruments These investments are initially measured at fair value. The initial fair value is the transaction value. Transaction cost, if any is recognized in the investment amount. The subsequent measurement of these assets is done at fair value. The fair value is market value of particular instrument. If market value is not available for any instruments, its fair value is determined by adopting valuation method. The change in fair value is recognized in other comprehensive income.

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

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

iii. De-recognition:

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

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

B. Financial liabilities:

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

i) Recognition and Measurement

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

ii) De-recognition

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

C. Offsetting:

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Please refer to Note 2.6 for further details.

D. Amortized cost measurement:

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

E. Fair value measurement:

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

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

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

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

F. Impairment of financial assets:

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

The Bank measures loss allowances at an amount equal to 12 months ECL for Stage 1 financial instruments. Stage 1 financial instruments include financial assets which are not due or due for up

to 30 days as well as assets which are in investment grade i.e. sovereign and other investment grade rated assets. Life time loss allowance is measured on financial instrument which are classified as "Stage 2 financial instruments". Stage 2 financial instruments includes asset which are past due for more than 30 days but up to 90 days. Stage 2 financial instruments also include assets which are referred to noninvestment grade investment. Life time ECL is also measured for credit impaired assets which is referred to as "Stage 3 financial instruments" A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

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

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

- **Exposure at Default:**

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

- **Probability of Default (PD):**

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

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

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

- **Loss Given Default (LGD):**

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

- **Write off:**

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

G. Designation at fair value through Profit or Loss:

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

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

3.2 Cash and Cash Equivalents

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

3.3 Trading Assets and Liabilities

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

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

3.4 Gold and Silver

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

3.5 Foreign Currency Transaction

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

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

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

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

3.6 Income tax

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

3.7 Property, Plant and Equipment

Property, plant and equipment are tangible items that:

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

i. Recognition

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

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

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

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

ii. Measurement

a. Initial Measurement

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

b. Subsequent Measurement

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

iii. De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and 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.

iv. Depreciation

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

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

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

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

v. Impairment

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

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

vi. Assets received in grant

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

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

3.8 Intangible Assets

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

i. Recognition

An intangible asset shall be recognized if, and only if

- a. the asset is identifiable
- b. it is probable that the economic benefits that are attributable with the item will flow to the bank; and
- c. cost of the asset can be measured reliably.

ii. Measurement

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

iii. Amortization

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

iv. Impairment

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

v. De-recognition

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from recognition of an intangible asset shall be

determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognized in PL account on disposal.

3.9 Leases

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

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

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

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

3.10 Investment Property

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

3.11 Impairment of Non-Financial Assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine where there is an indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. The Bank assesses whether events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the bank makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in

'use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

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

3.12 Inventories

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

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

3.13 Deposits and Borrowings

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

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

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

3.14 IMF Related Liabilities

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

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

3.15 Currency in Circulation

Currency in circulation represents notes issued by the Bank as a sole currency issuing authority in Nepal. Currency notes issued by the Bank are legal tender under the 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.

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

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

3.16 Transactions on Repurchase Obligations (Repo) and Reverse Repo

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

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

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

3.17 Bills Payable and Bills Receivable

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

3.18 Provisions

A provision is recognized if as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected

future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Where the Bank expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable to be received.

3.19 Employee Benefits

- Short term employee benefits**

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

- Post-Employment Benefits**

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

A. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as employee benefit expense in the Statement of Net Income 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:

i. Contributory Retirement Fund:

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

ii. Welfare Provident Fund:

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

B. Defined Benefits Plan

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

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

Re-measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest) and the effect of the assets ceiling (if any excluding interest) are recognized immediately in other comprehensive income. The Bank determines the net interest 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 personnel expenses in Statement of Net Income.

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

i. Gratuity and Pension Scheme:

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

ii. Staff Security Fund:

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

- **Other long term employee benefits**

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

- i. **Leave Encashment:**

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

- ii. **Staff Medical Fund:**

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

- **Termination Benefits**

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

3.20 Interest Income and Expenses

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

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

The effective interest rate is the rate that exactly discount estimated future cash receipt or payment through expected life of the financial instrument or where appropriate a shorter period, to the net carrying amount of the financial asset and liability. While calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial 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 stage 1 and stage 2 financial assets measured at amortized cost is recognized on gross carrying amount. Interest income on stage 3 financial assets is recognized on net carrying amount.

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

3.21 Non Interest Income

i. Fees and Commission income

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

ii. Net trading income

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

iii. Net income from financial instruments designated at fair value

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

Net income from other financial 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 statement of net income. It includes realized and unrealized fair value changes, interest, dividend and foreign exchange differences.

iv. Other Income and Expense

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

- Balances unclaimed and outstanding for more than three clear consecutive accounting years in unclaimed account is written back to income.
- Dividend income is recognized when the right to receive income is established.
- Penal income is accounted on cash basis.
- Profit/loss from sale of precious metal and coins are recognized when the sale is made
- Grant Income is not recognized until there is reasonable certainty that the entity will comply with the conditions attaching to it, and that the grant will be received. Grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs is recognized in statement of net income of the period in which it becomes receivable.

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

3.22 Note Printing Expense

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

3.23 Unclaimed Account

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

3.24 Contingent Liabilities and Commitments

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

3.25 Consolidation of Project Accounts

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

The projects for which the Bank has entered into separate subsidiary loan agreements with Government of Nepal or has entered into separate project agreements with other funding agencies are consolidated with the Bank's account. For projects which are implemented by the bank on behalf of the GON, the accounts of these projects are not consolidated with 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.

3.26 Presentation

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

3.27 Events Occurring after the Reporting Date

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

Nepal Rastra Bank
Notes to the financial statements
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

	32 Asar 2079	31 Asar 2078
4.1 Cash and balances with banks		
Foreign currency cash in hand	19,809,038,240	10,112,660,692
Balances with other central banks	38,476,108,567	62,688,085,166
Balances with foreign banks	30,641,756,822	28,269,638,756
Money at overnight placements with other central banks	-	-
Interest receivable	45,852,755	2,548,970
Less: Allowances for expected credit loss	(11,171,030)	(9,604,714)
Total cash and balance with banks	88,961,585,354	101,063,328,870
4.2 IMF related assets	32 Asar 2079	31 Asar 2078
Special drawing right holding	25,568,182,155	419,318,478
Interest receivable	-	-
Less: Allowances for expected credit loss	-	-
Total IMF related assets	25,568,182,155	419,318,478
Details disclosure regarding the financial position on IMF is provided in Note 5.14		
4.3 Term deposit deposit with foreign banks	32 Asar 2079	31 Asar 2078
Term deposit with maturity of 3 months or less	82,957,932,423	173,447,449,401
Term deposit with maturity of more than 3 months	343,570,402,730	418,890,812,169
Interest receivable	1,090,599,413	390,315,126
Less: Allowances for expected credit loss	(437,481,667)	(413,513,995)
Total term deposit with banks	427,181,452,899	592,315,062,701
4.4 Investment in foreign securities	32 Asar 2079	31 Asar 2078
Investment measured amortised cost		
Treasury bills	284,683,153,495	350,287,929,853
Treasury Notes	95,502,142,430	65,361,640,349
Coupon bonds	160,747,943,754	137,429,723,433
Interest receivable	1,874,564,663	1,498,709,319
Less: Allowances for expected credit loss	(245,845,289)	(280,477,966)
Investment measured fair value through OCI		
Treasury bills	-	-
Treasury Notes	-	-
Coupon bonds	-	-
Less: Allowances for expected credit loss	-	-
Investment measured fair value through profit or loss		
Treasury bills	-	-
Treasury Notes	-	-
Coupon securities	-	-
Coupon bonds	-	-
Total investment in securities	542,561,959,053	554,297,524,988

Nepal Rastra Bank
Notes to the financial statements
As at 32 Asar 2079 (Mid July 2022)
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4.5 Other receivables	32 Asar 2079	31 Asar 2078
Receivable from Asian Clearing Union		
Other receivable	-	-
Less: Allowances for expected credit loss	-	-
Total interest and other receivable	-	-
4.6 Investment in Gold Certificates	32 Asar 2079	31 Asar 2078
Investment in paper gold	55,870,042,475	44,655,278,083
Trading gold	4,351,023,730	6,477,636,202
Interest receivable on paper gold	148,374,642	237,900,605
Total investment in gold certificates	60,369,440,847	51,370,814,890
Details disclosure regarding the investment in gold is provided in Note 5.1		
4.7 Investment in Government securities	32 Asar 2079	31 Asar 2078
Investment in treasury bills	15,067,960,116	15,460,827,981
Investment in bond	36,422,088,576	41,273,125,452
Investment in Government bond issued for IMF related liabilities	2,280,557,961	2,280,557,961
Interest receivable	692,450,905	720,055,327
Less: Allowances for expected credit loss	-	-
Total investment in Government securities	54,463,057,558	59,734,566,721
4.8 Investment in bonds & term deposit	32 Asar 2079	31 Asar 2078
Investment in corporate bonds	-	-
Term deposit with Bank and Financial Institutions	6,158,744,000	5,130,162,000
Interest receivable	125,123,905	74,580,707
Less: Allowances for expected credit loss	(59,901,930)	(59,756,248)
Total fixed deposit with Bank and Financial Institutions	6,223,965,975	5,144,986,459
4.9 Advances and receivables from Government	32 Asar 2079	31 Asar 2078
Overdraft provided to Government	-	-
Advance payment to Government	1,460,000,000	1,460,000,000
Receivable from Government against payment to IMF	-	-
Advance to project/fund operated by Government	-	-
Less: Allowances for expected credit loss	-	-
Total advance to Government	1,460,000,000	1,460,000,000

Nepal Rastra Bank
Notes to the financial statements
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

4.10 Loan and advances to bank and financial institutions

	32 Asar 2079	31 Asar 2078
Standing liquidity facility	158,102,500,000	-
Refinance	111,961,238,775	122,703,932,366
Lender of last resort	-	-
Securities purchased under repurchase agreement	-	-
Other loans to BFIs	118,622,225	125,000,000
Interest receivable	1,555,565,894	1,136,108,545
Less: Allowances for expected credit loss	(15,330,530)	(16,735,281)
Total Loan and advances to bank and financial institutions	271,722,596,364	123,948,305,630

4.11 Other loan and advances

	32 Asar 2079	31 Asar 2078
Staff loans	7,253,368,196	4,927,921,951
Less: Amortization	(1,244,125,062)	(661,783,372)
Pension advance	2,284,770,378	2,597,864,646
Travelling advances to staff	2,493,108	854,010
Advance for construction	514,643,797	1,222,258,881
Staff endowment policy advance	7,626,642	8,907,350
Other advance	21,877,821	1,687,624,220
Interest receivable	1,745,232	1,113,365
Less: Allowances for expected credit loss	-	-
Total other loan and advances	8,842,400,112	9,784,761,051

4.12 Equity investment

	32 Asar 2079	31 Asar 2078
Investment in equity instruments measured at fair value through OCI		
Cost price	697,947,274	697,947,274
Fair Value Changes	3,094,997,506	2,450,514,736
Total equity investment	3,792,944,780	3,148,462,010

Details disclosure regarding the equity investment is provided in Note 5.6.5

4.13 Other receivables

	32 Asar 2079	31 Asar 2078
Dividend receivable	-	35,596,721
Sundry debtors	8,796,017	8,462,593
Deposits	1,486,138	1,481,138
Other receivables	1,926,937	12,281,866
Less: Allowances for expected credit loss	(8,490,511)	(7,700,147)
Total interest and other receivables	3,718,581	50,122,171

Nepal Rastra Bank
Notes to the financial statements
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(all amounts in Nepalese Rupees unless otherwise stated)

4.14 Gold and silver assets	32 Asar 2079	31 Asar 2078
Gold held in reserve at cost	27,351,269	27,351,269
Silver held in reserve at cost	20,658,886	20,658,886
Changes in fair value	27,596,885,382	29,313,038,553
Total gold and silver assets	27,644,895,537	29,361,048,708

Details disclosure regarding the gold and silver assets is provided in Note 5.1

4.15 Inventories	32 Asar 2079	31 Asar 2078
Gold stock	2,015,809,480	1,691,268,802
Silver stock	59,611,969	53,768,750
Coin stock	139,155,154	31,490,826
Numismatic stock	3,782,171	12,581,687
Other metal stock	31,285,014	22,485,498
Dispensary stock	422,428	453,799
Gross inventories	2,250,066,216	1,812,049,362
Less: Write down of inventories to net realisable value		
Coin stock	(22,465,540)	(22,465,540)
Other metal stock	(8,716,000)	(8,716,000)
Net inventories	2,218,884,676	1,780,867,822

Nepal Rastra Bank
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4.16 Property, Plant and equipment

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

Particulars		Land	Building	Computer & Accessories	Vehicles	Machinery Equipment	Office Equipment	Furniture and Fixture	Other Assets	Right of Use Assets	Capital Work in Progress	Total Assets
Depreciation Rate		3%-20%	20%	20%-25%	20%	20%	20%	10%	20%			
Original Cost	Balance as on 1st Sawan 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	3,921,843,133
	Addition during the Year	-	55,459,923	54,400,083	98,600,000	1,809,134	11,040,697	1,439,941	287,137	133,287,846	509,297,681	865,622,442
	Disposal/Write Off/Adjustment	(861,400)	(107,531,567)	(20,630,503)	(11,936,885)	(4,007,541)	(12,106,253)	(829,180)	(4)		(14,217,070)	(172,120,403)
	Balance as on 31st Asar 2078	192,973,152	785,248,776	273,885,445	538,117,235	119,784,891	178,186,697	64,761,008	6,103,883	133,287,846	2,322,996,239	4,615,345,172
Accumulated Depreciation	Balance as on 1st Sawan 2077	-	351,824,044	166,063,923	217,043,072	106,786,924	123,963,685	27,470,409	4,932,831		-	998,084,888
	Depreciation for the Year	-	24,231,546	31,455,551	71,707,328	4,895,830	19,585,750	5,099,477	234,539	7,625,312	-	164,835,333
	Disposal/Write Off/Adjustment	-	(34,485,832)	(20,222,050)	(9,765,850)	(4,007,530)	(11,842,047)	(829,169)	-		-	(81,152,478)
	Balance as on 31st Asar 2078	-	341,569,758	177,297,424	278,984,550	107,675,224	131,707,388	31,740,717	5,167,370	7,625,312	-	1,081,767,743
Net Book Value as on 31st Asar 2078		192,973,152	443,679,018	96,588,021	259,132,685	12,109,667	46,479,309	33,020,291	936,513	125,662,534	2,322,996,239	3,533,577,429
Original Cost	Balance as on 1st Sawan 2078	192,973,152	785,248,776	273,885,445	538,117,235	119,784,891	178,186,697	64,761,008	6,103,883	133,287,846	2,322,996,239	4,615,345,172
	Addition during the Year	167,650,000	77,321,691	66,938,574	163,065,462.49	216,992,583.32	17,127,332.15	8,285,131.52	60,000.00	1,629,764	782,721,623	1,501,792,161
	Disposal/Write Off/Adjustment	-	(6,280,248)	(19,013,973)	(23,930,500.00)	(195,292.45)	(8,411,553.17)	(770,003.72)	(88,104.00)		-	(58,689,674)
	Balance as on 32nd Asar 2079	360,623,152	856,290,219	321,810,046	677,252,197	336,582,182	186,902,476	72,276,136	6,075,779	134,917,610	3,105,717,862	6,058,447,659
Accumulated Depreciation	Balance as on 1st Sawan 2078	-	341,569,758	177,297,424	278,984,550	107,675,224	131,707,388	31,740,717	5,167,370	7,625,312	-	1,081,767,743
	Depreciation for the Year	-	24,103,401	37,761,816	93,597,643.24	4,714,481.06	19,200,698.34	5,330,059.47	268,213.37	37,064,068		222,040,380
	Disposal/Write Off/Adjustment	-	(3,582,208)	(17,424,709)	(22,473,823.35)	(199,039.45)	(8,340,384.94)	(769,137.81)	-			(52,789,303)
	Balance as on 32nd Asar 2079	-	362,090,951	197,634,531	350,108,370	112,190,666	142,567,701	36,301,639	5,435,583	44,689,380	-	1,251,018,821
Net Book Value as on 32nd Asar 2079		360,623,152	494,199,268	124,175,515	327,143,827	224,391,516	44,334,775	35,974,497	640,196	90,228,230	3,105,717,862	4,807,428,838

Nepal Rastra Bank

Notes to the financial statements

As at 32 Asar 2079 (Mid July 2022)

(all amounts in Nepalese Rupees unless otherwise stated)

4.17 Intangible Assets

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

Particulars		Computer Software		Capital Work in Progress	Total Intangible Assets
		Useful Life Defined by Contractual Agreements	Other Useful Life		
Amortisation Rate		20%		10%	
Original Cost	Balance as on 1st Sawan 2077	2,521,595	20,381,923	241,450,624	-
	Addition during the Year	-	3,291,044	834,375	264,354,141
	Disposal/Write Off/Adjustment	-	-	-	4,125,419
	Balance as on 31st Asar 2078	2,521,595	23,672,967	242,284,999	-
Accumulated Amortisation	Balance as on 1st Sawan 2077	1,953,324	11,403,741	164,806,085	-
	Depreciation for the Year	252,530	2,066,208	24,135,372	178,163,150
	Disposal/Write Off/Adjustment	-	-	-	26,454,110
	Balance as on 31st Asar 2078	2,205,854	13,469,949	188,941,457	-
	Net Book Value as on 31st Asar 2078	315,741	10,203,018	53,343,542	-
Original Cost	Balance as on 1st Sawan 2078	2,521,595	23,672,967	242,284,999	-
	Addition during the Year	7,845,816	2,748,759	1,587,286	268,479,561
	Disposal/Write Off/Adjustment	-	-	-	12,181,861
	Balance as on 32nd Asar 2079	10,367,411	26,421,726	243,872,285	-
Accumulated Amortisation	Balance as on 1st Sawan 2078	2,205,854	13,469,949	188,941,457	-
	Depreciation for the Year	681,549	2,784,386	24,250,882	204,617,260
	Disposal/Write Off/Adjustment	-	-	-	27,716,817
	Balance as on 32nd Asar 2079	2,887,403	16,254,335	213,192,339	-
	Net Book Value as on 32nd Asar 2079	7,480,008	10,167,391	30,679,946	-
					48,327,345

4.18 Other Assets

Particulars	32 Asar 2079	31 Asar 2078
Deferred Employees Benefits	1,244,125,062	661,783,372
Project Assets	-	-
Prepaid expense	80,438,520	81,417,937
Other Assets		
Total	1,324,563,582	743,201,309

Nepal Rastra Bank
Notes to the financial statements
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

		32 Asar 2079	31 Asar 2078
4.19	Deposit of bank and financial institutions		
	<i>Foreign Currency</i>		
	Deposit of commercial banks	10,556,040,520	12,760,473,479
	Deposit of development banks	27,253,242	43,062,122
	Deposit of finance companies	214,217	21,427
	Deposit of microfinance financial institutions	-	-
	Total foreign currency deposit	10,583,507,979	12,803,557,028
	<i>Local Currency</i>		
	Deposit of commercial banks	170,164,694,523	216,921,403,381
	Deposit of development banks	13,537,692,545	13,959,929,689
	Deposit of finance companies	3,427,670,355	4,358,887,485
	Deposit of microfinance financial institutions	1,713,233,904	1,587,148,111
	Total local currency deposit	188,843,291,327	236,827,368,666
	Total deposit of bank and financial institutions	199,426,799,306	249,630,925,694
4.20	IMF related liabilities		
	<i>Foreign Currency</i>		
	Special Drawing Right allocation	36,560,642,669	11,562,630,914
	Interest bearing loans	-	-
	Interest payable	55,291,694	1,203,863
	Total foreign currency IMF related liabilities	36,615,934,363	11,563,834,777
	<i>Local Currency</i>		
	IMF account no.1	11,461,367,826	11,461,453,112
	IMF account no.2	974,584	889,298
	Total local currency IMF related liabilities	11,462,342,410	11,462,342,410
	Total IMF related liabilities	48,078,276,773	23,026,177,187
	Details disclosure regarding the financial position on IMF is provided in Note 5.14		
4.21	Deposit of Government		
	Deposit of Central Government	93,700,782,670	30,349,572,646
	Deposit of Province Government	103,214,201,325	94,125,038,969
	Deposit of Local Authorities	28,591,870,709	85,103,262,711
	Total deposit of Government	225,506,854,704	209,577,874,326
4.22	Deposit of other institutions		
	Deposit of public enterprises	1,526,933,362	1,463,111,400
	Deposit of Government for Interest Subsidy & Subsidies	10,252,337,011	8,363,985,597
	Loan	-	-
	LC margin deposit	6,660,204,983	8,930,427,943
	Deposit of other organisations	478,057,828	664,662,701
	Total deposit of other institutions	18,917,533,184	19,422,187,641

Nepal Rastra Bank
Notes to the financial statements
As at 32 Asar 2079 (Mid July 2022)
(all amounts in Nepalese Rupees unless otherwise stated)

		32 Asar 2079	31 Asar 2078
4.23 Currency in Circulation			
Currency Issued (Denomination)			
1	161,002,669	161,012,732	
2	185,175,836	185,270,698	
5	3,378,744,515	2,909,495,620	
10	5,375,080,190	4,511,227,900	
20	6,825,602,040	5,262,600,100	
25	57,099,800	57,140,500	
50	13,247,183,250	10,446,017,500	
100	27,002,190,700	20,740,491,200	
250	87,425,000	87,426,250	
500	132,811,776,000	150,521,259,500	
1000	443,338,720,000	488,618,058,000	
Gross Amount of Currency in Circulation	632,470,000,000	683,500,000,000	
Less: Cash at Vault of the Bank	(20,442,396,030)	(13,986,241,146)	
Net Amount of Currency in Circulation	612,027,603,970	669,513,758,854	
4.23.1 Reserve against currency in circulation			
Foreign Treasury Bills	284,683,153,495	350,287,929,853	
Foreign Bank Balance (Including Term Deposits)	327,344,450,475	319,225,829,001	
Total	612,027,603,970	669,513,758,854	
4.24 Due to bank and financial institutions			
Holding of NRB bond issued	-	-	
Deposit collection	-	-	
Reverse repo liabilities	-	-	
Total due to bank and financial institutions	-	-	
4.25 Other liabilities			
Payable to Asian Clearing Union	209,544,881	964,112,683	
Deposit & Earnest money	14,535,000	13,112,740	
Unclaimed account	81,178,438	80,120,303	
Unclaimed Deposit of Bank and Financial Institutions	14,127,434		
Lease liabilities	94,919,661	126,738,788	
Loan from Government for project operation	75,100,000	88,050,000	
Provision for expense	78,219,219	47,035,718	
Taxes payable	71,562,444	74,527,169	
Payable to retired staff	496,042,351	680,134,692	
Other liabilities	179,163,218	450,208,995	
Total other liabilities	1,314,392,646	2,524,041,088	
4.26 Pension and other employment benefits payable			
Pension and gratuity fund	18,979,279,196	18,789,259,309	
Less: Plan Assets for pension and gratuity fund	(18,966,513,926)	(19,438,656,973)	
Staff security fund	2,123,566,882	1,971,672,919	
Less: Plan Assets for staff security fund	(2,024,185,775)	(1,906,411,721)	
Leave encashment	1,322,973,961	956,207,913	
Staff medical fund	1,211,261,887	1,168,631,579	
Welfare Provident fund	714,135,372	649,274,118	
Total pension and other employment benefit payable	3,360,517,597	2,189,977,144	

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Notes to the financial statements
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(all amounts in Nepalese Rupees unless otherwise stated)

4.27 Reserve	32 Asar 2079	31 Asar 2078
General Reserve	63,649,012,516	55,734,193,251
Monetary Liabilities Reserve	12,170,535,702	10,749,497,291
Financial Stability Fund	8,973,021,704	7,551,983,293
Exchange Equalization Fund	196,809,068,623	162,019,920,289
Gold and Silver Equalization Reserve	48,654,180,864	49,883,384,792
Net Cumulative Surplus Fund	1,384,411,112	1,360,864,592
Development Fund	57,095,989,244	51,595,989,244
Banking Development Fund	1,601,941,806	1,601,941,806
Development Finance Project Mob. Fund	300,387,474	291,144,361
Mechanisation Fund	1,891,316,414	1,891,316,414
Scholarship Fund	61,594,504	61,594,504
Mint Development Fund	1,097,712,943	1,097,712,943
Gold Replacement Fund	2,356,917,187	1,942,421,510
Rural Self Reliance Fund	253,400,000	253,400,000
Rural Self Reliance Fund (Administration Expense Reimbursement Fund)	51,286,791	57,664,566
Actuarial Gain Reserve	2,920,541,212	2,402,077,192
Fair Value Reserve for Equity Instruments	3,118,109,820	2,481,127,051
Impact on Retained Earning due to ECL & Lease	-	(646,586,820)
Total Reserves	402,389,427,916	350,329,646,279

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

Particulars	32 Asar 2079	31 Asar 2078
Net Income/(Expenditure) for the year	63,136,159,412	32,551,538,659
Foreign Exchange Gain/(Loss) - Unrealised	(34,789,148,334)	(8,192,211,285)
Net Gold and Silver Revaluation Gain/(Loss)	1,229,203,928	(2,934,500,765)
Transfer from Fair Value Reserve	-	2,657,128,858
Transfer to Fair Value Reserve	(636,982,769)	(1,013,951,526)
Transfer to Acturial Reserve	(518,464,020)	(1,008,028,980)
Surplus/(Deficit) Due to Changes in Accounting Policies	(646,586,820)	(1,078,225,216)
Surplus Available for Distribution	27,774,181,397	20,981,749,745
Less: Appropriations		
General Reserve	(7,914,819,265)	(6,608,900,534)
Monetary Liability Reserve	(1,421,038,411)	(967,823,509)
Financial Stability Fund	(1,421,038,411)	(967,823,509)
Development Fund	(5,500,000,000)	(4,650,000,000)
Development Finance Project Mobilisation Fund	(9,243,113)	(8,056,486)
Gold Replacement Fund	(414,495,677)	(1,099,822,926)
Net Cumulative Surplus Fund	(23,546,520)	(17,676,108)
Balance Payable to Government of Nepal	11,070,000,000	6,661,646,673

Nepal Rastra Bank

Notes to the financial statements

For the year ended 32 Asar 79 (Mid July 2022)

(all amounts in Nepalese Rupees unless otherwise stated)

4.28 Interest income on foreign currency financial assets

	32 Asar 2079	31 Asar 2078
Interest income on term deposit	4,098,540,617	4,520,451,958
Interest income on treasury bills	10,836,988,704	10,106,101,819
Interest income on fixed income securities	3,729,279,902	2,869,601,735
Interest income on SDR holdings	64,405,013	1,965,983
Other FCY interest income		
Total	18,729,214,236	17,498,121,495

4.29 Interest expense on foreign currency financial liabilities

	32 Asar 2079	31 Asar 2078
Interest on SDR Allocation	89,806,652	8,566,249
Interest on interest bearing loans	-	-
Other interest expense	3,541,438	1,232,511
Total	93,348,090	9,798,760

4.30 Interest income on local currency financial assets

	32 Asar 2079	31 Asar 2078
Interest income on Treasury Bills	1,352,316,775	694,888,739
Interest income on Government bonds	1,475,518,611	1,552,061,630
Interest income on Refinance	3,329,427,792	1,549,940,717
Interest income on Standing Liquidity Facility and Repo	8,255,008,441	210,550,286
Other LCY interest income	547,684,726	437,465,813
Total	14,959,956,345	4,444,907,185

4.31 Interest expense on local currency financial liabilities

	32 Asar 2079	31 Asar 2078
Interest expense on Deposit Collection	-	-
Interest expense on Reverse Repo	-	-
Interest expense on NRB Bond	-	-
Interest expense on Lease Liabilities	5,647,920	1,497,624
Other interest expense	67,698,527	113,223,318
Total	73,346,447	114,720,942

Nepal Rastra Bank

Notes to the financial statements

For the year ended 32 Asar 79 (Mid July 2022)

(all amounts in Nepalese Rupees unless otherwise stated)

	32 Asar 2079	31 Asar 2078
4.32 Fee and commission income		
Commission Income	98,281,956	80,850,535
Letter of credit commission	807,049	1,113,682
RTGS fee	15,909,438	10,078,304
Total	114,998,443	92,042,521
4.33 Net gold trading income		
Gain or loss on sale of trading gold	155,757,112	147,243,754
Gain or loss on revaluation of trading gold	(508,199,266)	(72,427,150)
Total	(352,442,154)	74,816,604
4.34 Other income		
Income from Mint (Sale of Coin)	66,317	54,026
Gain from Sale of Precious Metals and Coins	258,738,565	952,642,658
Provisions written back	7,500,000	3,375,258
Fine/Penalty Charge	6,842,443	14,253,517
Profit/(Loss) on Sale of Investment Securities	-	(181,325,100)
Profit/loss on Sale of Assets	5,609,057	1,745,456
Dividend Income	93,199,596	65,036,629
Project Income/(Loss)	9,243,113	8,056,486
Grant Income	-	123
Miscellaneous income	107,683,604	76,523,048
Total Other Income	488,882,695	940,362,101
4.35 Fee and commission expense		
Agency commission and service charges	22,128,886	98,371,004
Other fee and commission expense	22,669,930	1,969,655
Total	44,798,816	100,340,659

Nepal Rastra Bank

Notes to the financial statements

For the year ended 32 Asar 79 (Mid July 2022)

(all amounts in Nepalese Rupees unless otherwise stated)

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

	32 Asar 2079	31 Asar 2078
Cash & Bank Balance	(1,565,795)	563,906
Investment in Securities	34,632,677	24,987,703
Term Deposit	(24,113,354)	(87,380,733)
Loans and advances to BFIs	1,404,751	(15,698,128)
Other Receivables	(790,364)	(1,704,348)
Total	9,567,915	(79,231,600)

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

4.37 Personnel expenses

	32 Asar 2079	31 Asar 2078
Salary	684,043,299	627,870,663
Allowances	802,801,948	635,209,443
Provident Fund Contribution	68,404,330	62,787,066
Staff Welfare Provident Fund Contribution	713,764,926	650,530,482
Pension & Gratuity Expense	392,190,599	316,285,188
Staff Security Expense	119,762,350	75,066,772
Staff Leave Compensation	386,461,714	144,221,939
Staff Medical Fund Contribution	95,473,268	117,785,852
Amortisation of deferred employees benefits	99,496,424	72,750,541
Others	20,267,520	13,770,963
Total	3,382,666,378	2,716,278,909

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Notes to the financial statements

For the year ended 32 Asar 79 (Mid July 2022)

(all amounts in Nepalese Rupees unless otherwise stated)

	32 Asar 2079	31 Asar 2078
Directors Fees and Expenses	6,679,397	6,094,836
Mint Expenses	152,468,830	1,593
Security charges	241,851,335	61,258,332
Fund Transfer Expense	32,906,634	38,300,267
Travelling Expenses	163,607,065	47,651,435
Insurance Charges	106,420,694	122,602,657
Repair & Maintenance	37,199,665	22,950,679
Banking Promotion	53,482,886	28,919,160
Audit Fees and Expenses	25,205,945	2,553,977
Utilities Expenses	50,241,502	40,075,100
Postal and Communication Expenses	20,542,105	19,291,693
House Rent	2,101,095	36,987,291
Training Seminar and Membership	48,339,150	52,490,939
Expenses on Miscellaneous Assets	9,184,840	4,685,616
Consumable Expenses	20,183,154	11,944,942
Books and Periodicals	11,417,733	8,069,328
Software Annual Maintenance Charges	101,021,913	112,725,437
Meeting Fee and Expense	41,513,895	23,752,498
Advertisement	10,680,950	11,529,373
Wages	59,182,218	47,614,287
Miscellaneous Expenses	114,469,396	54,208,240
Total	1,308,700,402	753,707,680
4.39 Depreciation, amortisation and impairment	32 Asar 2079	31 Asar 2078
Depreciation on Property & Equipment	185,084,861	157,210,020
Impairment of Property & Equipment	4,296,516	73,184,735
Amortisation of intangible assets	27,610,997	26,454,110
Impairment of intangible assets	-	-
Depreciation on Right of Use Assets	37,064,068	7,625,312
Total	254,056,442	264,474,177

Nepal Rastra Bank

Notes Forming Part of Financial Statements

Fiscal Year 2078/79(2021-22 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 32nd Asar 2079		As on 31st Asar 2078	
	Weight (Kg)	Total Fair Value (NRs.)	Weight (Kg)	Total Fair Value (NRs.)
Investment in Paper Gold	7,280.53515	55,691,575,757	5,863.058408	44,655,278,083
Trading gold	566.99	4,351,023,730	850.485	6,477,636,202
Gold held in reserve	1,953.66	15,711,350,608	1,953.662100	15,610,737,010
Silver held in reserve	121,522.86	11,933,544,929	121,522.860782	13,750,311,697
Total		87,687,495,024	74,016,326,790	80,493,962,992

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

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 which is measured at cost or net realizable value whichever is lower is as follows:

Particulars	As on 32nd Asar 2079		As on 31st Asar 2078	
	Weight (Kg)	Value (NRs.)	Weight (Kg)	Value (NRs.)
Gold held in Stock	834.6871	2,015,809,480	564.35500	1,691,268,802
Silver held in Stock	3,007.31635	59,611,969	3,037.37785	53,768,750
Total		2,075,421,449		1,745,037,552

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 78-79	Previous Year 77.78
1	US Dollar	127.51	119.04
2	UK Pound Sterling	150.86	164.83
3	Euro	128.19	140.39
4	Swiss Franc	130.17	129.53
5	Australian Dollar	86.15	88.67
6	Canadian Dollar	97.52	95.21
7	Singapore Dollar	90.9	87.8
8	Japanese Yen	0.919	1.77

S.N.	Currency	Current Year 78-79	Previous Year 77.78
9	Chinese Yuan	18.88	18.4
10	Saudi Arabian Riyal	33.96	31.74
11	Qatari Riyal	34.71	32.69
12	Thai Baht	3.48	3.64
13	UAE Dirham	34.72	32.41
14	Malaysian Ringgit	28.66	28.34
15	South Korean Won	0.0962	0.1036
16	Swedish Kroner	12.1	13.75
17	Danish Kroner	17.22	18.88
18	Hong Kong Dollar	16.24	15.33
19	Kuwait Dinar	413.95	395.76
20	Bahrain Dinar	338.25	315.75
21	SDR	167.34	169.79
22	Indian Rupees	1.60	1.60

5.3. Related Parties Disclosure

5.3.1. Key Management Personnel

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including 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	Mr. Krishna Hari Pushkar	Finance Secretary	2079.05.01	
3	Mr. Madhu Kumar Marasini	Finance Secretary	2078.04.18	Discharge of position w.e.f. 2079.04.06
4	Mr. Sishir Kumar Dhungana	Finance Secretary	2076.11.01	Discharge of position w.e.f. 2078.04.17
5	Dr. Neelam Dhungana (Timsina)	Deputy Governor	2077.11.25	
6	Mr. Bam Bahadur Mishra	Deputy Governor	2077.11.25	
7	Mr. Chinta Mani Siwakoti	Board Member	2079.02.06	
8	Mr. Shankar Prasad Acharya	Board Member	2079.02.06	
9	Dr. Sri Ram Poudyal	Board Member	2074.01.03	Discharge of position w.e.f. 2079.01.03
10	Mr. Ramjee Regmi	Board Member	2074.01.03	Discharge of position w.e.f. 2079.01.03
11	CA. Dr. Suvod Kumar Karn	Board Member	2075.01.11	
12	Mr. Bhuban Kadel	Executive Director	2072.12.03	Retired w.e.f 2078.09.10
13	Dr. Nophil Matangi Maskay	Executive Director	2073.01.12	
14	Mr. Dev Kumar Dhakal	Executive Director	2074.12.14	
15	Mr. Mukunda Kumar Chhetri	Executive Director	2074.12.14	
16	Mr. Pitambar Bhandari	Executive Director	2074.12.14	
17	Mr. Rishikesh Bhatta	Executive Director	2075.05.12	
18	Mr. Pradeep Raj Poudyal	Executive Director	2075.06.18	
19	Dr. Gunakar Bhatta	Executive Director	2075.07.06	
20	Mr. Naresh Shakya	Executive Director	2076.02.31	
21	Mr. Suman Kumar Adhikari	Executive Director	2076.03.11	
22	Dr. Prakash Kumar Shrestha	Executive Director	2076.03.11	
23	Mr. Revati Prasad Nepal	Executive Director	2076.10.13	
24	Mr. Ramu Poudel	Executive Director	2077.01.12	

S.N.	Name	Post	Date	Remarks
25	Mr. Vishrut Thapa	Executive Director	2077.01.12	
26	Mr. Ram Bahadur Manandhar	Executive Director	2077.01.12	
27	Mr. Dayaram Sharma	Executive Director	2078.06.19	
28	Mr. Tulashi Prasad Ghimire	Executive Director	2078.06.19	
29	Mr. Guru Prasad Paudel	Executive Director	2078.09.23	
30	Mr. Bimal Raj Khanal	Executive Director	2078.12.01	

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. Governor and Deputy Governors are also entitled to post employee 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	87,840,213	74,688,900
Post-employment and other long term benefits	7,930,688	24,191,300
Total	95,770,901	98,880,200

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

Particulars	Current Year(NRs.)	Previous Year(NRs.)
Meeting Fees/ Incidental Expenses to Directors	13,196,311	12,236,904
Loan Facilities	123,836,979	108,305,819

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

Board Members are entitled for meeting allowance of NRs.9,000 per meeting (increased with effect from 1st Manghir 2078 from existing amount of Nrs.5,000 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 2078/79 are provided below:

S.N.	Name	Post	Salary	Board Meeting Allowance	Other Allowances &Facilities
1	Mr. Maha Prasad Adhikari	Governor	1,418,400	305,000	3,181,855
2	Mr. Krishna Hari Pushkar	Finance Secretary	-	-	-
3	Mr. Madhu Kumar Marasini	Finance Secretary	-	258,000	485,425
4	Mr. Sishir Kumar Dhungana	Finance Secretary	-	10,000	31,238
5	Dr. Neelam Dhungana (Timsina)	Deputy Governor	1,269,600	273,000	2,717,513
6	Mr. Bam Bahadur Mishra	Deputy Governor	1,269,600	296,000	2,636,417
7	Mr. Chinta Mani Siwakoti	Board Member	-	90,000	35,564
8	Dr. Shankar Prasad Acharya	Board Member	-	90,000	23,412
9	Dr. Sri Ram Poudyal	Board Member	-	206,000	1,132,354
10	Mr. Ramjee Regmi	Board Member	-	215,000	362,019
11	CA. Dr. Suvod Kumar Karn	Board Member	-	152,000	695,516
TOTAL			3,957,600	1,895,000	11,301,311

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 yearend balances with GON is as follows:

Particulars	Current Year(NRs.)	Previous Year(NRs.)
Transactions during the year		
Commission Income received from GON	117,802,422	78,093,958
Payment made to GON from surplus (As per Financial Statement of Previous Year)	5,000,000,000	6,000,000,000
Adjustment of Receivable from Surplus Payable to Government	1,661,646,673	-
Balances at the year end		
Deposit from GON	225,506,854,704	209,577,874,327
Receivable from GON on sales of shares of CIT	-	1,661,646,673
Advance to GON for Business Continuity Loan	1,460,000,000	1,460,000,000
Investment in Treasury Bills (GON)	15,067,960,116	15,460,827,981
Investment in Bonds (GON)	35,698,245,536	43,369,513,412
Investment in Saving Certificates (GON)	3,004,401,000	184,170,000
Interest and Commission Receivable	428,944,464	447,298,511

ii. *Government of Nepal Treasury Position*

Balance of Government of Nepal as of 32nd Asar 2079 as per the records of the bank was a surplus balance of NRs. 225,506,854,704 (PY NRs. 209,577,874,327). 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

There is no any net balance of at the end of the year on inter-office transactions. There was balance of NRs. 6,972,436 at the end of previous year. It was 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. 7 (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	32 Asar 2079	31 Asar 2078
Foreign currency financial assets		
Cash and balances with banks	88,961,585,354	101,063,328,870
Derivative financial assets	-	-
IMF related assets	25,568,182,155	419,318,478
Term deposit with foreign banks	427,181,452,899	592,315,062,701
Investments in foreign securities	542,561,959,053	554,297,524,988
Other receivables	-	-
Total foreign currency financial assets	1,084,273,179,461	1,248,095,235,037
Local currency financial assets		
Balances with banks	10,736,269	14,590,238
Investment in Government securities	54,463,057,558	59,734,566,721
Investment in bonds & term deposit	6,223,965,975	5,144,986,459
Advances and receivable from Government	1,460,000,000	1,460,000,000
Loan and advances to bank and financial institutions	271,722,596,364	123,948,305,630
Other loan and advances	8,842,400,112	9,784,761,051
Equity investment	3,785,444,780	3,148,462,010
Other receivables	3,718,581	50,122,171
Total local currency financial assets	346,511,919,639	203,285,794,280
Total financial assets	1,430,785,099,100	1,451,381,029,317

b) By Geographical Region

Particulars	As on 32.03.2079	As on 31.03.2078
Australia	149,189,220	239,365,362
Bahrain	60,104,668,182	83,660,754,789
Belgium	214,765,363	34,623,447
Canada	189,708,637	1,177,566,907
China	163,223,012,167	139,317,808,059
Germany	333,597,791	1,154,619,775
Hong kong	76,923,993,303	138,587,634,347
India	267,968,611,393	313,266,303,335
Japan	1,468,220,102	590,574,355
Malaysia	81,941,701	826,642,818
Qatar	48,424,063,658	44,310,709,967
Singapore	120,663,083,782	207,743,823,594
Switzerland	83,646,412,869	48,064,567,740
Thailand	99,936,620	89,087,891
U.A.E.	48,903,638,343	89,871,086,931
United Kingdom	3,419,126,118	3,685,087,875
USA	189,344,669,958	166,065,913,829
Nepal	366,404,682,299	213,482,648,618
Total	1,431,563,321,506	1,452,168,819,637
<i>Less: Expected Credit Loss</i>	(778,222,406)	(787,790,320)
Grand Total	1,430,785,099,100	1,451,381,029,317

c) By Nature of the Entity

Particulars	As on 32.03.2079	As on 31.03.2078
Bank for International Settlement	278,005,714	12,140,538,950
Central Banks	133,827,660,604	53,947,909,111
Foreign Commercial Banks	458,620,361,410	617,597,852,556
International Monetary Fund	25,568,182,155	419,318,478
Foreign Government	446,864,429,324	554,580,551,924
Domestic Banks and FIs	277,892,091,523	129,054,829,916
Government of Nepal	55,945,363,564	60,747,268,209
Equity Instruments	3,792,944,780	3,148,462,010
Other Parties	28,774,282,431.67	20,532,088,483.01
Total	1,431,563,321,506	1,452,168,819,637
<i>Less: Expected Credit Loss</i>	(778,222,406)	(787,790,320)
Grand Total	1,430,785,099,100	1,451,381,029,317

d) By Credit Rating

Particulars	As on 32.03.2079		As on 31.03.2078	
	Amount (NPR)	%	Amount (NPR)	%
<i>Foreign Currency</i>				
AAA	44,297,725,251	3.10%	60,918,138,470	4.20%
AA+	181,876,615	0.01%	-	0.00%
AA	3,600,066,072	0.25%	34,623,447	0.00%
AA-	2,703,120,304	0.19%	73,519,756,760	5.07%
A+	96,027,338,448	6.71%	16,054,110,283	1.11%
A	94,187,487,648	6.58%	262,434,173,558	18.08%
A-	30,241,449,383	2.11%	7,853,388,223	0.54%
BBB+	619,445	0.00%	751,126	0.00%
BB+	26,033,176,419	1.82%	64,927,362,238	4.47%
BB	52,395,573,834	3.66%	-	0.00%
BBB-	113,795,608,139	7.95%	131,324,688,962	9.05%
Other*	621,503,635,890	43.44%	631,731,838,645	43.53%
Total	1,084,967,677,448	75.83%	1,248,798,831,711	86.04%

Particulars	As on 32.03.2079		As on 31.03.2078	
	Amount (NPR)	%	Amount (NPR)	%
<i>Less: Expected Credit Loss</i>	(694,497,987)		(787,790,320)	
Grand Total-Foreign Currency Financial Assets	1,084,273,179,461		1,248,011,041,391	
Local Currency				
Other*	346,595,644,059	24.22%	203,369,987,926	14.01%
<i>Less: Expected Credit Loss</i>	(83,724,420)		(84,193,645)	
Total Financial Assets	1,430,785,099,100	100%	1,451,381,029,317	100%

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

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

5.6.1.2. Loss Allowances for Expected Credit Loss

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

Particulars	Allowances for Expected Credit Loss for:					
	Cash Bank Balance	Investment in Securities	Term Deposit	Loans and advances to BFIs	Other Receivables	Total
Balance as on 31st Asar 2077	10,170,590	305,465,669	385,889,510	1,037,153	5,995,799	708,558,721
Impairment Loss Recognized	-	-	87,380,733	15,698,128	1,704,348	104,783,209
Amount Written Off	-	-	-	-	-	-
Reversal of Impairment Loss	563,906	24,987,703	-	-	-	25,551,609
Balance as on 31st Asar 2078	9,606,684	280,477,966	473,270,243	16,735,281	7,700,147	787,790,321
Impairment Loss Recognized	1,565,795	-	24,113,354	-	790,364	26,469,513
Amount Written Off	-	-	-	-	-	-
Reversal of Impairment Loss		34,632,677	-	1,404,751	-	36,037,428
Balance as on 32nd Asar 2079	11,172,479	245,845,289	497,383,597	15,330,530	8,490,511	778,222,406

Credit Exposure Movement-ECL Stage wise:

Allowances for Expected Credit Loss for	<i>Balance as on 32nd Asar 2079</i>				<i>Balance as on 31st Asar 2078</i>			
	<i>Stage I</i>	<i>Stage II</i>	<i>Stage III</i>	<i>Total</i>	<i>Stage I</i>	<i>Stage II</i>	<i>Stage III</i>	<i>Total</i>
Bank Balance	6,738,079	-	4,434,400	11,172,479	9,606,684	-	-	9,606,684
Investment in Securities	245,845,289	-	-	245,845,289	280,477,966	-	-	280,477,966
Term Deposit	438,314,376	-	59,069,222	497,383,597	414,201,021	-	59,069,222	473,270,243

Loans and advances to BFIs	15,330,529	-	-	15,330,529	16,735,281	-	-	16,735,281
Other Receivables	3,019,408	-	5,471,103	8,490,511	2,229,044	-	5,471,103	7,700,147
Total	709,247,682	-	68,974,724	778,222,406	723,249,996	-	64,540,324	787,790,320

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

5.6.1.3. Credit Quality

The credit quality of counterparty of the financial assets is assessed based on 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 32.03.2079	As on 31.03.2078
External Credit Rating at least AAA/BBB- from credit rating agency	463,186,035,844	604,926,454,116
Non Rated Counterparties	15,243,363,806	22,784,059,132
Central Banks	133,827,660,604	53,947,909,111
Bank for International Settlement	278,005,714	12,140,538,950
Foreign Government	446,864,429,324	554,580,551,924
International Monetary Fund	25,568,182,155	419,318,478
Government of Nepal	55,945,363,564	60,747,268,209
Financial Assets with Other Counterparties:		
Party with Normal Risk	290,529,149,392	142,479,148,614
Party with High Risk	121,131,103	143,571,103
Total	1,431,563,321,506	1,452,168,819,637
<i>Less: Expected Credit Loss</i>	(778,222,406)	(787,790,320)
Grand Total	1,430,785,099,100	1,451,381,029,317

5.6.1.4. Collateral held and other credit enhancement

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

Type of Credit Exposure	% of Exposure subject to collateral requirement		Principal type of collateral held
	2079/03/32	2078/03/31	
Securities purchased under Resale Agreement	110	110	Government Securities
Refinance to BFIs	100	100	Good Loans of BFIs
Standing Liquidity Facilities	110	110	Government Securities
Loans to Staffs	100-125	100-125	Land and Buildings, Insurance Policies, Retirement Fund Balance, and Accrued Retirement Benefits.

5.6.2. Liquidity Risk

Liquidity Risk is the risk that the Bank will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or other financial assets. The Bank's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, provide finance to maintain liquidity in financial market and provide for foreign exchange to finance import of the country under both the normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank 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 and Financial Liabilities

The followings are the remaining contractual maturities and other forms of financial assets and financial liabilities 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
Foreign currency financial assets						
Cash and balances with banks	88,961,585,354	88,961,585,354				-
Derivative financial assets						-
IMF related assets	25,568,182,155	25,568,182,155				-
Term deposit with foreign banks	427,618,934,566	65,092,581,836	18,955,950,000	343,570,402,730		
Investments in foreign securities	542,807,804,342	35,217,297,585	275,309,069,955	56,186,876,000	121,405,479,352	54,695,254,862
Other receivables					-	-
Total foreign currency financial assets	1,084,956,506,417	214,839,646,930	294,265,019,955	399,757,278,730	121,405,479,352	54,695,254,862
Local currency financial assets						
Balances with banks	10,736,269	10,736,269				-
Investment in Government securities	54,463,057,558	2,064,250,105	12,620,943,551	9,950,350,049	16,829,064,885	12,998,448,967
Investment in bonds & term deposit	6,223,965,975	348,565,975		5,875,400,000		-
Advances and receivable from Government	1,460,000,000				1,460,000,000	
Loan and advances to bank and financial institutions	271,722,596,364			271,722,596,364		
Other loan and advances						
Staff Loan	6,009,243,134	186,887,461	354,545,345	721,109,176	841,294,039	3,905,407,113
Pension Advance	2,284,770,378	29,702,015	45,695,408	2,741,724	333,119,521	1,873,511,710
Travelling advances to staff	2,493,108	2,493,108				
Staff endowment policy advance	7,626,642	7,626,642				
Other advance	21,877,821	21,877,821				
Interest Receivable	1,745,232	1,745,232				
Equity investment	3,785,444,780					3,785,444,780
Total local currency financial assets	345,993,557,261	2,673,884,628	13,021,184,304	288,272,197,313	19,463,478,445	22,562,812,570
Total financial assets	1,430,950,063,678	217,513,531,558	307,286,204,259	688,029,476,043	140,868,957,797	77,258,067,432
Foreign currency financial liabilities						
Derivative financial liabilities	-	-				
Deposit of bank and financial institutions	10,583,507,979		10,583,507,979			-
IMF related liabilities	36,615,934,363	36,615,934,363				
Total foreign currency financial liabilities	47,199,442,342	36,615,934,363	10,583,507,979	-	-	-

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Local currency financial liabilities						
Bills Payable	114,733,829	114,733,829				
Deposit of bank and financial institutions	188,843,291,327	37,768,658,265		18,884,329,133	132,190,303,929	
Deposit of Government	225,506,854,704	47,356,439,488	54,121,645,129	72,162,193,505	51,866,576,582	
Deposit of other institutions	18,917,533,184	4,540,207,964	4,351,032,632	10,026,292,588		
IMF related liabilities	11,462,342,410	11,462,342,410				
Other liabilities	1,314,392,651		1,314,392,651			
Total local currency financial liabilities	446,159,148,105	101,242,381,956	59,787,070,412	101,072,815,226	184,056,880,511	-
Total Financial Liabilities	493,358,590,447	137,858,316,319	70,370,578,391	101,072,815,226	184,056,880,511	-
Net Financial Asset Position	937,591,473,231	79,655,215,239	236,915,625,868	586,956,660,817	(43,187,922,714)	77,258,067,432

Previous Year Figures (NPR)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	up to 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Foreign currency financial assets						
Cash and balances with banks	101,063,328,870	101,063,328,870				
Derivative financial assets						
IMF related assets	419,318,478	419,318,478				
Term deposit with foreign banks	592,728,576,696	390,315,126	173,447,449,401	418,890,812,169		
Investments in foreign securities	554,578,002,954	5,921,058,212	356,940,094,116	19,997,897,599	147,990,649,355	23,728,303,672
Other receivables						
Total foreign currency financial assets	1,248,789,226,998	107,794,020,686	530,387,543,517	438,888,709,768	147,990,649,355	23,728,303,672
Local currency financial assets						
Balances with banks	14,590,238	14,590,238				
Investment in Government securities	59,734,566,721	720,055,327	15,460,827,981		43,553,683,413	
Investment in bonds & term deposit	5,144,986,459	74,580,707	252,600,000	4,817,805,752		
Advances and receivable from Government	1,460,000,000				1,460,000,000	
Loan and advances to bank and financial institutions	123,948,305,630			123,948,305,630		

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	up to 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Other loan and advances						
Staff Loan	4,266,138,579	132,676,910	251,702,176	511,936,629	597,259,401	2,772,563,463
Pension Advance	2,597,864,646	33,772,240	51,957,293	3,117,438	378,768,665	2,130,249,010
Travelling advances to staff	854,010	854,010				
Staff endowment policy advance	8,907,350	8,907,350				
Other advance	1,687,624,220	1,687,624,220				
Interest Receivable	1,113,365	1,113,365				
Equity investment	3,148,462,010					3,148,462,010
Total local currency financial assets	202,013,413,228	2,674,174,367	16,017,087,450	129,281,165,449	45,989,711,479	8,051,274,483
Total financial assets	1,450,802,640,226	110,468,195,053	546,404,630,967	568,169,875,217	193,980,360,834	31,779,578,155
Foreign currency financial liabilities						
Derivative financial liabilities	-	-				
Deposit of bank and financial institutions	12,803,557,028		12,803,557,028			-
IMF related liabilities	11,563,834,777	11,563,834,777				-
Total foreign currency financial liabilities	24,367,391,805	11,563,834,777	12,803,557,028			-
Local currency financial liabilities						
Bills Payable	358,166,889	358,166,889				
Deposit of bank and financial institutions	236,827,368,666	47,365,473,733		23,682,736,867	165,779,158,066	
Deposit of Government	209,577,874,327	44,011,353,609	50,298,689,838	67,064,919,785	48,202,911,095	
Deposit of other institutions	19,422,187,641	4,661,325,034	4,467,103,157	10,293,759,450		
IMF related liabilities	11,462,342,410	11,462,342,410				
Other liabilities	2,525,670,850		2,525,670,850			
Total local currency financial liabilities	480,173,610,783	107,858,661,675	57,291,463,845	101,041,416,102	213,982,069,161	-
Total Financial Liabilities	504,541,002,588	119,422,496,452	70,095,020,873	101,041,416,102	213,982,069,161	-
Net Financial Asset Position	946,261,637,638	(8,954,301,399)	476,309,610,094	467,128,459,115	(20,001,708,327)	31,779,578,155

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.

5.6.4. 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 are denominated in USD, CNY, CAD, JPY, AUD, GBP, EURO and INR.

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

Current Year Figures (NRs.)

Particulars	USD	CNY	GBP	CAD	AUD	SAR	JPY	EUR	SDR
% of Total Foreign Currency Financial Assets	48.06%	20.17%	1.72%	0.94%	0.56%	0.20%	0.17%	0.29%	2.36%
Foreign Currency Financial Assets									
Cash and balances with banks	63,512,419,229	1,332,279,054	3,588,427,999	1,410,192,473	626,437,703	2,216,384,550	1,845,065,242	3,125,943,500	
Derivative financial assets	0	0	0	0	0	0	0	0	0
IMF related assets	0	0	0	0	0	0	0	0	25,568,182,155
Term deposit with foreign banks	343,216,219,505	55,039,081,354	15,112,587,732	8,811,942,008	5,439,103,966	0	0	0	0
Investments in foreign securities	114,668,408,924	162,487,986,692	0	0	0	0	0	0	0
Other receivables	0	0	0	0	0	0	0	0	0
Total foreign currency financial assets	521,397,047,659	218,859,347,100	18,701,015,731	10,222,134,481	6,065,541,669	2,216,384,550	1,845,065,242	3,125,943,500	25,568,182,155
Foreign Currency Financial Liabilities									
Derivative financial liabilities	0	0	0	0	0	0	0	0	0
Deposit of bank and financial institutions	8,381,976,706	0	162,483,597	0	8,857,641	0	98,317,500	1,894,922,300	0
IMF related liabilities	0	0	0	0	0	0	0	0	36,615,934,363
Total foreign currency financial liabilities	8,381,976,706	0	162,483,597	0	8,857,641	0	98,317,500	1,894,922,300	36,615,934,363
Net Foreign Currency Exposure	513,015,070,953	218,859,347,100	18,538,532,134	10,222,134,481	6,056,684,028	2,216,384,550	1,746,747,742	1,231,021,201	(11,047,752,208)

Previous Year Figures (NRs.)

Particulars	USD	CNY	AUD	CAD	GBP	JPY	SAR	EUR	SDR
% of Total Foreign Currency Financial Assets	56.08%	16.08%	0.96%	0.68%	0.30%	0.07%	0.02%	0.12%	0.03%
Financial assets									
Cash and balances with banks	67,828,082,113	3,686,261,696	9,042,196,315	2,333,067,558	3,734,586,324	898,798,831	222,442,236	1,542,567,705	
Derivative financial assets									
IMF related assets									419,318,478
Term deposit with foreign banks	525,401,278,229	58,209,114,887	2,926,852,094	6,191,331,486					
Investments in foreign securities	107,092,858,159	138,857,905,630							
Other receivables									
Total Financial assets	700,322,218,501	200,753,282,213	11,969,048,409	8,524,399,044	3,734,586,324	898,798,831	222,442,236	1,542,567,705	419,318,478
Financial Liabilities									
Derivative financial liabilities									
Deposit of bank and financial institutions	1,764,148,055		55,194,622		247,601,493	264,591,104		10,425,545,948	
IMF related liabilities									11,563,834,777
Total Financial liabilities	1,764,148,055	0	55,194,622	0	247,601,493	264,591,104	0	10,425,545,948	11,563,834,777
Net Financial Position Currency Exposure	698,558,070,445	200,753,282,213	11,913,853,788	8,524,399,044	3,486,984,831	634,207,728	222,442,236	(8,882,978,243)	(11,144,516,299)

Besides above currency exposures, the bank's net foreign currency exposure also consists of major portion of Indian currency (INR) denominated net assets which stands around 25.12% (PY 24.01%) of total of net financial position exposure. Since, the exchange rate of Nepalese rupee is pegged to INR the net exposure position of INR has not been presented in above table. Net foreign currency exposure denominated in currencies other than stated above and INR stands for 0.42% (PY 2.36%) of the total foreign currency reserve.

5.6.3.1. Sensitivity Analysis of Currency Risk

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

	Impact on Profit or Loss			
	In case of Strengthening or Weakening of Currency by 10%			
	For the Year Ended 2079		For the Year Ended 2078	
	Strengthening	Weakening	Strengthening	Weakening
USD	51,301,507,095	-51,301,507,095	69,855,807,045	69,855,807,045
AUD	605,668,403	-605,668,403	1,191,385,379	1,191,385,379
EUR	123,102,120	-123,102,120	-888,297,824	-888,297,824
GBP	1,853,853,213	-1,853,853,213	348,698,483	348,698,483
CNY	21,885,934,710	-21,885,934,710	20,075,328,221	20,075,328,221
CAD	1,022,213,448	-1,022,213,448	852,439,904	852,439,904
SDR	-1,104,775,221	1,104,775,221	-1,114,451,630	-1,114,451,630
JPY	174,674,774	-174,674,774	63,420,773	63,420,773
SAR	221,638,455	-221,638,455	22,244,224	22,244,224
Total	76,083,816,998	-76,083,816,998	90,406,574,574	90,406,574,574

5.6.3.2. 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 32-03-2079	As on 31-03-2078
<u>Interest Sensitive Financial Assets</u>			
Balances with Other Banks	0.01	69,117,865,389	90,957,723,922
GOI Treasury Bills	4.63	265,657,582,138	308,627,239,165
US Government Treasury Bills	2	19,031,744,769	41,660,690,688
Time Deposit (less than 3 month)	0.03	82,957,932,423	173,447,449,401

Particulars	Weighted Average Interest Rate %	As on 32-03-2079	As on 31-03-2078
Investment in FIXBIS	-	-	-
IMF Related Assets: SDR Holdings	1.607	25,568,182,155	419,318,478
General Refinance	3	87,317,920,489	78,914,655,011
Special/Export Refinance	1	10,469,242,216	12,649,267,913
Zero Interest Loan	-		2,891,114
Loan to MSME	3.02	14,174,076,069	31,137,118,328
Standing Liquidity Facility	7	158,102,500,000	-
Loans to Employees			
House loan Uninsured	1	425,000	450,000
House Repair Loan Uninsured	1	1,330,380,622	552,429,433
Vehicle Loan Uninsured	3	973,500	0
Staff Loan Uninsured 2068	1	701,767,000	715,143,133
Investment in Paper Gold	0.63	55,870,042,475	44,655,278,083
US Government Treasury Notes/Bonds	0.64	95,502,142,430	65,361,640,349
Government Treasury Notes/Bonds (CNY)	2.99	160,747,943,754	137,429,723,433
Investment in Mid-term Instruments	-	-	-
Notice Deposit (JPY)	-	-	-
Time Deposit-Investment	1.57	343,570,402,730	418,890,812,169
Fixed deposit with Bank & Financial Institutions	10.06	6,158,744,000	5,130,162,000
Government Treasury Bills (GON)	4.91	15,067,960,116	15,460,827,981
Saving Certificates (GON)	3.89	3,003,401,000	184,170,000
Total Interest Sensitive Financial Assets		1,414,351,228,275	1,426,196,990,601
<i>Interest Sensitive Financial Liabilities</i>			
IMF Related Liabilities	1.607	48,022,985,079	23,024,973,324
Short Term Borrowings	-	-	-
Total Interest Sensitive Financial Liabilities		48,022,985,079	23,024,973,324
Net Interest Sensitive Financial Position		1,366,328,243,196	1,403,172,017,277

5.6.3.3. 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 9 institutions. All the investments were measured at fair value.

5.6.5. 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	Amortized Cost	Cash & Cash Equivalents	Financial Liabilities	Total Carrying Amount	Fair Value
Foreign currency financial assets						
Cash and balances with banks			88,961,585,354		88,961,585,354	88,961,585,354
Derivative financial assets					-	-
IMF related assets		25,568,182,155			25,568,182,155	25,568,182,155
Term deposit with foreign banks		427,181,452,899			427,181,452,899	427,181,452,899
Investments in foreign securities		542,561,959,053			542,561,959,053	542,561,959,053
Other receivables					-	-
Total foreign currency financial assets	-	995,311,594,107	88,961,585,354		1,084,273,179,461	1,084,273,179,461
Local currency financial assets						
Balances with banks			10,736,269		10,736,269	10,736,269
Investment in Government securities		54,463,057,558			54,463,057,558	54,463,057,558
Investment in bonds & term deposit		6,223,965,975			6,223,965,975	6,223,965,975
Advances and receivable from Government		1,460,000,000			1,460,000,000	1,460,000,000
Loan and advances to bank and financial institutions		271,722,596,364			271,722,596,364	271,722,596,364
Other loan and advances		8,842,400,112			8,842,400,112	8,842,400,112
Equity investment	3,785,444,780				3,785,444,780	3,785,444,780
Other receivables		3,718,581			3,718,581	3,718,581
Total local currency financial assets	3,785,444,780	342,715,738,590	10,736,269		346,511,919,639	346,511,919,639
Total financial assets	3,785,444,780	1,338,027,332,697	88,972,321,623		1,430,785,099,100	1,430,785,099,100

Particulars	Fair Value through OCI	Amortized Cost	Cash & Cash Equivalents	Financial Liabilities	Total Carrying Amount	Fair Value
Foreign currency financial liabilities						
Derivative financial liabilities	-	-				
Deposit of bank and financial institutions				10,583,507,979	10,583,507,979	10,583,507,979
IMF related liabilities				36,615,934,363	36,615,934,363	36,615,934,363
Total foreign currency financial liabilities	-	-	-	47,199,442,342	47,199,442,342	47,199,442,342
Local currency financial liabilities						
Bills Payable				114,733,829	114,733,829	114,733,829
Deposit of bank and financial institutions				188,843,291,327	188,843,291,327	188,843,291,327
Deposit of Government				225,506,854,704	225,506,854,704	225,506,854,704
Deposit of other institutions				18,917,533,184	18,917,533,184	18,917,533,184
Currency in circulation				612,027,603,970	612,027,603,970	612,027,603,970
Due to bank and financial institutions				-	-	-
IMF related liabilities				11,462,342,410	11,462,342,410	11,462,342,410
Other liabilities				1,314,392,651	1,314,392,651	1,314,392,651
Total local currency financial liabilities	-	-	-	1,058,186,752,075	1,058,186,752,075	1,058,186,752,075
Total Financial Liabilities	-	-	-	1,105,386,194,417	1,105,386,194,417	1,105,386,194,417
Net Financial Asset Position	3,785,444,780	1,338,027,332,697	88,972,321,623	(1,105,386,194,417)	325,398,904,683	325,398,904,683

5.6.6. 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 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the 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.

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

Current Year Figures (NPR)

Particulars	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Equity investment	3,785,444,780	3,785,444,780		3,681,501,584	103,943,196
Total financial assets at Fair Value	3,785,444,780	3,785,444,780	-	3,681,501,584	103,943,196

Previous Year Figures (NPR)

Particulars	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Equity investment	3,148,462,010	3,148,462,010		168,426,475	2,980,035,535
Total financial assets at Fair Value	3,148,462,010	3,148,462,010	-	168,426,475	2,980,035,535

5.7. Employees Benefits - Defined Benefit Plans

The Bank currently offers two 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'. The bank also offers two other long term benefits: "Staff Medical Fund" and "Leave Encashment". A defined benefit plan is post-employment benefit plan other than a defined contribution plan. The bank's net obligation in respect of defined 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' and "Staff Medical Fund" are 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 32nd Asar 2079		As on 31st Asar 2078	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Present Value of Obligations	18,979,279,196	2,123,566,882	18,789,259,309	1,971,672,919
Fair Value of Plan Assets/Current Balance of Provision Account	(18,966,513,926)	(2,024,185,776)	(19,438,656,973)	(1,906,411,721)
Net Liability/(Asset)	12,765,270	99,381,106	(649,397,664)	65,261,198

Changes in Fair Value of Defined Benefit Obligation

Particulars	For the Year Ended 32nd Asar 2079		For the Year Ended 31st Asar 2078	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Obligation	18,789,259,309	1,971,672,919	19,037,326,365	1,956,932,094
Current Service Cost	392,190,599.00	119,762,350.00	316,285,188	75,066,772
Interest Cost	1,691,033,338.00	177,450,563.00	1,659,860,352	168,285,089
Actuarial Losses (Gains)	(671,753,680.00)	(51,264,664.00)	(1,035,345,466.00)	(54,415,502.00)
Losses (Gains) on Curtailments	-	-	-	-
Benefits Paid	(1,221,450,370.00)	(94,054,286.00)	(1,188,867,130.00)	(174,195,534.00)
Closing Obligation	18,979,279,196.00	2,123,566,882.00	18,789,259,309.00	1,971,672,919.00

Changes in Fair Value of Plan Assets

Particulars	For the Year Ended 32nd Asar 2079		For the Year Ended 31st Asar 2078	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Fair Value	19,438,656,973	1,906,411,721	19,432,685,089	1,723,117,729
Investment adjustment	-		(339,852,414)	2,552,497
Expected Return	1,749,479,128	171,577,055	1,695,442,637	157,763,443
Actuarial Gains (Losses)	(191,944,412)	(12,609,912)	(160,751,209)	(36,640,779)
Contribution by Employer	(808,227,393)	52,861,198	-	233,814,365
Benefits Paid	(1,221,450,370)	(94,054,286)	(1,188,867,130)	-174,195,534
Closing Fair Value	18,966,513,926	2,024,185,776	19,438,656,973	1,906,411,721

Amount Recognized in the Statement of Comprehensive Income

Particulars	For the Year Ended 32nd Asar 2079		For the Year Ended 31st Asar 2078	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Charged to Statement of Income	333,744,809	125,635,858	280,702,903	85,588,418
Actuarial Income/(Loss) Recognized in OCI	(479,809,268)	(38,654,752)	(874,594,257)	(17,774,723)
Total Employee Benefit Income /(Expense)	-146,064,459	86,981,106	(593,891,354)	67,813,695

Major Categories of Plan Assets as a Percentage of Total Plans

Particulars	For the Year Ended 32 nd Asar 2079		For the Year Ended 31 st Asar 2078	
	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 32 nd Asar 2079		For the Year Ended 31 st Asar 2078	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	9%	9%	9%	9%
Expected Return on Plan Asset	9%	9%	9%	9%
Future Salary Increase	10%	10%	10%	10%
Future Pension Increase	6.67%	-	6.67%	-
Withdrawal Rate	0.50%	0.50%	0.50%	0.50%

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

Particulars	Change	For the Year Ended 32 nd Asar 2079		For the Year Ended 31 st Asar 2078	
		Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	-1%	12.46%	8.33%	12.08%	12.23%
	1%	-10.20%	-7.28%	-9.96%	-10.31%
Salary & Pension Increment Rate	-1%	-10.09%	-7.28%	-7.49%	-9.49%
	1%	12.10%	8.17%	8.56%	10.99%

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

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

Years	Pension or Gratuity Plan	Staff Security Plan
2023	1,427,722,566.00	87,578,922.00
2024	1,344,447,093.00	13,176,835.00
2025	1,379,900,086.00	266,405,137.00
2026	1,447,281,713.00	530,183,103.00
2027	1,543,816,176.00	699,236,010.00

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 statement of income.

5.9. Other Employee Benefits

- Staff Welfare: the bank provides 12% of basic salary as staff welfare fund. During the year the bank has provided NRs. 81,885,244 (PY NRs. 76,094,407) 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. 631,879,682 (PY NRs. 574,436,075).
- The bank provides staff medical fund facility to the staffs of which payments are made as per the eligible medical claim while rest amount is paid at the retirement. NRs. 95,473,268 (PY NRs. 117,785,852) 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. 1,421,038,411 (PY NRs. 967,823,509) 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. 1,421,038,411 (PY NRs. 967,823,509) 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. Further, an amount equals to penalty income is also appropriated to this reserve as per the provision of Nepal Rastra Bank Act. Accordingly, NRs. 7,914,819,265 (PY NRs. 6,608,900,534) 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. 23,546,520 (PY NRs. 17,676,108) was appropriated to this fund. 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. 34,789,148,334 (PY revaluation gain of NRs. 8,192,211,285) 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. 1,229,203,928 (PY revaluation gain of NRs. 2,934,500,765) which is equivalent to net revaluation loss on revaluation of gold and silver was appropriated out of 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. 5,500,000,000 (PY NRs. 4,650,000,000) 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. No amount (PY NRs. -) 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 income of the projects is allocated to this fund annually. Accordingly, an amount of NRs. 9,243,113 (PY NRs. 8,056,486) 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. No amount (PY NRs. -) 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. No amount (PY NRs.-) 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. 414,495,677 (PY NRs. 1,099,822,926) 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. 63,77,775 has been reimbursed in the current year . However, no amount had been reimbursed in the previous fiscal year to Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.

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. 518,464,020 (PY NRs. 1,008,028,980) 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. a gain of NRs. 636,982,769 (PV. NRs. 987,900,306) has been transferred to the reserve from Other Comprehensive Income

5.11. Foreign Exchange Reserve

As per section 66 of Nepal Rastra Bank Act, 2058, the Bank shall maintain a Foreign Exchange Reserve. As per the provision of the section, such reserve shall be denominated in the respective foreign exchange and shall consists of gold and other precious metals, foreign currencies and securities denominated in foreign currency, special drawing rights, bill of exchange, promissory note, certificate of deposit, bonds, and other debt 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:

(in NRs. billion)

Particulars	Current Year	Previous Year
Foreign Exchange Reserve		
(a) Held by Nepal Rastra Bank		
Convertible Foreign Currency	783.82	934.25
Non-Convertible Foreign Currency	272.58	318.72
Gold Reserve	60.04	60.27
Special Drawing Rights	25.57	0.42
Sub Total	1,142.01	1,313.65
(b) Held by Banks and Financial Institutions		
Convertible Foreign Currency	134.06	137.94
Non-Convertible Foreign Currency	9.68	16.45
Sub Total	143.75	154.39
Total Foreign Exchange Reserve of Banking System	1,285.75	1,468.04

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

Particulars	Current Year (in %)	Previous Year (in %)
Foreign Exchange Reserve:		
US Treasury Bills	1.81	2.85
Indian Treasury Bills	23.56	21.12
BIS FIXBIS		-
Bonds/Notes	24.40	13.87
Mid Term Instrument		0.00
Call Deposits	4.16	18.09
Time Deposit (Currency)	40.45	28.66
Gold Deposit	5.62	4.12
Special Drawing Rights	-	0.03
Balance with NRB and BFIs	-	11.26
Total	100	100.00

5.12. 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 32nd Asar 2079

Statement of Financial Position

Particulars	PAPWT	TLDP	Total
<u>Equity & Liabilities</u>			
Reserve & Surplus	23,726,540	57,901,164	81,627,704
Loans	7,300,000	67,800,000	75,100,000
Accounts Payable	-	-	-
Total Equity & Liabilities	31,026,540	125,701,164	156,727,704
<u>Assets</u>			
Loan to PFIs			
Investment	26,531,000	118,713,000	145,244,000
Other Receivables	332,786	1,405,669	1,738,455
Cash and Bank Balance	4,162,754	5,582,495	9,745,249
Total Assets	31,026,540	125,701,164	156,727,704

Statement of Comprehensive Income

Particulars	PAPWT	TLDP	Total
A. Income			
Interest Income	2,704,858	9,803,005	12,507,863
From Loan to PFIs			
On Investment	2,704,858	9,803,005	12,507,863
Foreign Exchange Gain			
Loan Loss Prov. Written back			
Other Income			
Total Income	2,704,858	9,803,005	12,507,863
B. Expenditure			
Administrative Expenses			
Interest Expenses	383,250	2,881,500	3,264,750
Depreciation			
Total Expenses	383,250	2,881,500	3,264,750
Surplus (Deficit) (A-B)	2,321,608	6,921,505	9,243,113

For the Year ended 31st Asar 2078

Statement of Financial Position

Particulars	PAPWT	TLDP	Total
<u>Equity & Liabilities</u>			
Reserve & Surplus	21,404,932	50,979,659	72,384,591
Loans	14,600,000	73,450,000	88,050,000
Accounts Payable	-	-	-
Total Equity & Liabilities	36,004,932	124,429,659	160,434,591
<u>Assets</u>			
Loan to PFIs	-	-	-
Investment	31,430,000	117,632,000	149,062,000
Other Receivables	292,128	1,012,036	1,304,164
Cash and Bank Balance	4,282,804	5,785,622	10,068,426
Total Assets	36,004,932	124,429,659	160,434,591

Statement of Comprehensive Income

Particulars	PAPWT	TLDP	Total
A. Income			
Interest Income	2,890,925	8,875,310	11,766,235
From Loan to PFIs			
On Investment	2,890,925	8,875,310	11,766,235
Foreign Exchange Gain			
Loan Loss Prov. Written back			
Other Income			
Total Income	2,890,925	8,875,310	11,766,235
B. Expenditure			
Administrative Expenses			
Interest Expenses	602,250	3,107,500	3,709,750
Depreciation			-
Total Expenses	602,250	3,107,500	3,709,750
Surplus (Deficit) (A-B)	2,288,675	5,767,810	8,056,485

Two projects namely, Community Ground water Irrigation Sector Project (CGISP) and Gramin Kshetrama Bittiya Pahunch Karyakram (KFW) were run by the bank on behalf of the GON. 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 32nd Asar 2079		As on 31st Asar 2078	
	CGISP	KFW	CGISP	KFW
Equity				
Capital Contribution	17,548,370		17,548,370	
Surplus	295,968,002	191,911,413	265,296,592	141,150,528
Financial Risk Fund	5,200,000		5,200,000	
Long-term Liabilities				
Loan from ADB - Non-Current Portion	103,704,465		103,704,465	
Current Liabilities and Provision				
Loan from ADB - Current Portion	97,013,855		97,013,855	
Service Charge due on Loan from ADB	31,008,892		29,001,709	
Loan From GON		978,428,926		906,240,347
Loan Loss Provision	-		14,581	
Accounts Payable	328,176		328,176	
Total Equity & Liabilities	550,771,760	1,170,340,339	518,107,748	1,047,390,875
Assets				
Non-Current Assets				
Fixed Assets	47,012		58,764	
Loan to PFI- Non Current Portion			-	
Investment	417,508,000		365,395,000	
Current Assets				
Interest Receivables	4,493,442	13,683,818	3,077,644	4,396,274
Loan to PFI-current portion		916,208,242	1,458,092	885,500,119
Cash and cash equivalents	128,723,306	240,448,279	148,118,248	157,494,482
Total Assets	550,771,760	1,170,340,339	518,107,748	1,047,390,875

Statement of Comprehensive Income

Particulars	As on 32nd Asar 2079		As on 31st Asar 2078	
	CGISP	KFW	CGISP	KFW
A. Income				
Interest Income	32,719,721	50,760,886	28,363,575	37,361,180
From Loan to PFIs	43,302	50,760,886	317,891	37,361,180
On deposit with banks	32,676,419		28,045,684	
On Investment				
Other Income			-	
Loan Loss Provision Written back	14,581		67,351	
Total Incomes	32,734,302	50,760,886	28,430,926	37,361,180
B. Expenditure				
Administrative Expenses	43,957		35,293	-
Provision for Service Charge	2,007,183		2,007,183	
Loan Loss Provision			-	-
Depreciation	11,752		14,690	-
Total Expenses	2,062,892		2,057,166	-
Surplus (Deficit) (A-B)	30,671,410	50,760,886	26,373,760	37,361,180

5.13. Interest in other entities

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

5.13.1. Investment in quoted securities

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

Particulars	% of holding	No of Shares	Investment at cost		Investment at Fair value	
			32-03-2079	31-03-2078	32-03-2079	31-03-2078
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	2.799	274,982	27,498,200	27,498,200	103,943,196	168,426,475
Total			27,498,200	27,498,200	103,943,196	168,426,475

Holdings on Grameen Bikas Laghubitta Bittiya Sanstha Ltd. are promoter shares which are not traded freely in the market. The shares are revalued on the basis of latest trading price of promoter share of respective institution in *Nepal Stock Exchange* -the stock market. In absence of trading of promoter share of Grameen Bikas Laghu Bitta Bittiya Sanstha Ltd, ratio of share price of promoter share & public share is considered as 50%. Hence, fair value of the shares is assumed at 50% of the closing trading price of respective public shares

5.13.2. Investment in unquoted securities

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

Particulars	%	No of Shares	Investment at cost		Investment at Fair value	
			32-03-2079	31-03-2078	32-03-2079	31-03-2078
Agricultural Project Services Centre	62.5	-	5,000,000	5,000,000	-	-
Rastriya Beema Sansthan - Life Ins	55.56	1,005,667	1,000,000	1,000,000	330,505,213	289,142,763
Nepal Stock Exchange Ltd.	14.59	1,459,979	5,097,510	5,097,510	987,710,324	726,744,705
National Productivity and Eco. Dev.	31.52	-	2,500,000	2,500,000	-	-
Deposit & Credit Guarantee Fund	10	10,000,000	607,594,000	607,594,000	1,965,395,324	1,652,222,519
Nepal Clearing House	10	567,663	15,000,000	15,000,000	144,488,613	105,524,004
Credit Information Bureau	10.03	437,400	3,500,000	3,500,000	223,098,436	177,814,448
National Banking Institute	15.29	76,452	7,645,250	7,645,250	30,303,673	28,587,097
Total			647,336,760	647,336,760	3,681,501,584	2,980,035,536

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

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

5.13.3. 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 (Rs.)	Investment at Face Value (Rs.)	% of share	Principal Activity	Principal Place of Business
Agricultural Project Services Centre Pvt. Ltd.	8,000,000	5,000,000	62.50	Provides services related to agricultural activity	Singhadurbar, Kathmandu
Rastriya Beema Sansthan - Life Insurance	181,020,000	100,566,667	55.56	Life insurance service	Ramshahpath, Kathmandu
Nepal Stock Exchange Ltd.	1,000,000,000	145,997,900	14.59	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.	Singhadurbazar, 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)	
	32-03-2079	31-03-2078	32-03-2079	31-03-2078
Agricultural Project Services Centre	5,000,000	5,000,000	-	-
Rastriya Beema Sansthan - Life Insurance	1,000,000	1,000,000	330,505,213.13	289,142,763.00
Nepal Stock Exchange Ltd.	5,097,510	5,097,510	987,710,324.05	726,744,705.00
National Productivity and Eco. Dev.	2,500,000	2,500,000	-	-
Total	13,597,510	13,597,510	1,318,215,537	1,015,887,468

In the absence of audited financial statements of Agricultural Project Services Centre, 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 has not expected for its recovery. In addition, Agricultural Project Service Centre is in the process of liquidation since long.

The carrying amount of NRs 1,318,215,537 (PY NRs. 1,015,887,468) as shown in above tables has been included under Equity Investment in the Statement of Financial Position. Being all the above entities as limited liability Company, this is the maximum exposure to loss from its significant interest in such entities.

5.13.4. 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 2078-79	FY 2077-78
Rastriya Beema Sansthan - Life Insurance	Insurance Premium paid by the bank	205,288,646	184,990,659
Nepal Stock Exchange Ltd.	Dividend Income received by the bank	87,598,740	21,899,685

5.14. 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 Rastra Bank and Nepal Government's account with the IMF account is presented as below:

Details of the Fund

Particulars	As on 32 nd Asar 2079		As on 31 st Asar 2078	
	Local Currency (NRs.)	SDR Equivalents	Local Currency (NRs.)	SDR Equivalents
1. For Transaction with Nepal Rastra Bank				
Special Drawing Right				
Net cumulative allocation	36,560,642,669	218,481,192	11,562,630,914	68,099,599
Holdings	25,568,182,155	152,791,814	419,318,478	2,469,630
2. For Transaction with Nepal Government				
Outstanding Purchases & Loans				
RCF Loans	30,431,615,700	181,855,000	31,482,461,823	185,420,000
ECF Arrangements	13,136,190,000	78,500,000	-	-
Other Information		Per cent of Quota	Per cent 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. 167.34 (PY NRs. 169.79) per SDR.

5.15. Contingent Liabilities and Capital Commitments

The bank has following amounts of contingent liabilities and capital commitments.

PARTICULARS	As on Asar 32, 2079		As on Asar 31, 2078	
	NRs.	NRs.	NRs.	NRs.
Note Printing Commitments	4,546,706,253		4,545,344,251	
Unclaimed Account Transfer to P/L Account	136,986,870		136,744,740	
Capital Commitments	1,113,311,623		1,352,388,275	
Total	5,797,004,745		6,034,477,266	

Contingent liabilities in respect of note printing commitments are determined on the basis of LCs opened for procurement of notes. The capital commitments include cost for the construction of the bank's Central Office Building of Baluwatar; Banking Office Building of Thapathali; Guesthouse and Director's Residence of Siddharthanagar; Director's Residence of Nepalganj; Banknote Shredding and Briquetting System (BSBS) infrastructure construction of Biratnagar and Master plan formulating cost of making infrastructures of Sanothimi and of Biratnagar as per the contract agreements less payments made till the end of the reporting period; which are expected to be settled over the period of the buildings' construction. Likewise, capital commitments also include letter of credits opened for procuring Banknote Shredding and Briquetting System (BSBS) and Currency Verification and Processing System (CVPS).

5.16. Lease liabilities

The bank has entered with the lease agreement with different counterparties for availing office space for conduct of its operation. The bank accounted the present value of lease assets as lease liabilities and right to use assets. Lease payments on short term leases are recognized as expense on straight line basis. The maturity analysis of lease liabilities is present here:

Period	FY 2078/79	FY 2077/78
Less than one year	29,440,885	32,789,529
One year to five year	36,091,765	55,580,053
More than five year	29,387,011	38,369,207
Total Lease Liabilities	94,919,661	126,738,788

Monetary Operations and Refinance

The bank conducts open market operations to manage liquidity in banking sector. Bank usually injects money through inter day liquidity facility, standing liquidity facility, reverse repurchase agreement and lender of last resort. Loan amount provided under the open market operation is fully secured (110 percent of loan amount) with collateral of Nepal Government securities. The bank absorbs excess liquidity from market through reverse repo & deposit collection.

Besides these, the bank also provides refinance facility to bank and financial institutions for providing the loans to borrowers. The loan under refinance facility is fully secured (100 percent of loan amount) with good loan of bank and financial institutions. The year-end outstanding balance and other details of monetary operations and refinance are given below:

Particulars	As on Asar 32, 2079			As on Asar 31, 2078		
	Value	Interest (min/max)	FV of collateral received	Value	Interest (min/max)	FV of collateral received
<i>1. Monetary Operations</i>						
Assets	158,102,500,000	5-7%	173,912,750,000	-	-	-
Standing liquidity facility	158,102,500,000	5-7%	173,912,750,000	-	-	-
Lender of last resort	-			-		
Securities purchased under repurchase agreement	-			-		
Inter-day liquidity facility	-			-		
<i>Liabilities</i>						
Deposit Collection	-			-		
Reverse Repo	-			-		
2. Refinance	111,961,238,775	1-5%	111,961,238,775	122,703,932,366	1-5%	134,974,325,603

5.17. Claims against the bank

There are 198 (PY 129) 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 8 employees who have filed the legal suit against the bank.

5.18. Number of Employees

The number of employees holding office at the year-end was 1082 (PY 1,061).

5.19. Presentation (Regrouping/Rearrangement)

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

5.20. 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.